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CQME

Chongqing Machinery & Electric Co., Ltd.*
重慶機電股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02722)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

RESULTS HIGHLIGHTS

Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) announce the highlights of the consolidated results as set out below.

- Revenue of the Group for the six months ended 30 June 2025 amounted to approximately RMB4,658.1 million, representing an increase of approximately 9.2% from the corresponding period of last year.
- Gross profit of the Group for the six months ended 30 June 2025 amounted to approximately RMB799.8 million, representing an increase of approximately 10.4% from the corresponding period of last year.
- Profit attributable to the shareholders of the Company for the six months ended 30 June 2025 amounted to approximately RMB416.0 million, representing an increase of approximately 53.8% from the corresponding period of last year.
- Basic earnings per share for the six months ended 30 June 2025 amounted to approximately RMB0.11, representing an increase of approximately 57.1% from the corresponding period of last year.
- Net assets per share for the six months ended 30 June 2025 amounted to approximately RMB2.41, representing an increase of 5.2% from the corresponding period of last year.

INTERIM DIVIDEND

The Board has recommended the payment of a interim dividend of RMB0.01 per share (tax inclusive) for the 6 months ended 30 June 2025 (for 6 months ended 30 June 2024: nil), which is calculated based on the total share capital of 3,684,640,154 shares for the 6 months ended 30 June 2025 totalling RMB36,846,401.54 (totalling RMB0 for 6 months ended 30 June 2024). Subject to the approval by shareholders of the Company (“**Shareholders**”) at the forthcoming extraordinary general meeting to be convened on 28 October 2025, the proposed interim dividend will be paid on 25 November 2025 to Shareholders whose names appear on the register of members of the Company on 11 November 2025.

The board of directors (the “**Board**”) of the Company is pleased to announce the interim results of the Group for the six months ended 30 June 2025 (the “**Period**”). The Group’s interim results have not been audited but have been reviewed by the audit and risk management committee and the Company’s auditor, ShineWing Certified Public Accountants (Special General Partnership).

CONSOLIDATED INCOME STATEMENT

From January-June, 2025

		Unit : RMB	
Items	Notes	From January-June, 2025	From January-June, 2024 (As restated)
1. Total operating revenue	<i>V.1</i>	4,658,076,541.58	4,265,890,940.36
Including: Operating revenue		4,629,878,065.33	4,240,323,409.63
Interest income		28,180,430.93	25,563,828.14
Transaction fees and commission income		18,045.32	3,702.59
2. Total operating cost		4,570,904,795.95	4,241,712,079.65
Including: Operating cost	<i>V.1</i>	3,851,826,723.54	3,538,665,526.98
Interest expenses	<i>V.1</i>	6,397,112.04	2,804,691.84
Transaction cost and commission fees	<i>V.1</i>	101,920.42	73,441.71
Business taxes and surcharges		30,244,717.29	33,424,647.82
Selling and distribution expenses		107,982,425.45	100,480,688.18
Administrative expenses		305,461,251.71	322,285,862.75
Research and development expenses		239,851,334.25	198,395,448.00
Financial expenses		29,039,311.25	45,581,772.37
Including: Interest expenses		29,918,280.46	40,656,683.42
Interest income		6,990,940.29	8,634,304.92
Add: Other income	<i>V.2</i>	54,225,731.41	89,284,316.61
Investment income (Loss listed with “-”)	<i>V.3</i>	398,084,565.41	281,741,736.33
Including: Income from investments in associates and joint ventures		389,133,395.15	285,368,786.74
Gain arising from the changes in fair value (Loss listed with “-”)	<i>V.4</i>	-4,498,257.68	5,997,041.06
Impairment loss of credit (Loss is listed by “-”)		-36,112,951.56	-2,438,925.61
Impairment loss of assets (Loss is listed by “-”)		-55,952,735.70	-7,306,247.75
Gain on disposal of assets (Loss listed with “-”)	<i>V.5</i>	8,529,202.73	-59,400,276.22
3. Operating profit (Loss listed with “-”)		451,447,300.24	332,056,505.13
Add: Non-operating income	<i>V.6</i>	4,523,436.88	9,258,394.32
Less: Non-operating expenses		2,768,269.77	2,902,980.82
4. Total profit (Total loss listed with “-”)		453,202,467.35	338,411,918.63
Less: Income tax expenses	<i>V.7</i>	22,582,816.10	48,006,569.55

Items	Notes	From January-June, 2025	From January-June, 2024 (As restated)
5. Net profit (Net loss listed with “-”)		430,619,651.25	290,405,349.08
(1) Classification by continuing or discontinued operation		430,619,651.25	290,405,349.08
1. Net profit attributable to continuing operation (Net loss listed with “-”)		430,619,651.25	290,405,349.08
2. Net profit attributable to discontinued operation (Net loss listed with “-”)		—	—
(2) Classification by ownership		430,619,651.25	290,405,349.08
1. Net profit attributable to shareholders of the controlling company		415,972,007.93	270,407,916.25
2. Net profit attributable to non-controlling interests		14,647,643.32	19,997,432.83
6. Net other comprehensive income after tax		5,609,353.73	-15,791,572.53
Net other comprehensive income after tax attributable to shareholders of the Company		3,982,302.41	-16,132,785.48
(1). Other comprehensive incomes that cannot be reclassified into profit or loss		9,960,266.25	-5,513,062.50
1. Changes in fair value of other equity instrument investments		9,960,266.25	-5,513,062.50
(2). Other comprehensive income that can be reclassified into profit or loss		-5,977,963.84	-10,619,722.98
1. Fair value changes of other debt investments		34,513.65	—
2. Amount of financial assets reclassified to other comprehensive income		-463,702.66	—
3. Effective part of cash flow hedging		8,141,277.75	971,144.55
4. Translation differences of financial statements in foreign currencies		-13,690,052.58	-11,590,867.53
Net other comprehensive income after tax attributable to non-controlling interests		1,627,051.32	341,212.95
7. Total comprehensive income		436,229,004.98	274,613,776.55
1. Total comprehensive income attributable to shareholders of the Company		419,954,310.34	254,275,130.77
2. Total comprehensive income attributable to non-controlling interests		16,274,694.64	20,338,645.78
8. Earnings per share	VI.2		
1. Basic earnings per share		0.11	0.07
2. Diluted earnings per share		0.11	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

Unit : RMB

Items	Notes	30 June 2025	31 December 2024 (As restated)
Current assets			
Cash and cash equivalents	V.8	2,422,827,984.09	2,744,890,888.34
Financial assets held for trade		631,346,485.52	571,813,953.57
Notes receivable		173,063,254.42	214,166,733.38
Accounts receivable		4,269,403,218.44	3,353,221,618.15
Receivable financing		552,279,765.06	635,619,888.90
Prepayments		197,676,510.82	187,576,858.21
Other receivables		375,196,522.60	438,631,705.26
Including: Dividends receivable		218,980,014.96	288,932,461.02
Loans and advances to customers		468,964,281.73	375,714,067.65
Inventories		2,175,108,889.88	1,890,769,371.53
Contract assets		979,995,495.03	862,088,748.62
Non-current assets due within one year		18,330,399.68	17,998,806.45
Other current assets		32,992,385.75	22,146,100.99
Total current assets		12,297,185,193.02	11,314,638,741.05
Non-current assets			
Loans and advances to customers		483,930,666.66	493,116,088.78
Other debt investments		32,422,242.33	—
Long-term receivables		—	8,999,403.23
Long-term equity investments		1,736,213,942.47	1,573,555,281.47
Other equity instruments investment		177,599,858.68	164,319,503.68
Investment properties		190,304,738.70	190,832,462.77
Property, plant and equipment		2,604,067,092.08	2,598,427,309.26
Construction in progress		113,769,282.72	125,535,386.16
Right-of-use assets		400,335,921.36	381,607,675.93
Intangible assets		411,403,293.90	415,060,747.34
Development expenditures		1,771,698.11	5,001,525.86
Goodwill		57,571,170.83	75,422,670.83
Long-term deferred expenses		33,012,714.86	24,605,657.15
Deferred tax assets		175,217,896.10	168,925,380.33
Other non-current assets		117,841,416.68	146,709,428.69
Total non-current assets		6,535,461,935.48	6,372,118,521.48
Total assets		18,832,647,128.50	17,686,757,262.53

Items	Notes	30 June 2025	31 December 2024 (As restated)
Current liabilities			
Short-term loans		573,077,585.63	416,935,361.78
Due to customers, banks and other financial institutions		1,109,114,982.10	816,169,265.81
Notes payable		1,618,083,927.18	1,451,609,682.01
Accounts payable		3,077,235,713.26	2,729,113,660.66
Advance from customers		60,218.64	—
Contract liabilities		624,043,926.74	605,086,641.54
Employee benefits payables		72,107,396.41	124,539,482.40
Taxes and levies payables		104,785,936.67	110,776,922.56
Other payables		590,581,040.37	394,896,077.03
Including: Dividends payable		159,373,353.67	44,010,810.13
Non-current liabilities due within one year		944,285,177.10	723,590,380.09
Other current liabilities		81,690,015.68	49,959,782.98
Total current liabilities		8,795,065,919.78	7,422,677,256.86
Non-current liabilities			
Long-term loans		620,871,316.66	1,081,259,202.78
Lease liabilities		195,490,202.36	190,502,425.32
Long-term payables		3,112,936.00	3,893,230.00
Long-term employee benefits payable		5,559,526.87	5,256,000.00
Provisions		66,073,496.86	73,980,194.67
Deferred revenue		152,117,702.61	187,006,166.10
Deferred tax liabilities		108,988,192.49	103,800,349.28
Total non-current liabilities		1,152,213,373.85	1,645,697,568.15
Total liabilities		9,947,279,293.63	9,068,374,825.01
Shareholder's equity			
Share capital		3,684,640,154.00	3,684,640,154.00
Capital reserves		71,477,815.41	99,207,782.69
Other comprehensive income		82,071,779.83	78,089,477.42
Special Reserve		12,628,461.20	5,635,596.35
Surplus reserves		552,310,263.81	515,265,278.90
Undistributed profit		3,968,988,616.92	3,719,023,999.29
Total equity attributable to shareholders of the Company		8,372,117,091.17	8,101,862,288.65
Non-controlling interests		513,250,743.70	516,520,148.87
Total shareholder's equity		8,885,367,834.87	8,618,382,437.52
Total liabilities and shareholder's equity		18,832,647,128.50	17,686,757,262.53

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unit: RMB

From January-June, 2025

Items	Equity attributable to the equity holders of the controlling Company											Total equity	
	Other equity instruments							General risk provision	Retained profits	Non-controlling interests			
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserves	Less: treasury shares	Other comprehensive income				Special reserves		Surplus reserves
1. Balance at 31 December 2024	3,684,640,154.00	-	-	-	59,627,880.07	-	78,089,477.42	5,149,959.17	515,265,278.90	-	3,726,134,583.84	516,520,148.87	8,585,427,482.27
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior-period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	39,579,902.62	-	-	485,637.18	-	-	-7,110,584.55	-	32,954,955.25
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Balance at 1 January 2025 (As restated)	3,684,640,154.00	-	-	-	99,207,782.69	-	78,089,477.42	5,635,596.35	515,265,278.90	-	3,719,023,999.29	516,520,148.87	8,618,382,437.52
3. Increase/Decrease for the period (Decrease listed with "-")													
(1) Total comprehensive income	-	-	-	-	-27,729,967.28	-	3,982,302.41	6,992,864.85	37,044,984.91	-	249,964,617.63	-3,269,405.17	266,985,397.35
(2) Capital contribution and reduction from shareholders	-	-	-	-	-	-	3,982,302.41	-	-	-	415,972,007.93	16,274,694.64	436,229,004.98
1. Common stock capital contribution from shareholders	-	-	-	-	-27,729,967.28	-	-	-	-	-	-	13,757,958.80	-13,972,008.48
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Equity increase from Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-27,729,967.28	-	-	-	-	-	-	13,757,958.80	-13,972,008.48
(3) Profit appropriations	-	-	-	-	-	-	-	-	37,044,984.91	-	-166,007,390.30	-2,398,592.44	-131,360,997.83
1. Appropriation to statutory reserve	-	-	-	-	-	-	-	-	37,044,984.91	-	-37,044,984.91	-	-
2. Appropriation to staff bonus and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-128,962,405.39	-2,398,592.44	-131,360,997.83
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves transfer to make up for losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	6,992,864.85	-	-	-	83,828.11	7,076,692.96
1. Appropriation	-	-	-	-	-	-	-	45,547,586.36	-	-	-	182,358.06	45,729,944.42
2. Used	-	-	-	-	-	-	-	38,554,721.51	-	-	-	98,529.95	38,653,251.46
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-30,987,294.28	-30,987,294.28
4. Balance at 30 June 2025	3,684,640,154.00	-	-	-	71,477,815.41	-	82,071,779.83	12,628,461.20	552,310,263.81	-	3,968,988,616.92	513,250,743.70	8,885,367,834.87

For the year 2024

Items	Equity attributable to the equity holders of the controlling Company														
	Other equity instruments							Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Retained profits	Non- controlling interests	Total equity
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserves										
1.	Balance at 31 December 2023	3,684,640,154.00	-	-	-	80,949,073.14	-	61,786,603.88	-	-	479,851,957.61	-	3,404,126,480.53	528,477,068.29	8,239,831,337.45
	Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Correction of prior-period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Business combination under common control	-	-	-	-	39,579,902.62	-	-	-	569,425.11	-	-7,665,528.97	-	-	32,483,798.76
	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Balance at 1 January 2024 (As restated)	3,684,640,154.00	-	-	-	120,528,975.76	-	61,786,603.88	569,425.11	479,851,957.61	-	3,396,460,951.56	528,477,068.29	8,272,315,136.21	
3.	Increase/Decrease for the period (Decrease listed with "-")														
(1)	Total comprehensive income	-	-	-	-	-21,321,193.07	-	16,302,873.54	5,066,171.24	35,413,321.29	-	322,563,047.73	-11,956,919.42	346,067,301.31	
(2)	Capital contribution and reduction from shareholders	-	-	-	-	-	-	16,302,873.54	-	-	-	431,837,743.23	28,619,483.83	476,760,102.60	
1.	Common stock capital contribution from shareholders	-	-	-	-	-21,321,193.07	-	-	-	-	-	-	-22,073,576.05	-43,394,769.12	
2.	Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	9,500,000.00	
3.	Equity increase from Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.	Others	-	-	-	-	-21,321,193.07	-	-	-	-	-	-	-31,573,576.05	-52,894,769.12	
(3)	Profit appropriations	-	-	-	-	-	-	-	-	35,413,321.29	-	-109,274,695.50	-18,502,829.20	-92,364,203.41	
1.	Appropriation to statutory reserve	-	-	-	-	-	-	-	-	35,413,321.29	-	-35,413,321.29	-	-	
2.	Appropriation to staff bonus and welfare	-	-	-	-	-	-	-	-	-	-	-168,571.13	-	-168,571.13	
3.	Appropriation to shareholders	-	-	-	-	-	-	-	-	-	-	-73,692,803.08	-18,502,829.20	-92,195,632.28	
4.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
(4)	Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.	Transfer of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.	Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.	Surplus reserves transfer to make up for losses	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.	Transfer other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
(5)	Special reserves	-	-	-	-	-	-	-	5,066,171.24	-	-	-	-	5,066,171.24	
1.	Appropriation	-	-	-	-	-	-	-	18,456,097.87	-	-	-	-	18,456,097.87	
2.	Used	-	-	-	-	-	-	-	13,389,926.63	-	-	-	-	13,389,926.63	
(6)	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.	Balance at 31 December 2024 (As restated)	3,684,640,154.00	-	-	-	99,207,782.69	-	78,089,477.42	5,635,596.35	515,265,278.90	-	3,719,023,999.29	516,520,148.87	8,618,382,437.52	

CONSOLIDATED STATEMENT OF CASH FLOWS

From January-June, 2025

Unit : RMB

Items	From January-June, 2025	From January-June, 2024 (As restated)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	3,462,914,025.04	3,787,649,930.58
Net increase in customer deposits and interbank deposits	292,500,268.61	-251,135,183.61
Cash received from interest, surcharges and commission fee	29,999,948.73	27,188,512.65
Cash received from tax refund	14,454,534.79	15,895,094.82
Cash received relating to other operating activities	231,995,241.94	489,722,378.73
Sub-total of cash inflows from operating activities	4,031,864,019.11	4,069,320,733.17
Cash paid for goods and services	3,346,699,988.67	3,257,945,858.86
Net increase in loans and advances to customers	81,785,806.01	-177,574,697.67
Net increase in central bank and interbank payments	3,078,625.18	-26,058,315.87
Cash paid for interest, surcharges and commission fee	6,335,491.08	2,539,618.39
Cash paid to and on behalf of employees	581,277,925.89	553,557,545.62
Payments of taxes and surcharges	157,190,025.52	138,752,760.10
Cash paid relating to other operating activities	372,159,745.49	571,915,460.47
Sub-total of cash outflows from operating activities	4,548,527,607.84	4,321,078,229.90
Net cash flows from operating activities	-516,663,588.73	-251,757,496.73
2. Cash flows from investment activities		
Cash received from return of investments	896,739,674.64	683,117,615.42
Cash received from investments income	321,715,798.66	172,936,031.70
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,181,726.64	103,334,614.41
Cash received relating to other investing activities	8,764,287.76	28,563,927.68
Sub-total of cash inflows from investing activities	1,233,401,487.70	987,952,189.21

Items	From January-June, 2025	From January-June, 2024 (As restated)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	86,702,944.97	94,800,785.73
Cash paid for investments	984,973,068.82	1,013,806,186.60
Cash paid relating to other investing activities	10,257,439.56	—
Sub-total of cash outflow from investing activities	1,081,933,453.35	1,108,606,972.33
Net cash flows from investing activities	151,468,034.35	-120,654,783.12
3. Cash flows from financing activities		
Cash received from loans granted	732,919,522.23	445,762,905.60
Cash received relating to other financing activities	—	2,335,000.00
Sub-total of cash inflows from financing activities	732,919,522.23	448,097,905.60
Cash paid for repayment of borrowings	603,899,681.47	774,733,019.47
Cash paid for dividends, profits or payments of interests	55,245,798.16	60,860,435.35
Including: dividends and profits paid to non-controlling interests by subsidiaries	15,923,582.24	21,167,733.68
Cash paid relating to other financing activities	7,775,761.60	44,189,875.14
Sub-total of cash outflows from financing activities	666,921,241.23	879,783,329.96
Net cash flows from financing activities	65,998,281.00	-431,685,424.36
4. Effects of changes in exchange rate on cash and cash equivalents	1,326,354.19	492,315.65
5. Net increase in cash and cash equivalents	-297,870,919.19	-803,605,388.56
Add: opening balance of cash and cash equivalents	2,101,118,496.96	2,181,689,713.81
6. Balance of cash and cash equivalents at the end of this period	1,803,247,577.77	1,378,084,325.25

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

I. GENERAL INFORMATION OF THE COMPANY

Chongqing Machinery & Electric Co., Ltd. (hereinafter referred to as the Company, and collectively referred to as the Group including subsidiaries) was established on 27 July 2007 as a joint share company with limited liability by Chongqing Machinery & Electronics Holding (Group) Co., Ltd. (“**CQMEHG**” or “**Parent Company**”), Chongqing Yufu Capital Operation Group Co., Ltd (“**Yufu Company**”, previously named as Chongqing Yufu Assets Management Co., Ltd), China CITIC Financial Asset Management Co., Ltd. (“**CITIC Company**”, previously named as China Huarong Asset Management Co., Ltd.), and Chongqing Construction Engineering Group Co. Ltd. (“**CCEG**”, previously named as Chongqing Construction Engineering Group Co., Ltd). The address of the Company’s registered office is No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC. The Company’s headquarter is located in Chongqing, the PRC. The Group was established with a registered capital of RMB2,679,740,154 (RMB1 per share).

On 13 June 2008, the Company publicly issued 1,004.90 million H shares to foreign investors with approval of the Circular “Zhengjian Xuke [2008] No. 285” of the China Securities Regulatory Commission, and the shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). After issuing the shares, the total share capital increased to RMB3,684,640,154.

CQMEHG which is a registered company in China, is the parent company of the Company and Chongqing Yufu Holding Group Co., Ltd.* (重慶渝富控股集團有限公司) which is a registered company in China, is the ultimate holding company of the Company. As at 30 June 2025, the registered capital of the Company was RMB3,684,640,154. The Group are mainly engaged in the manufacturing, sales and services of clean energy equipment and high-end intelligent equipment.

The consolidated financial statements have been approved for issue by the Company’s board of directors (“**Board**”) on 20 August 2025.

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as “**CAS**”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15-General Rules on Financial Reporting issued by the China Securities Regulatory Commission (hereinafter referred to as “**CSRC**”). In addition to the above foundations, it also includes the relevant disclosures required by the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), and is prepared based on the accounting policies and accounting estimates set out in “III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES” in this note.

2. Going concern

The Group has evaluated its ability to continue operating for 12 months from 30 June, 2025, and has not found any significant doubts or circumstances regarding its ability to continue operating. This financial statement is presented on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates are formulated by the Group based on actual manufacturing and operating characteristics including business cycle, recognition and measurement of provision for bad debts of accounts receivable, inventory cost flow assumptions, measurement of net realizable value of inventory, classification and depreciation method of fixed assets, amortization of intangible assets, capitalization of research and development expenses, recognition and measurement of revenue, etc.

1. Declaration on Compliance with CAS

This financial statement complies with the requirements of the Accounting Standards for Business Enterprises and truthfully, accurately, and completely reflects the financial position of the Group as of 30 June 2025, as well as relevant information such as operating results and cash flows from January 2024 to June 2025.

2. Accounting Period

The Group's accounting period is from 1 January to 31 December.

3. Business Cycle

The Group treats 12 months as a business cycle and the criteria for classifying current and non-current assets and liabilities.

4. Functional Currency

The Group's accounting base currency and the currency used in the preparation of these financial statements are both RMB. Unless otherwise specified, all units are expressed in RMB yuan.

The subsidiaries, joint ventures, and associated enterprises of the Group shall determine their accounting base currency based on the main economic environment in which they operate. When preparing financial statements, they shall be converted into RMB according to the methods described III.9.

5. Measurement for Business Combinations under Common Control and Business Combinations not under Common Control

As the merging party, assets acquired and liabilities obtained by the Group through a business combination under common control shall be measured at their carrying amounts of the combined party in the ultimate controlling party's consolidated financial statements at the consolidation date. The differences between the carrying amount of the net assets acquired and the carrying amount of the consideration paid should be adjusted in the capital reserve. If capital reserve is not sufficient for offsetting, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired in the merger of enterprises not under the same control are measured at fair value on the acquisition date. The consolidation cost is the sum of fair value of cash paid or non-cash assets paid to get control of acquiree, liabilities issued or assumed, equity securities issued and all other direct costs during business combination (for those business combination achieved in stages, the consolidation cost equals to the sum of each transaction). The excess of consolidation cost over the fair value of net identifiable assets of the acquiree shall be recognised as goodwill. It should reassess the fair value of all identifiable assets achieved through business consolidation, liabilities or contingent liabilities, non-cash assets or equity securities issued if the consolidation cost is less than the fair value of net identifiable assets. After reassessment, if the consolidation cost is still less than the fair value of net identifiable assets of the acquiree, the excess shall be recognised into non-operating income.

6. Preparation of Consolidated Financial Statements

The consolidated financial statements included all subsidiaries and special purpose entities that the Company has effective control.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Group and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Group.

All major internal transactions, current balances and unrealized profits within the scope of the merger shall be offset at the time of preparation of the consolidated statements. The share of the owner's equity of a subsidiary that does not belong to the parent company and the current net profit and loss, other comprehensive income and the share of the total comprehensive income that belongs to the minority shareholders' equity shall be listed as "Minority Interests", "Non-controlling Interests" and "Other Comprehensive Income" attributable to "Non-controlling Interests and total comprehensive income" attributable to non-controlling interests in the consolidated financial statements.

For the subsidiaries consolidated under common control, its operating results and cash flows shall be included in the consolidated financial statements from the beginning of the consolidated period. When preparing comparative consolidated financial statements, Adjust the related items of prior year's financial statements are adjusted. The reporting subject formed after the merger is always present since the time when the ultimate controlling party began to control.

For the subsidiary acquired through the business combination not under common control, operating results and cash flows should be included in the consolidated financial statements from the date on which control is transferred to the Group. When preparing consolidated financial statements, it shall adjust the financial statements of the subsidiary company on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

The Group partially disposes of the long-term equity investments in subsidiaries without loss of control. In the consolidated financial statements, the difference between the disposal price and disposal of long-term equity investments shall be subject to the share of net assets that the subsidiaries continue to calculate from the date of purchase or the date of combination shall adjust capital premium or equity premium. If the capital is not sufficient for offsetting, the retained earnings shall be adjusted.

When disposing of part of the equity investment and losing control of the entity, the Group shall re-measure the fair value of the remaining equity investment subsequent to the disposal at the date when the Group lost control. When preparing the consolidated financial statements, the sum of the disposal consideration amount and the fair value of the remaining equity investment less the difference between the share of the net assets that the original subsidiary from the acquisition date or the combination date, the difference is recorded in the loss of control investment income in the current period and write down the goodwill. Other comprehensive income related to the equity investment of the original subsidiaries shall be transferred to investment profit and loss in the current period when the control was lost.

The Group disposes of the equity investment in the subsidiary through multiple transactions until it loses control. When several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost belong to transactions in a basket, each of which is accounted for as disposal of a subsidiary with a transaction until the control over a subsidiary is lost; however, the difference between the amount of disposal prior to the loss of control and the net assets of a subsidiary attributable to the disposal investment shall be recognized as other comprehensive income in consolidated financial statements and transferred to profit or loss at the time when the control is lost.

All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognized as non-controlling interests and presented separately in the consolidated financial statements under equity, net profits and total comprehensive income respectively. Unrealized profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the Company. Unrealized profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the Company and minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealized profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the Company and minority interests in accordance with the allocation proportion of the parent in the subsidiary.

7. Revenue Recognition and Measurement

The Group's operating revenue mainly includes sales revenue of goods, revenue of providing services, revenue of EPC construction contract, interest income, revenue of leasing contract, etc.

(1) Revenue recognition

The Group shall recognize revenue when the Group satisfies the performance obligation of the contract, that is, the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

When the contract contains two or more performance obligations, on the inception of the contract, the transaction price is allocated to each separate performance obligation in proportion to the stand-alone price of the promised goods or services, and the revenue is recognized according to the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price confirmed by the Group does not exceed the amount that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. An entity shall recognize a refund liability if the entity expects to refund some or all of the consideration to the customer which is not included in the transaction price. Where there is significant financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. The Group shall not take into account the existence of a significant financing component in the contract if the Group expects, at contract inception, that the period between when the customer acquires the control of a promised good or service and when the customer pays for that good or service will be one year or less. If the customer is expected to acquire control of the goods or services more than one year after the customer pays the price, The Group shall consider the significant financing element in the contract.

The Group satisfies a performance obligation over time, if one of the following criteria is met; otherwise, it satisfies a performance obligation at a point in time: (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (ii) the customer can control the asset which is created by the Group's performance; (iii) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date during the whole contract period.

For a performance obligation satisfied over time, the Group shall recognize revenue over time by measuring the process towards complete satisfaction of the performance obligation. If the Group cannot be able to reasonably measure the progress towards complete satisfaction of a performance obligation and the costs incurred by the Group can be expected to be compensated, the revenue shall be recognized according to the costs incurred until such time that it can reasonably measure the process towards complete satisfaction of the performance obligation.

For a performance obligation satisfied at a point in time, the Group shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Group considers the following indications: (a) the Group has a present right to the payment for the goods or services; (b) the Group has transferred the legal title of the goods to customers; (c) the Group has transferred physical possession of the goods to customers; (d) the group has transferred the significant risks and rewards of the ownership to the customers; (e) customers have accepted the goods or services.

(2) *Specific accounting policies related to the Group's main revenue-generating activities are described below:*

(a) *Sales contracts*

Sales contracts between the Group and its customers usually contain only the performance obligation to transfer goods. The Group usually takes into account the following factors and identifies revenue at the time when the customer accepts the goods: the present right to the payment for the good; the transfer of the significant risks and rewards in the ownership of commodities; the transfer of legal ownership of commodities; the transfer of physical possession of the goods, and the acceptance of goods by customers.

(b) *Service contracts*

Services contracts between the Group and its customers usually include performance obligations such as technical services, product after-sales maintenance services, etc. Since the Group's customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs, and the Group has an enforceable right to payment for performance completed to date during the whole contract period, the Group will recognize it as a performance obligation satisfied over time and recognize revenue according to the progress of performance, except that the progress of performance cannot be reasonably determined. The Group determines the progress of service delivery according to the input method. If the costs incurred by the Group can be expected to be compensated, the revenue shall be recognized according to the costs incurred until such time that it can reasonably measure the process towards complete satisfaction of the performance obligation.

(c) *Revenue from construction contracts (Only applicable if control is transferred over a period of time)*

For the project business contracts between the Group and its customers, the Group recognizes revenue according to progress of performance within such period for satisfying such performance obligations during a period of time. Progress of performance refers to the contract cost actually incurred on a cumulative basis as of the balance sheet date as a percentage of the expected total cost under contract (the input method). Based on the progress of performance of the project, revenue from project business contracts is recognized as the contract cost actually incurred plus the gross profit margin under contract. If the total contract cost is likely to exceed total contract revenue, the expected loss is recognized as expenses for the current period immediately. If the sum of the cost actually incurred and the recognized gross profit margin under contract exceed the contract settlement fee, the excess is taken to contract assets. Where the contract settlement fee exceeds the sum of the cost actually incurred and the recognized gross profit margin under contract, the excess is taken to contract liabilities. When the progress of performance of project business contracts cannot be reasonably determined, if the costs incurred are expected to be compensated, the Group recognizes revenue based on the amount of costs incurred, until the progress of performance can be reasonably determined. If the costs incurred are not expected to be recovered, it is recognized as expenses for the current period immediately when the contract cost is incurred. For changes, claims and awards under contract, revenue is recognized only when it is likely to happen and the amount can be reliably estimated.

(d) *Warranty obligations*

In accordance with contractual arrangements and legal requirements, the Group provides warranty for goods that it sells and assets that it builds. For the guarantee-type warranties under which the Group warrants to the customers that the goods sold satisfy certain pre-set criteria, accounting treatments are as set out in Note IV.25. For the service-type warranties under which the Group provides a separate service in addition to the warranty to the customers that the goods sold satisfy certain pre-set criteria, it is treated as a standalone performance obligation and part of the transaction price is apportioned to the service-type warranty based on the proportion of the separate selling prices under the guarantee-type and service-type warranties, and revenue is recognized when the customer acquires control of the service. In assessing whether a separate service is provided to the customer in addition to the warranty that the goods sold satisfy certain pre-set criteria, the Group considers whether the warranty is a statutory requirement, the validity period of the warranty and the nature of the Group's commitment to perform.

(e) *Principal/Agent*

For the Group, after acquiring control of the goods from a third party, it transfers them to customers or integrates the purchased goods with other goods into a portfolio of output through the provision of significant services. The Group has the right to decide the price of the goods or services it trades independently, that is, it can control the goods or services before transferring them to customers. Therefore, the Group is the main principal, and revenue is recognized by the total consideration received or receivable. Otherwise, the Group, as an agent, shall recognize revenue in the amount of any fee or commission to which it expects to be entitled. The amount shall be determined based on net amount of total consideration received or receivable less amounts payable to other interested parties, or based on the established amount or proportion of commission.

(f) *Interest income*

It is calculated and determined according to the time when other people use the Group's monetary fund and the actual interest rate.

(g) *Rental income*

The rental income of operating lease is recognized by the straight line method during each period of the lease term, and the contingent rental is included in the profits and losses of the current period when it actually occurs.

8. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized based on the temporary differences between the tax bases and the carrying amount of assets and liabilities. A deferred tax asset shall be recognized for deductible losses to the extent that it is probable that tax profit will be available against which the deductible losses can be utilized in accordance with tax law. Deferred tax liabilities for temporary taxable differences relating to goodwill are not recognized to the extent they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognized if the temporary differences arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. As at balance sheet date, deferred tax assets and deferred tax liabilities are determined using the applicable tax rates that are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

9. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Taxation

The Group is subject to various taxes in many countries, such as income tax and VAT. Significant judgment is required in determining the account for such taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Based on the estimates of anticipated tax items, the Group determines whether additional taxes are required in the future to recognize the liabilities of tax items. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax amount for the period in which the judgment is made.

Deferred tax assets are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax in the periods in which such estimate is changed.

10. Changes in critical accounting policies and estimates

- (1) There are no significant changes in accounting policies of the Group in the current period.
- (2) There are no significant changes in accounting estimates in the current period.
- (3) There are no major adjustments of prior accounting errors in the current period

IV. TAXATION

1. Main categories of tax and corresponding tax rate

Category of tax	Tax base	Tax rate
Chinese enterprise		
Enterprise income tax	Taxable income	15%、25% and 0%
Value-added tax (“VAT”)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	13%、9%、6%
VAT (easy to collect)	Taxable value-added amount multiplied by VAT collection rate	5%、3%
City maintenance and construction tax	Taxable amounts of VAT	5% and 7%
Educational surcharge	Taxable amounts of VAT	2% and 3%
Property tax	70% of the original value of the property or rental income	1.2% or 12%
Land use tax	Land occupation area	RMB3.2-20 yuan/m ² /year
Profit tax in Hong Kong	—	16.5%
Profit tax for other regions/countries	—	15%、16.5%、19%、26%

Explanation of taxpayers of different enterprise income tax rates:

Taxpayers	Income tax rate	Income tax preference
Chongqing Machinery & Electric Co., Ltd.	25%	—
Chongqing Chengfei New Materials Co., Ltd.	25%	—
Chongqing Machinery & Electric Holding Group Finance Co., Ltd.	25%	—
Jilin Chengfei New Material Co., Ltd.	25%	—
Chongqing CAFF Automotive Braking & Steering System Co., Ltd.	15%	Income tax preference (1)
Chongqing Gepai Electrical Materials Co., Ltd.	15%	
Gansu Chong Tong Chengfei New Material Co., Ltd.	15%	
Xinjiang Chengfei New Material Co., Ltd.	15%	
Chongqing Pump Industry Co., Ltd.	15%	
Chongqing Mengxun Electronic & Technology Co., Ltd.	15%	Income tax preference (2)
Chongqing Machine Tool (Group) Co., Ltd.	15%	
Chongqing Holroyd Precision Rotors Manufacturing Co., Ltd.	15%	
Chongqing Gepai Electrical Materials Co., Ltd.	15%	
Chongqing Shunchang General Electric Equipment Co., Ltd.	15%	
Chongqing Tool Factory Co., Ltd.	15%	
Chongqing Water Turbine Works Co., Ltd.	15%	
Chongqing General Industry (Group) Co., Ltd.	15%	
Chong Tong Chengfei Wind Power Equipment Jiangsu Co., Ltd.	15%	

Taxpayers	Income tax rate	Income tax preference
Chongqing Machinery & Electronic Intelligent Manufacturing Co., Ltd.	15%	
Chongqing Gas Compressor Factory Co., Ltd.	15%	
Chongqing Industrial Enabling Innovation Center Co., Ltd.	15%	
Xinjiang Fubaotian Cotton Harvesting Service Co., Ltd.	Exemption	Income tax preference (3)
Xinjiang Zhongxinhong Energy Service Co., Ltd.	20%	Income tax preference (4)
Precision Technologies Group (UK)) Limited.	19%	—
Precision Technologies Group (US) Limited (PTG US)	26%	—
Holroyd Precision Screw and Rotors Company	19%	—
Milnrow Investments Ltd.	19%	—
Precision Components Manufacturing Co., Ltd.	19%	—
PTG Deutschland GmbH	15%	—
Precision Technology Group Investment Development Co., Ltd	16.50%	—

2. Corporate income tax preferences

- (1) According to the Announcement of the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for Western Development (Announcement No. 23 of 2020), from 1 January 2021 to 31 December 2030, the enterprise income tax will be levied at a reduced rate of 15% on encouraged industrial enterprises located in the western region. The Group has filed with the Chongqing State Taxation Bureau for a subsidiary enjoying a preferential corporate income tax rate of 15% for encouraged industrial enterprises in the western region. Due to no significant changes in the main business, the preferential corporate income tax rate of 15% will continue to apply in 2025.
- (2) According to the relevant tax preferential policies of the state for high-tech enterprises, certified high-tech enterprises can enjoy preferential policies of enterprise income tax and pay enterprise income tax at a reduced rate of 15%.

The following companies in this Group enjoy a preferential tax rate of 15% in this period because they have obtained the Certificate of High-tech Enterprises:

Name	Certificate of high-tech enterprises
Chongqing Machine Tool (Group) Co., Ltd	GR202451102460
Chongqing Holroyd Precision Rotors Manufacturing Co., Ltd.	GR202351101402
Chongqing Pigeon Electric Porcelain Co., Ltd.	GR202251101875
Chongqing Shunchang General Electric Equipment Co., Ltd	GR202351101160
Chongqing Tool Factory Co., Ltd.	GR202251101839
Chongqing turbine works Co., Ltd.	GR202351102408
Chongqing General Industry (Group) Co., Ltd	GR202351100798
Chong Tong Chengfei Wind Power Equipment Jiangsu Co., Ltd.	GR202432000253
Chongqing Machinery & Electronic Intelligent Manufacturing Co., Ltd.	GR202351102911
Chongqing Gas Compressor Factory Co., Ltd	GR202451102575
Chongqing Industrial Enabling Innovation Center Co., Ltd.	GR202451101028

- (3) According to Article 27 (1) of the Enterprise Income Tax Law of the People's Republic of China, income from agricultural, forestry, animal husbandry, and fishery projects can be exempted or reduced from enterprise income tax. The Group's subsidiary, Xinjiang Fubaotian Cotton-picking Service Co., Ltd. is engaged in agricultural machinery operations and its income is exempted from enterprise income tax.
- (4) According to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses Regarding Tax and Fee Policies (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the policy of calculating taxable income at a reduced rate of 25% and levying corporate income tax at a rate of 20% for small and low-profit enterprises will be extended and remain in effect until 31 December 2027.

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise stated, among the following disclosed data in the financial statements, currency unit is RMB.

1. Operating Revenue & Operating Cost

(1) Operating revenue & operating cost

Items	Jan-Jun 2025		Jan-Jun 2024	
	Revenue	Cost	Revenue (As restated)	Cost (As restated)
Main business	4,554,612,700.67	3,807,338,010.95	4,173,852,614.55	3,508,315,483.57
Other business	75,265,364.66	44,488,712.59	66,470,795.08	30,350,043.41
Interest	28,180,430.93	6,397,112.04	25,563,828.14	2,804,691.84
Transaction fees and commission income	18,045.32	101,920.42	3,702.59	73,441.71
Total	4,658,076,541.58	3,858,325,756.00	4,265,890,940.36	3,541,543,660.53

Note: Interest income and fee and commission income are derived from the business of the financial company; Interest expense and handling fees and commission expenses are derived from the costs associated with the finance company.

(2) Income from contracts

Classification of contract	High-end intelligent equipment business		Clean energy equipment business	
	Revenue	Cost	Revenue	Cost
Classified by region	880,896,050.15	723,510,023.50	3,738,135,999.77	3,124,359,295.26
Including: Mainland of China	791,859,205.25	666,753,568.61	3,614,933,355.88	3,008,105,992.13
Others	89,036,844.90	56,756,454.89	123,202,643.89	116,253,303.13
Types of contracts	880,896,050.15	723,510,023.50	3,738,135,999.77	3,124,359,295.26
Including: Equipment sales				
contract	402,574,286.82	307,852,778.01	2,477,715,469.42	2,038,607,967.51
Service contract	214,892,531.77	192,230,706.62	66,496,892.11	55,812,654.77
Materials sales				
contract	263,429,231.56	223,426,538.87	1,193,923,638.24	1,029,938,672.98
Classified by time of revenue recognition	880,896,050.15	723,510,023.50	3,738,135,999.77	3,124,359,295.26
Including: Recognizes revenue at a point in time	870,041,479.49	723,510,023.50	3,729,406,277.09	3,119,138,786.83
Provide during a certain period of time	10,854,570.66	—	8,729,722.68	5,220,508.43
Classified by sales channel	880,896,050.15	723,510,023.50	3,738,135,999.77	3,124,359,295.26
Including: Direct sales	845,738,343.46	694,712,478.45	3,718,594,151.24	3,109,691,522.24
Distribution	35,157,706.69	28,797,545.05	19,493,303.95	14,638,482.22
Internet sales	—	—	48,544.58	29,290.80

Classification of contract	Industrial service business		Headquarters		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
Classified by region	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,658,076,541.58	3,858,325,756.00
Including: Mainland of						
China	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,445,837,052.79	3,685,315,997.98
Others	—	—	—	—	212,239,488.79	173,009,758.02
Types of contracts	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,658,076,541.58	3,858,325,756.00
Including: Equipment sales						
contract	—	—	—	—	2,880,289,756.24	2,346,460,745.52
Service contract	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	320,433,915.54	258,499,798.63
Materials sales						
contract	—	—	—	—	1,457,352,869.80	1,253,365,211.85
Classified by time of revenue recognition	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,658,076,541.58	3,858,325,756.00
Including: Recognizes						
revenue at a point in time	—	—	3,372,785.22	573,529.41	4,602,820,541.80	3,843,222,339.74
Recognizes revenue over time	31,910,363.02	9,882,907.83	3,761,343.42	—	55,255,999.78	15,103,416.26
Classified by sales channel	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,658,076,541.58	3,858,325,756.00
Including: Direct sales	31,910,363.02	9,882,907.83	7,134,128.64	573,529.41	4,603,376,986.36	3,814,860,437.93
Distribution	—	—	—	—	54,651,010.64	43,436,027.27
Internet sales	—	—	—	—	48,544.58	29,290.80
	<u>31,910,363.02</u>	<u>9,882,907.83</u>	<u>7,134,128.64</u>	<u>573,529.41</u>	<u>4,658,076,541.58</u>	<u>3,858,325,756.00</u>

(3) Information related to performance obligations

The Group's transactions involving performance obligations are in the form of the sale of goods, services and materials, and the Group has fulfilled its contractual obligations to recognize revenue when the customer acquires control of the relevant goods or services.

During this reporting period, the Group determines the performance obligations of the financial company's business and some machine tool business contracts to be fulfilled within a certain period of time in accordance with the standards. Revenue is recognized based on the performance progress of the project, that is, based on the performance progress of the project, the Group recognizes the actual contract costs incurred plus the contract gross profit as project business contract revenue.

The Group's sales of goods and equipment performance time is 3-4 days to about 2 years, the relevant performance terms are according to the type of customer, first receive part of the feeding payment, after the completion of the product, in advance receipt of part of the payment after delivery. Typically, control of the product has been transferred after it has been delivered to the carrier.

(4) Information about the transaction price allocated to the remaining performance obligations

The amount of revenue corresponding to the Group's performance obligations that have been signed but have not yet been performed or have not been fulfilled in the current period is RMB4,883,258,482.22 (of which the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled is RMB4,056,954,861.23, and the corresponding income amount of the performance obligations that have been signed but not yet performed is RMB826,303,620.99). Among them, RMB3,737,216,224.25 is expected to be recognized as revenue in 2025; RMB1,146,042,257.97 is expected to be recognized as revenue in 2026.

2. Other Income

Items	Jan-Jun 2025	Jan-Jun 2024 (As restated)
Government subsidies	40,196,633.51	75,251,498.65
Value added tax deduction and exemption	13,767,078.83	13,219,743.67
Gain or loss on debt restructuring	-73,568.00	—
Others	335,587.07	813,074.29
Total	54,225,731.41	89,284,316.61

3. Investment Income

Items	Jan-Jun 2025	Jan-Jun 2024
Income from long-term equity investments accounted for by the equity method	389,133,395.15	285,368,786.74
Gain or loss on debt restructuring	7,579,089.36	-3,838,657.47
Investment income arising from the disposal of trading financial assets	1,372,080.90	211,607.06
Total	398,084,565.41	281,741,736.33

4. Gain and loss arising from the changes in fair value

Item	Jan-Jun 2025	Jan-Jun 2024
Financial assets at fair value through profit or loss	<u>-4,498,257.68</u>	<u>5,997,041.06</u>
Total	<u>-4,498,257.68</u>	<u>5,997,041.06</u>

5. Gains on disposals of assets

Items	Jan-Jun 2025	Jan-Jun 2024	Amount recorded in extraordinary profit and loss
Disposal income of non-current assets not classified as held for sale	8,529,202.73	-59,400,276.22	8,529,202.73
Including: Loss from environmental relocation (Loss listed with “-”)	—	-61,681,249.92	—
Income from disposal of fixed assets	4,736,013.93	2,463,320.83	4,736,013.93
Income from disposal of intangible assets	3,751,916.61	—	3,751,916.61
Income from disposal of right of use assets	<u>41,272.19</u>	<u>-182,347.13</u>	<u>41,272.19</u>
Total	<u>8,529,202.73</u>	<u>-59,400,276.22</u>	<u>8,529,202.73</u>

6. Non-operating income

Items	Jan-Jun 2025	Jan-Jun 2024 (As restated)	Amount recorded in extraordinary profit and loss
Penalty income, penalty and compensation, etc	1,577,494.77	1,109,153.49	1,577,494.77
Unpaid payables	4,351.42	1,107,706.78	4,351.42
Government grants	5,000.00	—	5,000.00
Others	<u>2,936,590.69</u>	<u>7,041,534.05</u>	<u>2,936,590.69</u>
Total	<u>4,523,436.88</u>	<u>9,258,394.32</u>	<u>4,523,436.88</u>

7. Income tax expense

Items	Jan-Jun 2025	Jan-Jun 2024
Current income tax calculated according to tax law and provision	28,937,046.65	43,503,628.10
Deferred income tax	<u>-6,354,230.55</u>	<u>4,502,941.45</u>
Total	<u>22,582,816.10</u>	<u>48,006,569.55</u>

8. Cash and Cash Equivalents

Items	30 Jun 2025	31 Dec 2024 (As restated)
Cash in hand	64,700.90	46,398.29
Cash at bank	1,958,163,026.09	2,192,385,712.64
Other monetary assets	461,847,144.35	550,693,225.77
Accrued interest on Cash at bank	<u>2,753,112.75</u>	<u>1,765,551.64</u>
Total	2,422,827,984.09	2,744,890,888.34
Including: cash deposited abroad	<u>120,190,108.11</u>	<u>86,306,682.11</u>

Note: There is no limit on the remittance of the group's overseas deposits.

VI. SUPPLEMENTARY INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

1. Details of Extraordinary Profit or Loss for the period

In accordance with the requirements of the “Explanatory Announcement on Information Disclosure for Companies Offering Securities to the Public No.1 – Extraordinary Profit or Loss (2008)” issued by the China Securities Regulatory Commission, extraordinary profit or loss of the Group from January to June 2025 are as follows:

Items	Jan-Jun 2025
Non-current asset disposal gains and losses (including the offsetting portion of the provision for impairment of assets)	8,529,202.73
Government subsidies included in the current period’s profit and loss (excluding government subsidies closely related to the company’s normal business operations, in compliance with national policies and regulations, enjoyed according to determined standards, and having a continuous impact on the company’s profit and loss)	54,299,299.41
Except for effective hedging business related to the normal operation of the company, the fair value gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the disposal of financial assets and financial liabilities	-3,126,176.78
Funds occupation fees charged to non-financial enterprises included in current profit and loss	—
Profit and loss from debt restructuring	7,505,521.36
The one-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenses for resettling employees, etc	—
Other non-operating income and expenses other than the above items	1,755,167.11
Subtotal	68,963,013.83
Less : Income tax impact amount	3,455,929.74
Minority shareholder equity impact (after tax)	-19,325.50
Total	65,526,409.59

2. Return on Net Assets and Earnings Per Share

In accordance with the requirements of the “Preparation Rules for Information Disclosures by Companies Offering Securities to the Public No.9 – Calculations and Disclosures for Return on Net Assets and Earnings Per Share (Revised in 2010)” issued by the China Securities Regulatory Commission, the weighted average return on net assets, basic earnings per share and diluted earnings per share of the Group are as follows:

Profit for the reporting period	Weighted mean Return on equity (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the company	5.05	0.11	0.11
Net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses	4.25	0.10	0.10

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

The table below sets forth the revenue, gross profit and segment results attributable to major business segments of the Group for the periods indicated:

	Revenue		Gross Profit		Segment Results	
	Period ended 30 June		Period ended 30 June		Period ended 30 June	
	2025	2024	2025	2024	2025	2024
	(As restated)		(As restated)		(As restated)	
	(RMB in millions, except for percentage)					
Clean energy equipment business						
General machinery (Note 1)	1,112.5	1,118.6	264.9	318.7	85.8	128.3
Wind power blades	1,295.9	1,119.1	165.8	118.1	28.0	32.8
Electrical wires and cables	1,149.2	993.6	151.8	118.0	30.9	40.9
Other products (Note 2)	180.6	128.1	31.3	(18.3)	8.1	(157.2)
Total	3,738.2	3,359.4	613.8	536.5	152.8	44.8
% of total	80.3%	78.8%	76.7%	74.0%	33.9%	13.5%
High-end smart equipment business						
Smart machine tools	435.3	443.4	102.7	110.1	(22.3)	41.7
Intelligent manufacturing	265.3	284.4	34.9	40.4	(15.6)	3.4
Other products (Note 2)	180.3	143.3	19.8	11.5	0.2	(6.8)
Total	880.9	871.1	157.4	162.0	(37.7)	38.3
% of total	18.9%	20.4%	19.7%	22.4%	(8.4%)	11.5%
Industrial services business						
Financial	28.2	25.6	21.7	22.7	14.9	28.9
Trade	—	1.8	—	1.3	—	(0.5)
Other services	3.7	7.4	0.3	1.2	(3.0)	(3.6)
Total	31.9	34.8	22.0	25.2	11.9	24.8
% of total	0.7%	0.8%	2.8%	3.5%	2.6%	7.5%
Headquarters						
Total	7.1	0.6	6.6	0.6	324.4	224.1
% of total	0.1%	0.0%	0.8%	0.1%	71.9%	67.5%
Total	4,658.1	4,265.9	799.8	724.3	451.4	332.0

Note 1 – The Group included the industrial pumps, gas compressors and oil and gas businesses in general machinery business according to the principle of combination of similar categories.

Note 2 – The Group grouped hydroelectric generation equipment and steering systems businesses into other products.

BUSINESS REVIEW AND OUTLOOK

CLEAN ENERGY EQUIPMENT (BUSINESSES INCLUDING WIND POWER BLADES, ELECTRICAL WIRES AND CABLES AND MATERIALS, INDUSTRIAL PUMPS, INDUSTRY BLOWERS, GAS COMPRESSORS, HYDROELECTRIC GENERATION EQUIPMENT AND OIL AND GAS SERVICE, ETC.)

In the first half of 2025, the Group's clean energy equipment segment seized market opportunities, further enhancing the stability of the customer structure in the wind power blade business, with market share remaining stable. The industrial pump business continued to deepen its engagement with major clients, securing a second-phase order for diaphragm pumps from a steel-aluminum integration industry in Hebei, exceeding RMB127 million. The market strategy advantages of the electrical wires and cables and materials business became apparent, successfully winning bids in multiple instances within the power sector, with contracts totalling over RMB120 million from six provincial grid companies. The refrigeration compressor business secured significant projects from Jiangsu Lanze Energy Technology Co., Ltd.* (江蘇嵐澤能源科技有限公司), Zhongfei Petrochemical Co., Ltd.* (中飛石化有限公司) ("Zhongfei Petrochemical"), Hubei Yihua Chemical Industry Co., Ltd.* (湖北宜化集團有限責任公司), Jilin University of Chemical Technology* (吉林化工學院), achieving orders worth over RMB57 million. The gas compressor business actively participated in the "Chengdu-Chongqing hydrogen corridor" project and successfully partnered with Zhongfei Petrochemical to establish the first 1,000-kilogram hydrogen refueling station. The hydroelectric equipment business focused on industrial services, adding new orders exceeding RMB77 million, setting a historical high. In the first half of the year, this segments, except for the gas compressor business, experienced a year-on-year decline due to order delivery cycles concentrated in the second half of the year, achieved good growth compared to the same period last year. The overall operating income of this segment reached approximately RMB3,738.2 million, representing an increase of approximately 11.3% year-on-year.

During the Period, the gross profit of the clean energy equipment operating segment was approximately RMB613.8 million, representing an increase of approximately RMB77.3 million or approximately 14.4% as compared with approximately RMB536.5 million for the same period of last year. As of 30 June 2025, the profit of the clean energy equipment operating segment was approximately RMB152.8 million, representing an increase of approximately RMB108.0 million or approximately 241.1% as compared with approximately RMB44.8 million for the same period of last year, which was mainly due to the significant reduction in losses was the increase in the scale of the hydroelectric equipment business.

In the first half of the year, the industrial pump business segment completed the construction of some test platforms for the Fourth Generation Nuclear Power Lead Bismuth Main Pump Project. The gas compressor business developed a high-flow low-temperature BOG compressor, finalizing the technical agreement for research and development in collaboration with Xi'an Jiaotong University. The wire and cable business completed sample testing for the dual-layer insulated waterproof B1-level cross-lined polyethylene insulation wire project, while the electromagnetic wire series products project is currently undergoing process validation. The hydroelectric business segment achieved technical development for high-altitude turbine generator units, completing the design of the ventilation system.

In the second half of the year, the wind power blade business will strengthen new product development and innovation in new processes, advancing the development of a sharing platform in cooperation with customers, continuously optimizing product structures based on customer load requirements, and accelerating decision-making and optimization of construction plans for offshore wind power bases; the industrial pump business will continue to explore overseas markets, accelerating the establishment of overseas stationing and cultivating overseas distributors, establishing service points in Southeast Asia, and expanding distributors in South America, the Middle East, and Central Asia; the electrical wire and cable and materials business will build a diversified business model, accelerate the construction of electromagnetic wire projects, and speed up development in new sectors; the industrial blower business will focus on breakthroughs in the coking industry, mining, thermal power, and international trade to form new market support; the gas compressor business will implement a differentiated competitive strategy, enhancing demand development for key fields and customers, and vigorously promote R&D of new products like large-flow BOG compressors and 6M32 high-speed skid-mounted compressors; the hydroelectric equipment business will continue to deepen the industrial service market, increasing its share in the after-service market and continuously improving gross profit levels. It is expected that this segment will achieve steady growth throughout the year.

Additionally, Chongqing Cummins Engine Co. Ltd. (“Chongqing Cummins”), a joint venture of the company, specializes in producing high-horsepower diesel engines. In the first half of the year, Chongqing Cummins accelerated the expansion of new products and new markets while strengthening internal management. On the product side, the Q60 engine has the capacity for mass supply; the development of the Q50 engine for power generation and the Q19 engine for industrial applications is progressing rapidly, with the methanol engine prototype successfully delivered. In terms of market performance, the power segment continued to show good growth, with high-horsepower product sales increasing by 8% year-on-year. On the management side, the company has been deepening lean management and initiating supply chain reforms, leading to significant improvements in operational performance. It is expected that the business performance will also maintain good growth in the second half of the year.

HIGH-END SMART EQUIPMENT (BUSINESSES INCLUDING SMART MACHINE TOOLS, SMART SYSTEM INTEGRATION AND SMART ELECTRONICS, ETC.)

In the first half of the year, the Group’s subsidiary, PTG in the UK, faced financial strain due to project delays from clients, coupled with exchange rate fluctuations, rising interest rates, and increasing energy prices, which eroded profit margins, leading to a decline in operational performance; the smart equipment system integration business experienced setbacks due to project delays from some clients, while the smart electronics business was affected by strategic adjustments from major clients and tariffs resulting from US-China trade tensions. However, the high-end CNC machine tool business saw good market growth in the first half, driving significant increases in products like grinding machines and CNC hobbing machines, leading to a notable improvement in operational profits and contributing to the overall segment achieving approximately RMB880.9 million in operating revenue, a slight year-on-year increase of about 1.1%.

During the Period, the gross profit of the high-end smart equipment operating segment was approximately RMB157.4 million, representing a decrease of approximately RMB4.6 million or approximately 2.8% as compared with approximately RMB162.0 million for the same period of last year. For the six months ended 30 June 2025, the loss of the high-end smart equipment operating segment was approximately RMB37.7 million, compared to a profit of approximately RMB38.3 million in the same period of last year, representing an increase in losses. This was primarily due to a decline in PTG business during the Period, which exacerbated losses, as well as the impact of overseas trade friction on the intelligent manufacturing business.

During the Period, Chongqing Machine Tool Group acquired 100% equity interest in Chongqing Panlian Transmission Technology Co., Ltd. held by Chongqing Electromechanical Holding Group Asset Management Co., Ltd. This transaction was conducted under the same control, resulting in adjustments to the consolidation ratio during the Period and restatement of data for 2024. Concurrently, Chongqing Sino-Germany Smart Factory Solutions Co., Ltd ceased to be consolidated (For more details, please refer to the Company's announcements respectively dated 27 February 2025, 18 March 2025 and 23 April 2025, which were published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk)).

In the first half of the year, the CNC machine tool business achieved qualified axial position accuracy measurements for the HG350C CNC profile grinding machine, reaching international advanced levels. The software project for the honing machine is progressing in collaboration with the UK, having completed the development of honing processing and correction algorithms. The YS7232GH high-precision grinding machine project entered the tool holder assembly design phase in June. The research on the integrated forming process of water-cooled nozzles for metal 3D printers successfully completed trial printing of four new parts, which have been delivered to customers for testing. The smart electronics business completed the main design of the three-axis motion platform. The research and application project for the collaborative robot automated handling platform has entered the process debugging stage.

In the second half of the year, the Group's CNC machine tool business will further strengthen technological innovation, accelerating the development of the next generation of high-performance grinding machines for new energy vehicles, hobbing machines for humanoid robots, and honing composite machines for precision reducers, while also focusing on overcoming key technologies such as powerful honing processes to achieve domestic substitution. The smart equipment system integration business will continue to deepen relationships with key existing customers such as China Railway Tunnel and State Energy Group, while accelerating the implementation of projects for new customers such as China Coal Research Institute and Tiandi Benniu. It is expected that this segment will maintain steady growth throughout the year.

INDUSTRIAL SERVICES (BUSINESSES INCLUDING INDUSTRIAL EMPOWERMENT, FINANCING AND CENTRALIZED PROCUREMENT, ETC.)

In the first half of the year, the overall operating income of industrial services reached approximately RMB31.9 million, representing a decrease of approximately RMB2.9 million as compared with approximately RMB34.8 million for the same period of last year.

During the Period, the gross profit of the industrial services operating segment was approximately RMB22.0 million, representing a decrease of approximately RMB3.2 million or approximately 12.7% as compared with approximately RMB25.2 million for the same period of last year. For the six months ended 30 June 2025, the results of the industrial services operating segment was approximately RMB11.9 million, representing a decrease of approximately RMB12.9 million or approximately 52.0% as compared with approximately RMB24.8 million for the same period of last year, which was mainly due to impact of falling interest rates on financial business. It is expected that this segment will remain unchanged year-on-year.

In the first half of the year, the industrial empowerment business continued to advance the construction of “digital electromechanical” systems, achieving phased results in R&D design, business control, and digital base. The integrated design simulation platform efficiently utilizes resources, enabling collaborative R&D among subsidiaries. The integration of finance and business completed pilot projects with two subsidiaries, laying the foundation for group-wide promotion. Project management and the HSE system standardized business processes, achieving digital management. The IoT platform connected over 1,900 devices, facilitating transparent management of equipment. The data platform deployed multiple standards, equipped with capabilities for massive data governance and analysis. Intelligent economic operation analysis covered 15 sectors and 180 indicators, providing data support for decision-making. The financial business accelerated the construction of the treasury management system, optimized the allocation of financial resources, and strengthened capital risk control to achieve efficient flow and reasonable allocation of funds.

In the second half of the year, the procurement business will take the lead in creating an “Intelligent Business Travel Management Platform” for “Electromechanical Mobility,” designed for the Group’s internal travel procurement, expense control, and reconciliation in a one-stop digital management system. Utilizing intelligent methods, the platform aims to reduce costs, control expenses, and enhance lean management efficiency. The financial business will continue to strengthen innovation, complete the phased construction of the treasury, promote digital intelligent empowerment, and solidify risk compliance. It is expected that this segment will maintain stability throughout the year.

RESULTS OVERVIEW

SALES

For the six months ended 30 June 2025, the Group's total revenue amounted to approximately RMB4,658.1 million, representing an increase of approximately 9.2% as compared with approximately RMB4,265.9 million for the same period of last year.

In general, revenue of the clean energy equipment segment was approximately RMB3,738.2 million (accounting for approximately 80.3% of the total revenue), representing an increase of approximately 11.3%; revenue of the high-end smart manufacturing segment was approximately RMB880.9 million (accounting for approximately 18.9% of the total revenue), representing an increase of approximately 1.1%; revenue of the industrial service segment was approximately RMB31.9 million (accounting for approximately 0.7% of the total revenue), representing a decrease of approximately 8.3%.

During the Period, the sales revenue of main business segments showed steady growth. It is expected that the overall sales revenue of the Group for the whole year of 2025 will achieve a steady growth.

There has been no significant change in the possible future development of the Group's business and the Group's outlook for the financial year of 2025 since the publication of the Group's annual report for the year ended 31 December 2024.

GROSS PROFIT

The gross profit for the six months ended 30 June 2025 was approximately RMB799.8 million, showing an increase of approximately RMB75.5 million or approximately 10.4% as compared with approximately RMB724.3 million for the same period of last year. The Group's gross profit margin is expected to remain stable growth in the second half of 2025.

OTHER INCOME

Other income for the six months ended 30 June 2025 was approximately RMB54.2 million, showing a decrease of approximately RMB35.1 million or approximately 39.3% as compared with approximately RMB89.3 million for the same period of last year, mainly due to a 46.6% year-on-year decrease in government subsidy income during the Period.

GAIN ON DISPOSAL OF ASSET

Gain on disposal of assets for the six months ended 30 June 2025 was approximately RMB8.5 million. Details are set out in Note V.5 to the Condensed Consolidated Interim Financial Information.

SALES AND ADMINISTRATIVE EXPENSES

The sales and administrative expenses for the six months ended 30 June 2025 were approximately RMB413.5 million, showing a decrease of approximately RMB9.3 million or approximately 2.2% as compared with approximately RMB422.8 million for the same period of last year. The ratio of sales and administrative expenses to sales decreased from approximately 9.9% in the same period last year to approximately 8.9%. A year-on-year increase in selling expenses of approximately RMB7.5 million was mainly due to the increase in sales service fee. Administrative expenses decreased by approximately RMB16.8 million year-on-year, mainly due to the change of performance calculation method by individual subsidiary and the deconsolidation of Chongqing Sino-Germany Smart Factory Solutions Co., Ltd.* during the Period.

OPERATING PROFIT

The operating profit for the six months ended 30 June 2025 was approximately RMB451.4 million, showing an increase of approximately RMB119.4 million or approximately 36.0% as compared with approximately RMB332.0 million for the same period of last year, mainly due to significant improvement in the operating performance of hydropower equipment business, and growth in investment income.

FINANCE COSTS

The net interest expenses for the six months ended 30 June 2025 were approximately RMB29.0 million, representing a significant decrease of approximately RMB16.6 million or approximately 36.4% as compared with approximately RMB45.6 million for the same period of last year, which was mainly due to the a significant decrease in interest expenses and bill discounting expenses compared to the same period last year.

INVESTMENT INCOME

For the six months ended 30 June 2025, the Group's investment income was approximately RMB398.1 million, representing an increase of approximately RMB116.4 million or approximately 41.3% as compared with approximately RMB281.7 million for the same period of last year. This was mainly attributable to Chongqing Cummins' performance, which increased by approximately RMB71.3 million or approximately 27.6% compared to the same period last year, followed by Chongqing Hitachi Energy's performance, which increased by approximately RMB28.8 million or approximately 156.6% compared to the same period last year. Relevant details are set out in Note V.3 to the Condensed Consolidated Interim Financial Information.

INCOME TAX EXPENSES

The income tax expenses for the six months ended 30 June 2025 were approximately RMB22.6 million, representing a significant decrease of approximately RMB25.4 million as compared with approximately RMB48.0 million for the same period of last year, which was mainly due to income tax incentives enjoyed by individual companies and changes in deferred tax. Relevant details are set out in Note V.7 to the Condensed Consolidated Interim Financial Information.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders for the Period was approximately RMB416.0 million, representing an increase of approximately RMB145.6 million or approximately 53.8% as compared with approximately RMB270.4 million for the same period of last year. Earnings per share increased from approximately RMB0.07 in the same period last year to approximately RMB0.11 in the Period.

SECURED ASSETS

As at 30 June 2025, approximately RMB617.0 million of the Group was deposited with the banks with pledge or restriction for use (as of 31 December 2024, the amount was approximately RMB642.2 million). In addition, restricted notes receivable of certain subsidiaries of the Group by pledging notes with banks and financial institutes amounted to approximately RMB67.4 million.

CASH FLOW

As at 30 June 2025, the cash and bank deposits (including restricted cash) of the Group amounted to approximately RMB2,422.8 million (31 December 2024: approximately RMB2,744.9 million), representing a decrease of approximately RMB322.1 million or approximately 11.7%, which was mainly due to the decrease in operating cash flow.

During the Period, the Group recorded a net cash outflow from operating activities of approximately RMB516.7 million (net cash outflow approximately RMB251.8 million for the same period of last year), a net cash inflow of investing activities of approximately RMB151.5 million (net cash outflow approximately RMB120.7 million for the same period of last year), and a net cash inflow of financing activities of approximately RMB66.0 million (net cash outflow approximately RMB431.7 million for the same period of last year).

ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

As at 30 June 2025, the total accounts receivables and other receivables of the Group amounted to approximately RMB4,644.6 million, showing an increase of approximately RMB852.7 million as compared with approximately RMB3,791.9 million as at 31 December 2024, which was mainly due to an increase of approximately RMB495.3 million in the wind power blades business; an increase of approximately RMB197.5 million in the electrical wires and cables business.

ACCOUNTS PAYABLES AND OTHER PAYABLES

As at 30 June 2025, the total accounts payables and other payables of the Group amounted to approximately RMB3,667.8 million, showing an increase of approximately RMB543.8 million as compared with approximately RMB3,124.0 million as at 31 December 2024, which was mainly due to an increase of approximately RMB279.0 million in the wind power blades business and an increase of approximately RMB99.7 million in the machine tools business.

ASSETS AND LIABILITIES

As at 30 June 2025, the total assets of the Group amounted to approximately RMB18,832.6 million, showing an increase of approximately RMB1,145.8 million as compared with approximately RMB17,686.8 million as at 31 December 2024. The total current assets amounted to approximately RMB12,297.2 million, showing an increase of approximately RMB982.6 million as compared with approximately RMB11,314.6 million as at 31 December 2024, accounting for approximately 65.3% of the total assets (31 December 2024: approximately 64.0%).

As at 30 June 2025, the total liabilities of the Group amounted to approximately RMB9,947.3 million, showing an increase of approximately RMB878.9 million as compared with approximately RMB9,068.4 million as at 31 December 2024. The total current liabilities amounted to approximately RMB8,795.1 million, showing an increase of approximately RMB1,372.4 million as compared with approximately RMB7,422.7 million as at 31 December 2024, accounting for approximately 88.4% of the total liabilities (31 December 2024: approximately 81.9%).

As at 30 June 2025, the net current assets of the Group amounted to approximately RMB3,502.1 million, showing a decrease of approximately RMB389.8 million as compared with approximately RMB3,891.9 million as at 31 December 2024.

CURRENT RATIO

As at 30 June 2025, the current ratio (the ratio of current assets divided by current liabilities) of the Group was 1.40:1 (31 December 2024: 1.52:1).

GEARING RATIO

As at 30 June 2025, the Group's gearing ratio is calculated by dividing borrowings by total capital, and the gearing ratio is 19.3% (31 December 2024: 20.3%).

INDEBTEDNESS

As at 30 June 2025, the Group had an aggregate bank and other borrowings of approximately RMB2,118.9 million, representing a decrease of approximately RMB82.8 million as compared with approximately RMB2,201.7 million as at 31 December 2024.

Borrowings repayable by the Group within one year amounted to approximately RMB1,498.0 million, representing an increase of approximately RMB377.5 million as compared with approximately RMB1,120.5 million as at 31 December 2024. Borrowings repayable after one year amounted to approximately RMB620.9 million, representing a decrease of approximately RMB460.4 million as compared with approximately RMB1,081.3 million as at 31 December 2024.

SIGNIFICANT EVENTS

Events in the Period

(I) Change in Shareholding Structure of Controlling Shareholder

The Company has received a notification from its controlling Shareholder, CQMEHG, on 26 February 2025: (i) Chongqing Yufu Holding Group Co., Ltd.* (重慶渝富控股集團有限公司) (“**Yufu Holding**”) will make a capital increase to CQMEHG with a consideration of RMB5,000 million through cash and non-cash contribution methods. Upon completion of the capital increase, Yufu Holding will hold approximately 44.58% equity interest in CQMEHG (the “**Capital Increase**”); and (ii) Chongqing State-owned Assets Supervision and Administration Commission (“**Chongqing SASAC**”) agrees to gratuitously transfer its 35.42% equity interest in CQMEHG to Yufu Holding (the “**Gratuitous Transfer**”) (together with the Capital Increase, collectively referred to as the “**Internal Restructuring**”). Upon completion of the Internal Restructuring, Yufu Holding holds 80% equity interest in CQMEHG to be the direct controlling Shareholder of CQMEHG, and becomes the indirect controlling Shareholder of the Company, whereas CQMEHG remains the direct controlling Shareholder of the Company, and Chongqing SASAC remains the ultimate controlling Shareholder of the Company.

Yufu Holding has applied for, and the Executive has granted, a waiver pursuant to Note 6(a) to Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs of the obligation of Yufu Holding to make a mandatory general offer for all the securities of the Company arising as a result of the Internal Restructuring.

For more details, please refer to the Company's announcements respectively dated 26 February 2025 and 29 April 2025, which were published on the HKEXnews website of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (www.hkexnews.hk).

(II) Connected Transactions

Equity Transfer Agreement

On 27 February 2025, Chongqing Machine Tools (Group) Co., Ltd.* (重慶機床(集團)有限責任公司) ("**Chongqing Machine Tools Group**") (a wholly-owned subsidiary of the Company) and CQMEHG Asset Management Co., Ltd.* (重慶機電控股集團資產管理有限公司) ("**Asset Company**") (a wholly-owned subsidiary of the Controlling Shareholder of the Company) entered into the equity transfer agreement, pursuant to which Chongqing Machine Tools Group agreed to acquire and the Asset Company agreed to sell 100% equity interest in the Chongqing Panlian Transmission Technology Co., Ltd.* (重慶磐聯傳動科技有限公司), held by it at a consideration of RMB35,621,200.

For more details, please refer to the Company's announcements respectively dated 27 February 2025 and 18 March 2025, which were published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk).

(III) Continuing Connected Transaction

2026-2028 Master Sales Agreement

On 7 April 2022, the Company entered into the existing master sales agreement, pursuant to which the Parent Company and its associates ("**Parent Group**"), excluding the Company and its associates ("**Group**") agreed to sell materials, components, accessories or raw materials, finished goods and other relevant or similar items, power generation equipment and parts (including certain products such as control valves, parts for steering systems, gears, clutch, the BV series of electric cables) and other products, to the Parent Group.

As the existing master sales agreement will expire on 31 December 2025, the Company renewed the existing master sales agreement with the Parent Company under the similar terms by entering into the 2026-2028 master sales agreement on 23 April 2025.

2026-2028 Master Supplies Agreement

On 7 April 2022, the Company entered into the existing master supplies agreement with the Parent Company, pursuant to which the Parent Group agreed to supply the Group with intelligent equipment, component parts (such as standard component, electric machine, control cabinet, component parts, etc.) and other relevant or similar products, industry services (such as transport and storage services, contract energy management services) etc.

As the existing master supplies agreement will expire on 31 December 2025, the Company renewed the existing master supplies agreement with the Parent Company under the similar terms by entering into the 2026-2028 master supplies agreement on 23 April 2025.

2026-2028 Master Leasing Agreement

On 7 April 2022, the Company entered into the existing master leasing agreement with the Parent Company for the leasing of land and buildings from the Parent Group to the Group as offices, production facilities, workshops and staff quarters.

As the existing master leasing agreement will expire on 31 December 2025, the Company renewed the existing master leasing agreement with the Parent Company under similar terms by entering into the 2026-2028 master leasing agreement on 23 April 2025.

Major Transactions and Continuing Connected Transactions

2026-2028 Group Financial Services Framework Agreement

As the existing group financial services framework agreement will expire on 31 December 2025, on 23 April 2025, the Company and the Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* (**“Finance Company”**) entered into the 2026-2028 group financial services framework agreement, pursuant to which, the Finance Company will provide financial services to the Group, including loan services, non-financing guarantee letter services and other financial services. Subject to the approval of the independent Shareholders, the Finance Company will provide deposit services to the Group. The Group is not under any obligation to obtain any or all of the financial services from the Finance Company and may obtain relevant financial services based on its business needs.

2026-2028 Parent Group Financial Services Framework Agreement

As the existing parent group financial services framework agreement will expire on 31 December 2025, on 23 April 2025, the Parent Company and the Finance Company entered into the 2026-2028 parent group financial services framework agreement, pursuant to which, the Finance Company will provide financial services to the Parent Group, including deposit services, non-financing guarantee letter services and other financial services. Subject to the approval of the independent Shareholders, the Finance Company will provide loan services to the Group. The Finance Company is not under any obligation to provide any or all of the financial services to the Parent Group and may provide relevant financial services based on its business needs.

For more details, please refer to the Company's announcements respectively dated 23 April 2025 and 12 June 2025, and circular dated 22 May 2025, which were published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk).

(IV) Amendment to the Articles of Association

On 12 June 2025, the Company held an annual general meeting for the year 2024 to consider and approve the resolution to amend the Articles of Association.

The above amendments came into effect on 12 June 2025, the date on which the relevant resolution was made.

For the above-mentioned amendments to the Articles of Association, please refer to the circular dated 22 May 2025 and announcement dated 12 June 2025 published by the Company on the Stock Exchange's HKEXnews website (www.hkexnews.hk).

(V) Deconsolidation of Subsidiary of the Group

Chongqing Machine Tool (Group) Co., Ltd.* (being the wholly-owned subsidiary of the Company, hereinafter referred to as “**Machine Tool Group**”), no longer exercised decision-making control over Chongqing Sino-Germany Smart Factory Solutions Co., Ltd.* (being the subsidiary of the Company, hereinafter referred to as “**Smart Company**”). Since the date of approval by the Board (being 23 April 2025), Machine Tool Group will remove Smart Company from the consolidated financial statements, but the shareholding ratio remains unchanged.

Financial Impact

According to Smart Company's 2025 budget, Machine Tool Group's revenue of consolidated level is expected to decrease by approximately RMB33.28 million, and total profit by approximately RMB0.35 million in 2025. Smart Company's revenue accounted for approximately 0.5% of the Group's total revenue for the year ended 31 December 2024.

Deconsolidation will result in the Group ceasing to consolidate Smart Company's assets of approximately RMB51.26 million, liabilities of approximately RMB19.81 million, owners' equity of approximately RMB31.45 million, revenue of approximately RMB11.06 million, and total profit of approximately RMB0.47 million. However, the Board considers that the deconsolidation does not have material impact on the Group's consolidated financial statements for the six months ended 30 June 2025.

After completion of the deconsolidation, Smart Company's financial performance will no longer be consolidated into the Group's consolidated financial statements. Despite this change, segment performance is largely unaffected, and future results will be recorded as investment income.

Listing Rules Implications

According to Chapter 14 of the Listing Rules, the deconsolidation of Smart Company does not constitute a disclosable transaction of the Company.

Auditor's Opinion

The Company's auditor has not informed the Company of any potential audit reservations regarding the deconsolidation. Saved as disclosed above, the Board is of the view that the deconsolidation will not materially affect the Group's operations, cash flows, or financial position.

For more details, please refer to the Company's announcements dated 23 April 2025 which was published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk).

(VI) Re-election of the Board of Directors and Supervisory Committee

The Company held its 2024 Annual General Meeting on 12 June 2025 to discuss and approve the re-election of directors and supervisors. Following the election, Mr. Yue Xiangjun, Mr. Qin Shaobo, and Mr. Deng Rui were appointed as executive directors of the Company's seventh session of the Board. Mr. Lei Bin, Ms. Zhu Ying, Mr. Dou Bo, and Mr. Cai Zhibin were appointed as non-executive directors of the Company's seventh session of the Board. Mr. Ke Rui, Mr. Liu Lijun, Ms. Pu Huayan, and Mr. Wong Chun Wa were appointed as independent non-executive directors of the company's seventh session of the Board.

Mr. Sun Wenguang was elected as the chairman of the Company's seventh session of the supervisory committee. Mr. Wang Haibing and Mr. Cao Xingquan were appointed as independent supervisors of the seventh session of the supervisory committee. Mr. Duan Lian and Mr. Liu Daohua were elected as employee supervisors of the seventh session of the supervisory committee during the Company's employee meeting in February 2025.

(For more details, please refer to the Company's circular dated 22 May 2025 and announcement dated 12 June 2025, which were published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk).)

Save as disclosed above, the Company had no other significant matters to report during this period.

SUBSEQUENT EVENTS

The Group does not have any significant events after the Period.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group's total capital commitments amounted to approximately RMB44.8 million (31 December 2024: approximately RMB35.7 million).

CAPITAL EXPENDITURE

During the Period, the total capital expenditure of the Group was approximately RMB86.0 million, which was principally used for plant expansion, improvement of production technology and equipment upgrade and capacity improvement (for the six months ended 30 June 2024: approximately RMB41.1 million).

TREASURY POLICIES

The Group has adopted treasury policies, which concentrate the financial resources available to its different subsidiaries to meet the business needs of its different subsidiaries through the subsidiaries involved with financial services qualifications of the Group. For example, the Group has adopted a centralised approach in managing the funds available to subsidiaries involved, including cash, bank deposits, bills and other financial instruments. These assets, such as bills and financial instruments, are managed and arranged as short-term financing amongst subsidiaries with financial services qualifications of the Group through proper endorsements or transfers so that they can be fully utilized to meet payment obligations of the Group's relevant subsidiaries with minimal financing cost. The Group closely monitors the level of use and the financial guarantees given by the Group at the time of financing and the value of each of the relevant transactions only represents an immaterial part of its total assets and business.

Chongqing Machinery & Electric Holding Group Finance Co., Ltd., a subsidiary of the Group, provides financial services and establishes and improves risk management, loan impairment and credit approval policies, the contents of which are set out in the relevant supplemental announcement dated 10 October 2023.

RISK OF FOREIGN EXCHANGE

The Group is exposed to foreign exchange risk arising from various currencies, primarily with respect to the HKD, GBP and US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Management has set up a management system of foreign exchange hedges, requiring all subsidiaries of the Group to manage the foreign exchange risk against their functional currency and adopt foreign exchange tools recognized by the Group.

EMPLOYEES

As at 30 June 2025, the Group had a total of 6,188 employees (30 June 2024: a total of 6,720 employees). The Group will continue to upgrade its technical talent base, foster and recruit technical and management personnel possessed with extensive professional experiences, optimize the distribution system that links with the remuneration and performance reviews, improve training supervision on safety so as to ensure employees' safety and maintain good and harmonious employee-employer relations.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as the directors of the Company are aware, the following persons (not being a director, chief executive or supervisor of the Company) had interests in the shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (“SFO”):

Long positions in domestic shares of the Company with par value of RMB1.00 each

Name of shareholders	Number of shares	Stock category	Status	Notes	Percentage of total issued domestic shares (%)	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
Chongqing Machinery and Electronic Holding (Group) Co., Ltd.	1,924,225,189	Domestic shares	Beneficial owner	(1)	74.46(L)	–	52.22
	92,670,000	H shares	Beneficial owner	(1)	–	8.42(L)	2.52
Chongqing Yufu Holding Group Co., Ltd.	232,132,514	Domestic shares	Beneficial owner	(1)	8.98(L)	–	6.30
Chongqing Construction Engineering Group Co., Ltd.	232,132,514	Domestic shares	Beneficial owner	(2)	8.98(L)	–	6.30
China CITIC Financial Asset Management Co., Ltd.	195,962,467	Domestic shares	Beneficial owner	(3)	7.58(L)	–	5.32
Chongqing State-owned Assets Supervision and Administration Commission	2,388,490,217	Domestic shares	Controlled corporation interest	(1)	92.42(L)	–	64.82
	92,670,000	H shares	Beneficial owner	(1)	–	8.42(L)	2.52
Ministry of Finance of the PRC	195,962,467	Domestic shares	Controlled corporation interest	(3)	7.58(L)	–	5.32

(L) Long Position

H shares of the Company with par value of RMB1.00 each

Name of shareholders	Number of shares	Status	Note	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
The Bank of New York Mellon (前稱「The Bank of New York」)	87,276,000(L) 0(P)	Custodian		7.93(L) 0(P)	2.37(L) 0(P)
The Bank of New York Mellon Corporation	87,276,000(L) 87,276,000(P)	Interest in corporation controlled by substantial shareholders	(4)	7.93(L) 7.93(P)	2.37(L) 2.37(P)

(L) Long Position

(S) Short Position

(P) Lending Pool

Notes:

- (1) As Chongqing Machinery and Electronics Holding (Group) Co., Ltd. and Chongqing Yufu Holding Group Co., Ltd. are wholly owned by Chongqing State-owned Assets Supervision and Administration Commission, Chongqing State-owned Assets Supervision and Administration Commission is deemed to be interested in 1,924,225,189 domestic shares and 92,670,000 H shares as well as 232,132,514 domestic shares of the Company held by the two companies respectively.
- (2) Chongqing Construction Engineering Group Corporation Limited is held as to 76.53% by Chongqing State-owned Assets Supervision and Administration Commission through its wholly-owned subsidiary, Chongqing Construction Investment Holding Co., Ltd. Therefore, Chongqing State-owned Assets Supervision and Administration Commission is deemed to be interested in 232,132,514 domestic shares of the Company held by Chongqing Construction Engineering Group Corporation Limited.
- (3) China CITIC Financial Asset Management Co., Ltd. is held as to 63.36% directly by the Ministry of Finance of the People's Republic of China and as to 4.22% indirectly by the Ministry of Finance of the People's Republic of China through its wholly-owned subsidiary, China Life Insurance (Group) Company. Therefore, the Ministry of Finance of the People's Republic of China is deemed to be interested in 195,962,467 domestic shares of the Company held by China CITIC Financial Asset Management Co., Ltd..
- (4) The Bank of New York Mellon Corporation holds 100% interest in The Bank of New York Mellon (formerly known as "The Bank of New York"), which holds 87,276,000 H shares of the Company. The interest in 87,276,000 H shares relates to the same block of shares in the Company and includes a lending pool of 87,276,000 H shares of the Company.

Save as disclosed above, the directors of the Company are not aware of any persons holding any interests or short positions in the shares or underlying shares which were required to be recorded in the register pursuant to Section 336 of the SFO as at 30 June 2025.

INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as the directors are aware, none of the directors, chief executive or supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (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 or short positions which the directors or chief executive were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Stock Exchange Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has adopted and complied with the code provisions under the Corporate Governance Code set out in the Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has complied with the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix C3 of the Listing Rules and has adopted procedures to regulate securities transactions by directors. The Company has obtained the respective confirmations by all directors that they have complied with the provisions of the Model Code for the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, neither the Group nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2025, there was no material acquisition and disposal of subsidiaries and associated companies by the Group.

SIGNIFICANT LITIGATION

During the Period, the Company had no new significant litigation or arbitration matters that needed to be brought to the attention of directors and Shareholders of the Company.

INTERIM DIVIDEND

The Company considers stable and sustainable returns to Shareholders to be our goal.

Subject to compliance with the applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

The Board will review the dividend policy from time to time and reserves its right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

The Board has recommended the payment of a interim dividend of RMB0.01 per share (tax inclusive) for the 6 months ended 30 June 2025 (for 6 months ended 30 June 2024: nil), which is calculated based on the total share capital of 3,684,640,154 shares for the 6 months ended 30 June 2025 totalling RMB36,846,401.54 (totalling RMB0 for 6 months ended 30 June 2024). Subject to the approval by Shareholders at the forthcoming extraordinary general meeting to be convened on 28 October 2025, the proposed interim dividend will be paid on 25 November 2025 to Shareholders whose names appear on the register of members of the Company on 11 November 2025 (“**Record Date**”).

In order to ascertain the entitlements of the Shareholders to receive the proposed interim dividend, the register of members of the Company will be closed from Tuesday, 4 November 2025 to Tuesday, 11 November 2025 (both days inclusive), during which no transfer of shares will be registered. All transfer documents accompanied by share certificates of the Shareholders must be lodged with our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 November 2025.

WITHHOLDING OF ENTERPRISE INCOME TAX FOR NON-RESIDENT CORPORATE SHAREHOLDERS

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China (“**EIT Law**”) and the implementation rules thereof and the Circular on Issues Concerning the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Payable to H Share Non-resident Corporate Shareholders (Guo Shui Han [2008] No.897), the Company is liable to withhold and pay the enterprise income tax on dividends payable to non-resident corporate holders of H shares whose names appear on the register of holders of H shares of the Company (“**H Share Register of Members**”) on the Record Date at a rate of 10% prior to the payment of such interim dividends.

Any H shares registered in the name of non-individual shareholders will be treated as being held by non-resident corporate shareholders and hence the dividends payable to them will be subject to the withholding of enterprise income tax. Non-resident corporate shareholders may apply to the relevant taxation authorities for tax refunds in accordance with the applicable tax treaty (if any). The interim dividends payable to natural person shareholders whose names appear on H Share Register of Members on the Record Date is not subject to the withholding of income tax by the Company. For interim dividends payable to resident corporate shareholders of H shares whose names appear on H Share Register of Members on the Record Date, the Company will not withhold enterprise income tax on such dividends, provided that a legal opinion is provided by a resident corporate shareholder within the prescribed period and confirmed by the Company.

If any resident enterprise (as defined in the EIT Law) whose name appears on the H Share Register of Members which is duly incorporated in the PRC or under the laws of a foreign country (or a territory) but with a PRC-based de facto management body does not wish to have the 10% enterprise income tax to be withheld by the Company, it should lodge all transfers with and submit a legal opinion issued by a PRC certified lawyer (with affixation of common seal of the law firm thereto) that establishes its resident enterprise status to the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 3 November 2025. Any natural person investor whose H shares are registered in the name of any such non-individual shareholders and who does not wish to have any enterprise income tax to be withheld by the Company may consider transferring the legal title of the relevant H shares into his or her own name and lodging all relevant transfer instruments accompanied by the H share certificates with the Company's H Share Registrars for registration no later than 4:30 p.m. on 3 November 2025. Shareholders are recommended to consult their tax advisors regarding tax issues in respect of the ownership and disposal of H shares in the PRC and Hong Kong and other tax effects.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend and vote in the extraordinary general meeting, the register of members of the Company will be closed from Thursday, 23 October 2025 to Tuesday, 28 October 2025 (both days inclusive), during which no transfer of shares will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 22 October 2025.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee, the management and the Company's auditor ShineWing Certified Public Accountants LLP have jointly reviewed the accounting standards adopted by the Company, laws and regulations and discussed internal control and financial reporting matters (including the review of the interim results) of the Group. The audit and risk management committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

As at the date of this announcement, the executive directors of the Company are Mr. Yue Xiangjun, Mr. Qin Shaobo and Mr. Deng Rui; the non-executive directors are Mr. Lei Bin, Ms. Zhu Ying, Mr. Dou Bo and Mr. Cai Zhibin; and the independent non-executive directors are Mr. Ke Rui, Mr. Liu Lijun, Ms. Pu Huayan and Mr. Wong Chun Wa.

As at the date of this announcement, the members of the supervisory committee of the Company are Mr. Sun Wenguang, Mr. Wang Haibing, Mr. Cao Xingquan, Mr. Duan Lian and Mr. Liu Daohua.

The interim results announcement has been published on the website of the Company (<http://www.chinacqme.com>) and website of the HKEXnews of the Stock Exchange (www.hkexnews.hk). The interim report will also be available on the websites of the Company and the HKEXnews of the Stock Exchange on or around 10 September 2025 and will be despatched to the shareholders of the Company thereafter by the means of receipt of corporate communications they selected.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Yue Xiangjun

Executive Director and General Manager
(performing duties and powers of the chairman of the Board)

Chongqing, the PRC
20 August 2025

As at the date of the announcement, the executive Directors are Mr. Yue Xiangjun, Mr. Qin Shaobo and Mr. Deng Rui; the non-executive Directors are Mr. Lei Bin, Ms. Zhu Ying, Mr. Dou Bo and Mr. Cai Zhibin; and the independent non-executive Directors are Mr. Ke Rui, Mr. Liu Lijun, Ms. Pu Huayan and Mr. Wong Chun Wa.

* *For identification purposes only*