POWER XINCHEN
新晨动力

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1148)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board**") of Xinchen China Power Holdings Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**5,340,830**	1,652,481
Cost of sales		**(5,164,964)**	(1,550,089)
Gross profit		**175,866**	102,392
Other income	*5*	**50,591**	24,978
Impairment losses, net	*6*	**(6,408)**	(1,010)
Other gains and losses	*7*	**3,085**	11,528
Selling and distribution expenses		**(20,290)**	(12,370)
Administrative expenses		**(123,140)**	(143,883)
Finance costs	*8*	**(57,309)**	(62,350)
Other expenses		**(54,493)**	(12,610)
Share of profit/(loss) of associate		**80,613**	(17,406)
Profit/(Loss) before tax		**48,515**	(110,731)
Income tax expense	*9*	**(7,444)**	(5,098)
Profit/(Loss) for the year	*10*	**41,071**	(115,829)

	Notes	**2023** **RMB'000**	2022 RMB'000
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on:			
Receivables measured at fair value through other comprehensive income ("FVTOCI")		**22**	139
Total comprehensive income/(loss) for the year		**41,093**	(115,690)
Profit/(Loss) per share – Basic and diluted *(RMB)*	*12*	**0.032**	(0.090)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**1,121,871**	1,197,268
Right-of-use assets		**406,574**	510,517
Prepaid lease payments		**113,574**	117,695
Interest in an associate		**291,876**	211,263
Intangible assets		**535,341**	603,379
Deferred tax assets		**10,583**	16,044
Loan to a shareholder		**8,811**	11,876
		2,488,630	2,668,042
Current assets			
Inventories		**482,997**	483,140
Trade and other receivables	*13*	**2,369,834**	783,560
Receivables measured at FVTOCI		**–**	3,278
Amounts due from related companies	*14*	**30,720**	10,433
Pledged/restricted bank deposits		**105,083**	148,619
Bank balances and cash		**23,839**	59,059
		3,012,473	1,488,089
Current liabilities			
Trade and other payables	*15*	**545,134**	601,464
Amounts due to related companies		**88,682**	23,924
Amount due to an associate		**1,996,281**	467,461
Borrowings due within one year	*17*	**536,589**	551,740
Lease liabilities	*16*	**140,037**	170,024
Tax payable		**1,440**	1,052
		3,308,163	1,815,665

	Notes	2023 RMB'000	2022 RMB'000
Net current liabilities		**(295,690)**	(327,576)
Total assets less current liabilities		**2,192,940**	2,340,466
Non-current liabilities			
Borrowings due after one year	*17*	**64,235**	108,184
Lease liabilities	*16*	**397,797**	537,835
Deferred income		**14,889**	19,521
		476,921	665,540
Net assets		**1,716,019**	1,674,926
Capital and reserves			
Share capital	*18*	**10,457**	10,457
Reserves		**1,705,562**	1,664,469
Total equity		**1,716,019**	1,674,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act (Revised) of the Cayman Islands on 10 March 2011. Brilliance China Automotive Holdings Limited ("Brilliance China", Brilliance China and its subsidiaries collectively referred to as "Brilliance China Group"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and Sichuan Province Yibin Wuliangye Group Co., Ltd.*（四川省宜賓五糧液集團有限公司）("Wuliangye", Wuliangye and its subsidiaries collectively referred to as "Wuliangye Group"), a state owned enterprise registered in the People's Republic of China (the "PRC"), are able to exercise significant influence over the Company. Huachen Automotive Group Holdings Company Limited*（華晨汽車集團控股有限公司）("Huachen Automotive", Huachen Automotive and its subsidiaries collectively referred to as "Huachen Group") was a controlling shareholder of Brilliance China. Subsequent to 15 March 2024, Shenyang Automobile Co., Ltd.*（瀋陽汽車有限公司）has become the substantial shareholder of Brilliance China.

In March 2013, the Company completed the listing of its shares on the Main Board of the Stock Exchange.

The consolidated financial statements are presented in Renminbi ("RMB"), which is same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS(S) ("HKFRS(s)")

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to Hong Kong Accounting Standard ("HKAS") 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3. BASIS OF PREPARATION

In preparing the consolidated financial statements of the Group, the directors of the Company have given consideration to the future liquidity of the Group, as at that date, the Group had net current liabilities of approximately RMB295,690,000.

As at 31 December 2023, the Group's total borrowings comprising bank and other borrowings and lease liabilities amounting to approximately RMB1,138,658,000. The balance of approximately RMB676,626,000 will be due in the coming twelve months from the end of the reporting period, including the borrowing of approximately RMB50,000,000 from a non-related party, which shall be due after twelve months from the end of reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities due to the unfulfillment of a loan covenant following the deterioration of the financial conditions of Huachen Automotive, the guarantor of this borrowing, and thereby triggered the default of this borrowing of the Group; accordingly, this borrowing became repayable on demand as at 31 December 2023.

Despite of these circumstances, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next year from the end of the reporting period, after taking into consideration of the measures and arrangements that the Group has implemented or is in the process of implementing as detailed below:

- The substantial shareholder, Brilliance China has undertaken to provide continuing financial support to the Group for a period of twelve months from the date of approval of the consolidated financial statements by the directors in order to maintain the Group as a going concern;

- The Group is in negotiation with financial institutions for the renewals of the Group's short term bank borrowings upon expiry, new borrowings and applying for future credit facilities. As at 31 December 2023, the Group had available unutilised bank facilities of RMB193,048,000. Up to the date of approval of these consolidated financial statements, the banks have shown the positive support on the Group and the Group has not received any demand notice from the banks for the repayment of the borrowing. Therefore, the directors of the Company are confident that the entire borrowings can be renewed upon expiration based on the Group's past experience and credit history; and

- The directors have evaluated all the relevant facts available to them and made a business plan to improve its liquidity by (i) monitoring the production activities in order to fulfill the forecast production volume and meet sales forecast, (ii) taking measures to tighten cost controls over various production costs and expenses, and (iii) any feasible financial arrangement.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management, which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the end of the reporting period after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its substantial shareholder.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

The Group's operations and main revenue streams are those described as below. The Group's revenue is derived from contracts of customers. Revenue from sales of gasoline engines, diesel engines and engine components are recognised at a point of time. All the contracts with customers are agreed at fixed price and the expected duration of the contracts is one year or less.

4.1 Segment revenue and segment results

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

(1) Gasoline engines;

(2) Diesel engines; and

(3) Engine components.

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2023

	Gasoline engines *RMB'000*	Diesel engines *RMB'000*	Engine components *RMB'000*	Total *RMB'000*
Revenue from external customers, segment revenue *(Note)*	**4,556,025**	**95,117**	**689,688**	**5,340,830**
Segment results	**37,145**	**(13,913)**	**152,634**	**175,866**
Other income				**50,591**
Impairment losses, net				**(6,408)**
Other gains and losses				**3,085**
Selling and distribution expenses				**(20,290)**
Administrative expenses				**(123,140)**
Finance costs				**(57,309)**
Other expenses				**(54,493)**
Share of profit of associate				**80,613**
Profit before tax				**48,515**

For the year ended 31 December 2022

	Gasoline engines *RMB'000*	Diesel engines *RMB'000*	Engine components *RMB'000*	Total *RMB'000*
Revenue from external customers, segment revenue *(Note)*	938,017	77,137	637,327	1,652,481
Segment results	(33,455)	(2,486)	138,333	102,392
Other income				24,978
Impairment losses, net				(1,010)
Other gains and losses				11,528
Selling and distribution expenses				(12,370)
Administrative expenses				(143,883)
Finance costs				(62,350)
Other expenses				(12,610)
Share of loss of associate				(17,406)
Loss before tax				(110,731)

Note: There is no inter-segment sales during the years of 2023 and 2022.

Other segment information included in the measurement of segment results:

	Gasoline engines *RMB'000*	**Diesel engines** *RMB'000*	**Engine components** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2023					
Depreciation and amortisation	**202,865**	**11,597**	**22,459**	**28,357**	**265,278**
Provision of inventories	**26,755**	**2,070**	**–**	**–**	**28,825**
For the year ended 31 December 2022					
Depreciation and amortisation	87,974	18,375	49,338	28,095	183,782
Provision of inventories	879	104	–	–	983

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment before the allocation of selling and distribution expenses, administrative expenses, finance costs, other income, impairment losses, net, other gains and losses and other expenses. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

4.2 Performance obligations for contracts with customers

The Group sells gasoline engines, diesel engines and engine components directly to the customers which are vehicle manufacturers in the PRC.

For the sale of goods to the customers, revenue is recognised when control of the goods has transferred, being the point the goods have been delivered to and received by customers. The normal credit term is 30 to 90 days upon delivery.

For some customers who buy engine components, the Group receives considerations from the customers in advance. Such advance payment is recognised as contract liabilities until the goods have been delivered to the customers.

Sales-related warranties associated with gasoline engines and diesel engines cannot be purchased separately and they serve as an assurance that the goods sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

4.3 Segment assets and liabilities

The assets and liabilities of the Group are regularly reviewed by the Board as a whole and no discrete financial information on segment assets and segment liabilities is available, therefore total assets and total liabilities analysed by reportable and operating segment are not presented.

4.4 Geographical information

All of the Group's operations and non-current assets are located in the PRC; and all of the Group's revenue from external customers is generated in the PRC.

4.5 Information about major customers

Revenue from major customers which individually accounts for 10% or more of the Group's total revenue are sales of gasoline engines, diesel engines, engine components.

	2023	2022
	RMB'000	*RMB'000*
Customer A	**2,926,932**	724,135
Customer B	**1,392,114**	–
Customer C	**565,308**	559,484

5. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Rental income under operating leases	**9,014**	6,938
Utility income	**5,302**	3,758
Bank interest income	**2,750**	3,701
Government grants	**32,511**	9,634
Imputed interest income from loan to a shareholder	**1,014**	936
Waiver of long-outstanding trade and other payables	**–**	11
	50,591	24,978

6. IMPAIRMENT LOSSES, NET

	2023	2022
	RMB'000	*RMB'000*
Impairment loss on trade and other receivables, net of reversal	**5,452**	22,477
Impairment loss on loan to a shareholder	**4,327**	–
Reversal of impairment loss on amounts due from related companies, net	**(3,371)**	(21,467)
	6,408	1,010

7. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Foreign exchange gains/(losses), net	**80**	(9,945)
Gain on disposal of miscellaneous materials	**3,573**	3,434
Net loss arising on receivables measured at FVTOCI	**(2,518)**	(3,362)
Gain on disposal of property, plant and equipment	**1,950**	4,360
Gain arising from sale and leaseback transaction	**–**	12,674
Gain on disposal of intangible assets	**–**	4,000
Others	**–**	367
	3,085	11,528

8. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on borrowings:		
Finance charges on lease liabilities	**28,986**	11,188
Adjustment on loan to a shareholder	**–**	5,017
Borrowings	**28,323**	46,145
	57,309	62,350

9. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
– Provision for the year	**1,983**	1,052
– Under provision in prior year	**–**	540
	1,983	1,592
Deferred tax	**5,461**	3,506
	7,444	5,098

According to the extension announcement of "The State Administration of Taxation on extension on EIT related with enhancing the Western Region Development Strategy"(國家稅務總局關於延續西部大開發企業所得稅政策的公告), Mianyang Xinchen Engine Co., Ltd.*(綿陽新晨動力機械有限公司) ("Mianyang Xinchen") will be further eligible to the reduced EIT rate of 15% from 2021 to 2030.

Pursuant to the relevant laws and regulations in the PRC, Xinchen Engine (Shenyang) Co., Limited*(新晨動力機械(瀋陽)有限公司)obtained the High and New Technology Enterprises qualification. Accordingly, it enjoyed a preferential income tax rate of 15% (2022: income tax rate of 15%) for the year ended 31 December 2023.

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

Under the EIT laws of PRC, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB211,715,000 (2022: RMB206,939,000) as at 31 December 2023 as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. The directors of PRC subsidiaries plan to set aside such undistributed profits of PRC subsidiaries for investment purpose.

The tax expense for the year can be reconciled to the profit/(loss) before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before tax	**48,515**	(110,731)
Tax at the PRC tax rate of 15% (2022: 15%)	**7,277**	(16,609)
Tax effect of share of profit/(loss) of associate	**12,092**	(2,611)
Tax effect of expenses not deductible for tax purpose	**4,687**	28,909
Tax effect of income not taxable for tax purpose	**(13,212)**	(3,941)
Under provision in prior year	**–**	540
Tax incentives on eligible expenditures *(Note)*	**(4,787)**	(4,742)
Tax effect of tax losses not recognised	**1,387**	3,552
Income tax expense	**7,444**	5,098

Note: The eligible expenditures represent research and development costs charged to profit or loss for the year, which is subject to an additional 100% (2022: 100%) tax deduction in the calculation of income tax expense.

10. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	2023	2022
	RMB'000	*RMB'000*
Directors' remuneration	**11,367**	10,981
Other staff costs	**100,315**	105,127
Contributions to retirement benefits scheme other than directors	**26,491**	23,493
Total staff costs	**138,173**	139,601
Depreciation of property, plant and equipment	**94,212**	116,085
Depreciation of right-of-use assets	**103,943**	35,814
Depreciation of prepaid lease payments	**4,121**	4,121
Amortisation of intangible assets	**63,002**	27,762
Total depreciation and amortisation	**265,278**	183,782
Auditors' remuneration	**1,480**	1,468
Research and development costs recognised as other expenses	**34,248**	9,718
Impairment loss of property, plant and equipment	**1,198**	8,528
Impairment loss of intangible assets	**–**	6,907
Included in cost of sales:		
Cost of inventories recognised as expense	**5,100,978**	1,498,723
Provision for inventories, net	**28,825**	983
Warranty claims expenses	**10,096**	7,876

11. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

12. PROFIT/(LOSS) PER SHARE

The calculation of the basic profit/(loss) per share attributable to the owners of the Company is based on the profit of RMB41,071,000 (2022: loss of RMB115,829,000), and weighted average number of shares of 1,282,211,794 (2022: 1,282,211,794), for the year ended 31 December 2023.

No diluted earnings per share is presented as there was no potential dilutive ordinary share outstanding during the year or as at the end of reporting period. The amount presented for diluted earnings per share is the same as basic earnings per share amount.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables:

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**2,585,795**	975,781
Less: Allowance for credit losses	**(304,673)**	(299,539)
Trade receivables, net	**2,281,122**	676,242
Bills receivable	**35,907**	82,199
Less: Allowance for credit losses	**–**	–
Total trade and bills receivables	**2,317,029**	758,441
Prepayments for purchase of raw materials and engine components	**35,122**	19,433
Other receivables	**17,683**	5,686
Less: Allowance for credit losses	**–**	–
	2,369,834	783,560

The Group generally allows a credit period of 30 to 90 days from the invoice date for trade receivables and a further 3 to 6 months for bills receivable to its external customers. The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**1,706,423**	659,005
Over 1 month but within 2 months	**7,782**	7,089
Over 2 months but within 3 months	**40,790**	449
Over 3 months but within 6 months	**524,700**	645
Over 6 months but within 1 year	**49**	267
Over 1 year	**1,378**	8,787
	2,281,122	676,242

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

	2023 RMB'000	2022 RMB'000
Within 3 months	**12,337**	26,039
Over 3 months but within 6 months	**23,570**	39,790
Over 6 months but within 1 year	**–**	16,370
	35,907	82,199

14. AMOUNTS DUE FROM RELATED COMPANIES

	2023 RMB'000	2022 RMB'000
Non-trade related	**25**	24
Trade related	**30,695**	10,409
	30,720	10,433

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

	2023 RMB'000	2022 RMB'000
Brilliance China Group		
Shenyang XingYuanDong Automobile Component Co., Ltd.* 瀋陽興遠東汽車零部件有限公司	**1,503**	10,409
Wuliangye Group		
Mianyang Xinhua Internal Combustion Engine Joint Stock Company Limited* 綿陽新華內燃機股份有限公司	**29,192**	–
	30,695	10,409

The Group has pledged certain amounts due from related companies, before ECL allowance, amounting to RMB1,505,000 as at 31 December 2023 (2022: RMB10,498,000) to secure general banking facilities granted to the Group.

Trade related amounts due from related companies are unsecured, interest free and with a credit period ranging from 45 to 90 days from the invoice date and a further 3 to 6 months for bills receivable. The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Within 3 months	**29,192**	–
Over 6 months but within 1 year	**1,503**	10,409
	30,695	10,409

The Group's credit limits offered to related companies are based on assessment of their financial viability and reputation in the industry, including historical payment records.

15. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**316,036**	260,238
Bills payable	**163,845**	236,515
Total trade and bills payables	**479,881**	496,753
Construction payables	**5,846**	4,744
Payroll and welfare payables	**17,954**	15,857
Advance from customers *(Note a)*	**9,483**	4,910
Provision for warranty *(Note b)*	**9,487**	5,782
Retention money	**11,801**	13,184
Other tax payables *(Note c)*	**–**	51,507
Provision for operating expenses	**3,716**	3,215
Other payables	**6,966**	5,512
	545,134	601,464

Notes:

a. As at 31 December 2023 and 2022, the balances amounting to RMB9,483,000 and RMB4,910,000, respectively, represented the contract liabilities, i.e. the Group's obligation to transfer goods or services to customers for which the Group has received consideration from the customers. During the year ended 31 December 2023, the contract liabilities balance at the beginning of the year were fully recognised as revenue from sale of goods.

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

c. Included in the balance is value added tax payable of RMB nil (2022: RMB51,112,000).

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**237,052**	172,579
Over 3 months but within 6 months	**29,939**	36,188
Over 6 months but within 1 year	**10,282**	3,449
Over 1 year but within 2 years	**14,369**	14,030
Over 2 years	**24,394**	33,992
	316,036	260,238

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**85,591**	79,093
Over 3 months but within 6 months	**78,254**	157,422
	163,845	236,515

16. LEASE LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Total minimum lease payments:		
Due within one year	**161,850**	199,010
Due in the second to fifth years	**425,752**	587,602
	587,602	786,612
Future finance charges on lease liabilities	**(49,768)**	(78,753)
Present value of lease liabilities	**537,834**	707,859

	2023	2022
	RMB'000	*RMB'000*
Present value of minimum lease payments:		
Due within one year	**140,037**	170,024
Due in the second to fifth years	**397,797**	537,835
	537,834	707,859
Less: Portion due within one year included under current liabilities	**(140,037)**	(170,024)
Portion due after one year included under non-current liabilities	**397,797**	537,835

Note:

As at 31 December 2023, lease liabilities amounting to RMB537,834,000 (2022: RMB707,859,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

17. BORROWINGS

(a) Bank borrowings

	2023	2022
	RMB'000	*RMB'000*
Carrying amount repayable:		
Within 1 year or on demand	**428,781**	481,740
After 1 year but within 2 years	**30,319**	77,365
After 2 years but within 5 years	**2,511**	30,819
	461,611	589,924
Less: amounts shown under current liabilities	**(428,782)**	(481,740)
Amounts shown under non-current liabilities	**32,829**	108,184
Secured *(Note a)*	**314,816**	388,965
Unsecured *(Note b)*	**146,795**	200,959
	461,611	589,924

(b) Other borrowings

	2023	2022
	RMB'000	*RMB'000*
Carrying amount repayable:		
Within 1 year or on demand	**57,808**	10,000
After 1 year but within 2 years	**24,232**	–
After 2 years but within 5 years	**7,173**	–
	89,213	10,000
Carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities) *(Note c)*	**50,000**	60,000
Less: amounts shown under current liabilities	**(107,807)**	(70,000)
Amounts shown under non-current liabilities	**31,406**	–
Secured	**–**	–
Unsecured *(Note d)*	**139,213**	70,000
	139,213	70,000

Notes:

a. At 31 December 2023 and 2022, the balances were secured by property, plant and equipment, prepaid lease payments and amounts due from related companies.

b. At 31 December 2023, included in the unsecured borrowings is RMB80,000,000 guaranteed by companies within the Group (2022: RMB106,965,000 guaranteed by companies within the Group). The remaining balance of RMB32,345,000 (2022: RMB93,994,000) was unguaranteed, unsecured and arose from discounting, with recourse of bills receivable.

   At 31 December 2023, other than borrowing which are denominated in US$, i.e. US$ nil, equivalent to approximately RMB nil (2022: US$1,000,000, equivalent to approximately RMB6,965,000), the remaining loans are all denominated in RMB.

c. At 31 December 2023, other borrowings of approximately RMB50,000,000 (2022: RMB60,000,000) from a non-related party, which shall be due after twelve months from the end of reporting period in accordance with the scheduled repayment dates as set out in the respective loan agreements but are reclassified to current liabilities due to the unfulfilment of a loan covenant following the deterioration of the financial conditions of Huachen Automotive, the guarantor of this borrowing, and thereby triggered the default of this borrowing of the Group; accordingly, this borrowing became repayable on demand as at 31 December 2023 and 2022.

d. At 31 December 2023, included in the balances was other borrowings amounting to RMB60,000,000 (2022: RMB70,000,000) from non-related parties which was unsecured, bearing interest from 1.2% per annum (2022: 1.2% per annum) and repayable on demand, and RMB79,213,000 (2022: RMB nil) from non-related parties which was unsecured, bearing interest at 6.0% per annum (2022: Nil) and repayable with scheduled repayment dates as at 31 December 2023.

18. SHARE CAPITAL

Details of movement of the share capital of the Company are as follows:

	Number of shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At date of incorporation, 1 January 2022, 31 December 2022 and 2023	8,000,000,000	80,000,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 2023	1,282,211,794	12,822,118

	2023	2022
	RMB'000	*RMB'000*
Share capital presented in consolidated statement of financial position	**10,457**	10,457

19. RELATED PARTY DISCLOSURES

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

	2023	2022
	RMB'000	*RMB'000*
Sale of goods		
Brilliance China Group *(Note)*	**27**	61,393
Sichuan Li Xinchen Technology Co., Ltd. (四川理想新晨科技有限公司) ("Li Xinchen")	**117,138**	34,936
	117,165	96,329
Purchase of goods		
Brilliance China Group *(Note)*	**2,784**	13,719
Wuliangye Group	**55,618**	36,941
Li Xinchen	**4,205,787**	720,695
	4,264,189	771,355
Provision of service		
Li Xinchen	**2,335**	2,112
Lease payment and auxiliary services received		
Brilliance China Group	**–**	2,469
Lease income and auxiliary services charged		
Li Xinchen	**13,032**	9,472
Water and electricity costs received		
Wuliangye Group	**153**	759
Repairment fee		
Wuliangye Group	**40**	22
Interest expense charged		
Brilliance China Group *(Note)*	**–**	2,683
Sale of intangible assets		
Li Xinchen	**–**	37,000

Note: During the year ended 31 December 2022, the amount included sales and purchases transaction with BMW Brilliance Automotive Ltd. ("BMW Brilliance Automotive") from 1 January 2022 to 10 February 2022.

BUSINESS REVIEW AND PROSPECT

According to the China Association of Automobile Manufacturers' statistics, the automobile industry showed a growth of 12.3% year on year in vehicle sales totaling approximately 30.1 million units in 2023, showing a double-digit growth despite the continual chip shortage and rise in raw material prices whilst recovered from the woe of the Covid-19 pandemic in China since the second quarter of 2023. It is a landmark sales figures as this is the first time vehicle sales reached 30 million units. The result is partially driven by the growth in automobile export during the year. The resurgence of consumer confidence in spending and the purchase tax cut policy also mitigated the negative impact to the automobile industry during the year. In 2023, sales of passenger vehicles, including sedan car, sport-utility vehicle and multi-purpose vehicle, amounted to about 26.1 million units, up by 11.0% year on year and sales of commercial vehicles reached 4.0 million units, up by 22.1%. The sales of new energy vehicles ("**NEV**") was 9.49 million units, up by 37.9% year on year, and accounted for only about 31.5% of the country's total sales in 2023, indicating a high potential growth. Thus, the NEV sector continued to provide a solid support to the sales of vehicles in 2023 and the growth of the NEV market will continue to accelerate in the future.

The PRC government extended the reduction of value-added tax rate on used cars from 3.0% to 0.5% until the end of 2027 and encouraged the finance sector to offer consumers more attractive credit services to revitalize the automobile industry. In 2023, China's annual automobile sales continued to account for approximately one-third of the world's sales. It is such an important market that, in particular, the scale of NEV market in China accounted for approximately 66.7% of all the NEVs sold worldwide in 2023. China's State Council planned a development blueprint for the NEV industry from 2021 to 2035, targeting a 20% share of NEV in the country's total sales by 2025. This was achieved three years earlier than the schedule. In 2023, NEV sales represented about 31.5% of the total vehicle sales and is expected to rise to approximately 40% by 2030. In 2035, it is anticipated that NEV will account for over 50% of the total vehicle sales. The entire industry continues the process of transformation and upgrading and therefore, we are optimistic about the future of our industry.

During the year, demand for plug-in hybrids rose 85% to 2.81 million units, boosting the overall NEV growth. In comparison, pure battery-powered vehicles grew 25% to 6.68 million units. Our joint venture company (the "**JVC**") with Li Auto Inc. which marketed its range extender model showed a robust growth which was in line with the NEV market momentum in China and the increase in demand for plug-in hybrids as shown above. As mentioned, the PRC has become the world's largest NEV market and in recent years, the PRC government has provided great support such as subsidies and implemented various favorable policies to drive the development of the NEV market. Purchasers of NEV will benefit from vehicle-related tax exemptions in China and certain local government policies in favor of NEV, such as no quota limitations for vehicle license plate application and exemption from traffic restrictions. Thus, the business of the JVC will be well supported. The formation of the JVC is a first strategic move by the Group to enter the NEV market. The JVC will at the same time serve as the platform for the long-term strategic cooperation between the Group and Li Auto Inc., in providing a quality and stable supply of range extenders for use in NEV (e.g. L9, L8 and L7 vehicle models) produced by Li Auto Inc.. We have also been exploring cooperation opportunities with other NEV manufacturers, for example, Rox Motor and BAIC Foton Motor, in order to widen our market exposure during the beginning phase of NEV boom in China and worldwide.

We have been carrying out some re-engineering to our CE-family engines in order to pave a way out in the ever-changing automobile market in China. We developed NEV-compatible CE engines which are used in the range extender of the electric drive system for the latest generation of NEV. We are still working hard to explore more major NEV customers to adopt our NEV-compatible CE engines for range extension purpose. In simple terms, the range extender is an auxiliary power unit consisting of a small internal combustion engine coupled with an electric generator which is used to re-charge the battery pack of NEV. Lack of power points for recharging, too much time spent on long queues waiting to recharge specially during long holidays, the time spent on recharging and the power cut in certain areas in China in prior years, sparkled the risk of commuting with pure electric vehicles as charging station suspended operation during rush hours. Consequently, the sales of extended-range electric vehicle showed an obvious growth and topped the sales table.

As disclosed in the interim report for the six months ended 30 June 2023, the diminished demand of traditional combustion engines continued to affect sales volumes of our traditional and the CE engines. However, the trading of the range extenders produced by the JVC accounted for the substantial increase in the revenue. In 2023, the Group recorded a total sales of approximately RMB5,340.83 million, representing an increase of approximately 223.20% as compared to 2022. Such a substantial increase was due to the increase in trading of range extenders produced by the JVC. There was an increase in sales of crankshafts by approximately 3.82%, amounting to approximately RMB558.41 million, which was mainly attributable to the increase in the demand by BMW Brilliance Automotive for the Group's Bx8 crankshafts. Such increase was due to the business pick-up during the post-covid period. BMW officially nominated us as the non-exclusive Bx8 engine crankshaft supplier and connecting rod supplier and the supply period will be until 2030. In addition, BMW has fully affirmed our pursuit of excellent quality, and it is another milestone in the development components business. So far, we have delivered over 4.0 million crankshafts and 8.5 million connecting rods to BMW. During the year, we also supplied crankshafts to BYD and connecting rods to BYD and Li Auto Inc., and look forward to becoming a long term supplier to them.

Growth in business after the covid period and the increase in share of profits of the JVC led to change from loss to a net profit attributable to owners of the Company of approximately RMB41.07 million. Upon the turnover of the business results, we are seeking various measures to improve the liquidity situation in order to expand our business scale, in particular, the exploration of component businesses for the new energy vehicles and export business.

From the perspective of the development trend of the automobile industry and with the steady recovery of the economy in China upon the recovering from Covid-19 infections, consumer demand will resume and the overall potential of the Chinese automobile market is still huge. Therefore, it is estimated that the Chinese automobile market has already bottomed out. In the coming years, the market will continue its mild positive growth through the development of vehicle electrification, vehicle digitalization, vehicle built-in intelligence and in-car internet. These will accelerate the transformation and upgrading of the automotive industry.

A new round of price cut was announced in February by NEV manufacturers after a slowdown in demand amid subdued consumer sentiment in 2023, putting more pressure on sales of internal-combustion engine vehicles. The Group will continue to explore cooperation opportunities with BMW AG, BMW Brilliance Automotive, Li Auto Inc., BYD and other business partners in the future to cope with the ever-changing automobile industry trend. In particular, the Group will continue to actively identify potential merger and acquisition opportunities and assess possibilities of forming joint ventures with other potential partners to expand its product portfolio and strengthen its core competitiveness.

MANAGEMENT'S DISCUSSION & ANALYSIS

In 2023, the Group achieved total consolidated sales of approximately RMB5,340.83 million, representing an increase of approximately 223.20% compared to 2022 (approximately RMB1,652.48 million). The increase was mainly due to the increase in trading of range extenders produced by the JVC. As Covid-19 just took its toll during the first quarter of the reporting year, our business began to pick up since the second quarter onwards. The increase in trading of range extenders was due to pent-up demand since the second quarter of the year post-covid. Meanwhile, the increase in the sales of crankshafts was mainly due to the increase in the demand by BMW Brilliance Automotive for the Group's Bx8 crankshafts.

In respect of the engines business segment, the Group recorded approximately 358.17% increase in segment revenue, from approximately RMB1,015.15 million in 2022 to approximately RMB4,651.14 million in 2023. Sales volume of engines increased by approximately 382.08% from around 86,500 units in 2022 to around 417,000 units in 2023. The substantial increase was mainly due to the increase in the trading of range extenders produced by the JVC during the reporting period.

In respect of the engine components segment, the Group recorded approximately 8.22% increase in segment revenue, from approximately RMB637.33 million in 2022 to approximately RMB689.69 million in 2023. The increase was mainly due to more Bx8 crankshafts and connecting rods produced and supplied to BMW Brilliance Automotive during the year. The Group sold around 543,000 units of crankshafts to BMW Brilliance Automotive in 2023, representing an increase of approximately 10.59% from around 491,000 units in 2022. There was also an increase in the demand for connecting rods. The Group sold around 950,000 units of connecting rods to BMW Brilliance Automotive in 2023, up by approximately 32.87% from around 715,000 units in 2022.

The consolidated cost of sales in 2023 amounted to approximately RMB5,164.96 million, up by approximately 233.20% when compared to approximately RMB1,550.09 million in 2022. The increase in cost of sales was due to the increase in trading of range extenders.

The gross profit margin of the Group decreased from approximately 6.19% in 2022 to approximately 3.29% in 2023, which was mainly due to the higher proportion of trading of range extenders which derived a lower profit margin.

Impairment losses increased from approximately RMB1.01 million in 2022 to approximately RMB6.41 million in 2023. The increase was mainly due to impairment loss on a loan to a shareholder.

Other gains and losses decreased from gains of approximately RMB11.53 million in 2022 to gains of approximately RMB3.09 million in 2023. The decrease was mainly due to the one-off gain arising from sales and leaseback transaction in 2022. The gain recognized in 2023 was mainly due to the gain on disposal of miscellaneous materials.

Selling and distribution expenses increased by approximately 64.03%, from approximately RMB12.37 million in 2022 to approximately RMB20.29 million in 2023, representing approximately 0.75% and approximately 0.38% of the revenue in 2022 and 2023, respectively. The substantial increase of trading revenue of range extenders broadened the revenue base in 2023 which resulted in a sharp fall in percentage value. The increase in value was mainly due to the increase in business volume.

Administrative expenses decreased by approximately 14.42%, from approximately RMB143.89 million in 2022 to approximately RMB123.04 million in 2023, representing approximately 8.71% and approximately 2.31% of the revenue in 2022 and 2023, respectively. The percentage decrease was mainly due to a greater extent of increase in revenue during the reporting year. The decrease in value was mainly due to the decrease in salary expenses, professional fees and general office expenses.

Finance costs decreased by approximately 8.09%, from approximately RMB62.35 million in 2022 to approximately RMB57.31 million in 2023. The decrease was mainly due to repayment of borrowings during the year.

Other expenses increased by approximately 332.94% from approximately RMB12.61 million in 2022 to approximately RMB54.49 million in 2023, which was mainly due to the increase in general research expenses incurred in 2023.

Share of profit of the associate was approximately RMB80.61 million during the reporting year whereas share of loss of the associate was incurred for approximately RMB17.41 million in 2022.

The Group's profit before tax was approximately RMB48.52 million in 2023 whereas the Group's loss before tax was approximately RMB110.73 million in 2022.

Income tax expenses increased by 46.02%, from approximately RMB5.10 million in 2022 to approximately RMB7.44 million in 2023. This was due to more profitable businesses transacted during the reporting period.

For the year 2023, the profit attributable to owners of the Company was approximately RMB41.07 million, as compared to a net loss of approximately RMB115.83 million for the year ended 31 December 2022. Basic earnings per share in 2023 amounted to approximately RMB0.032, as compared to basic loss per share of approximately RMB0.09 in 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had approximately RMB23.84 million in cash and cash equivalents (31 December 2022: RMB59.06 million), and approximately RMB105.08 million in pledged bank deposits (31 December 2022: RMB148.62 million). The Group had trade and other payables of approximately RMB545.13 million (31 December 2022: RMB601.46 million), borrowings due within one year in the amount of approximately RMB536.59 million (31 December 2022: RMB551.74 million), and borrowings due after one year in the amount of approximately RMB64.23 million (31 December 2022: RMB108.18 million).

CAPITAL STRUCTURE

As at 31 December 2023, the Group's total assets was approximately RMB5,501.10 million (31 December 2022: RMB4,156.13 million), which was funded by the following: (1) share capital of approximately RMB10.46 million (31 December 2022: RMB10.46 million), (2) reserves of approximately RMB1,716.02 million (31 December 2022: RMB1,674.93 million) and (3) total liabilities of approximately RMB3,785.08 million (31 December 2022: RMB2,481.20 million).

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 31 December 2023, the Group pledged certain of its receivables with an aggregate gross amount, before impairment loss, of approximately RMB1.51 million (31 December 2022: RMB10.50 million) to secure general banking facilities granted to the Group.

As at 31 December 2023, the Group has pledged certain land use rights, buildings, plant and machinery with an aggregate carrying value of approximately RMB312.42 million (31 December 2022: RMB327.15 million) to certain banks to secure general banking facilities and other borrowing granted to the Group.

As at 31 December 2023, the Group pledged bank deposits in the amount of approximately RMB104.01 million (31 December 2022: RMB135.13 million) to secure general banking facilities and other borrowing granted to the Group.

GEARING RATIO

As at 31 December 2023, the debt-to-equity ratio, computed by dividing total liabilities by total equity attributable to owners of the Company, was approximately 2.21 (31 December 2022: 1.48). The increase in the debt-to-equity ratio was mainly due to the increase in amount due to an associate in relation to the trading of range extenders in 2023.

As at 31 December 2023, the gearing ratio, computed by dividing borrowings by total equity attributable to owners of the Company, was approximately 35.01% (31 December 2022: 39.40%). The decrease in gearing ratio was mainly due to the decrease in borrowings as a result of continual repayment of loans in 2023.

FOREIGN EXCHANGE RISKS

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed approximately 964 employees (31 December 2022: approximately 998 employees). Employee costs amounted to approximately RMB138.17 million for the year ended 31 December 2023 (31 December 2022: approximately RMB139.60 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' remuneration is based on their performance.

CAPITAL COMMITMENT

As at 31 December 2023, the Group had capital commitments of approximately RMB127.28 million (31 December 2022: RMB350.73 million), among which contracted capital commitments amounted to approximately RMB93.28 million (31 December 2022: RMB104.33 million), which is primarily related to capital expenditure in respect of acquisition of property, plant and equipment, capital injection to an associate and new engine development.

ENVIRONMENTAL AND SOCIAL

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. During the year, the Group has endeavored to manage, monitor, recommend and report on environmental and social aspects.

The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and environment. The Group understands a better future depends on everyone's participation and contribution. Towards that end, it has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

DIVIDEND

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held at 9:00 a.m. on Thursday, 20 June 2024.

The Hong Kong branch register of members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024, both dates inclusive, during which period no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Monday, 17 June 2024 or their proxies or duly authorised corporate representatives are entitled to attend the annual general meeting. In order to qualify for attending the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 June 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance, consistent with the needs and requirements of the business and its shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with all code provisions of the CG Code throughout the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transaction by directors during the year ended 31 December 2023.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "**Auditor**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the preliminary announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the consolidated financial statements of the Group for the year ended 31 December 2023.

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

PUBLICATION OF ANNUAL REPORT

The 2023 annual report of the Company containing the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinchenpower.com) respectively in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive directors: Mr. Wu Xiao An (also known as Mr. Ng Siu On) *(Chairman)* and Mr. Deng Han *(Chief Executive Officer)*; two non-executive directors: Mr. Han Song and Mr. Yang Ming; and four independent non-executive directors: Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Ms. Dong Yan.

By Order of the Board
Xinchen China Power Holdings Limited
Wu Xiao An
(also known as Ng Siu On)
Chairman

Hong Kong, 26 March 2024

* *for identification purposes only*