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POWER XINCHEN

新 晨 動 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 2024

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 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Revenue	4	6,082,391	5,340,830
Cost of sales		(5,898,834)	(5,164,964)
Gross profit		183,557	175,866
Other income	5	50,813	50,591
Reversal of impairment loss/ (Impairment losses), net	6	94,482	(6,408)
Other gains and losses	7	(2,067)	3,085
Selling and distribution expenses		(25,119)	(20,290)
Administrative expenses		(157,605)	(123,140)
Finance costs	8	(47,749)	(57,309)
Other expenses		(33,781)	(54,493)
Share of (loss)/profit of an associate		(20,153)	80,613
Profit before tax		42,378	48,515
Income tax expense	9	(4,207)	(7,444)
Profit for the year	10	38,171	41,071

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on:			
Receivables measured at fair value through other comprehensive income ("FVTOCI")		<u>(36)</u>	<u>22</u>
Total comprehensive income for the year		<u>38,135</u>	<u>41,093</u>
Earning per share – Basic and diluted (<i>RMB cents</i>)	<i>12</i>	<u>0.030</u>	<u>0.032</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,062,827	1,121,871
Right-of-use assets		307,075	406,574
Prepaid lease payments		109,453	113,574
Interest in an associate		271,723	291,876
Intangible assets		482,263	535,341
Deferred tax assets		8,535	10,583
Loan to a shareholder		6,125	8,811
		<hr/> 2,248,001	<hr/> 2,488,630
Current assets			
Inventories		479,583	482,997
Trade and other receivables	<i>13</i>	2,528,579	2,369,834
Receivables measured at FVTOCI		12,159	–
Amounts due from related companies	<i>14</i>	22,395	30,720
Pledged/restricted bank deposits		101,422	105,083
Bank balances and cash		85,570	23,839
		<hr/> 3,229,708	<hr/> 3,012,473
Current liabilities			
Trade and other payables	<i>15</i>	566,350	545,134
Amounts due to related companies		48,022	88,682
Amount due to an associate		2,095,348	1,996,281
Borrowings due within one year	<i>17</i>	446,153	536,589
Lease liabilities	<i>16</i>	136,731	140,037
Tax payable		398	1,440
		<hr/> 3,293,002	<hr/> 3,308,163

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Net current liabilities		<u>(63,294)</u>	<u>(295,690)</u>
Total assets less current liabilities		<u>2,184,707</u>	<u>2,192,940</u>
Non-current liabilities			
Borrowings due after one year	<i>17</i>	156,751	64,235
Lease liabilities	<i>16</i>	263,211	397,797
Deferred income		<u>10,591</u>	<u>14,889</u>
		<u>430,553</u>	<u>476,921</u>
Net assets		<u>1,754,154</u>	<u>1,716,019</u>
Capital and reserves			
Share capital	<i>18</i>	10,457	10,457
Reserves		<u>1,743,697</u>	<u>1,705,562</u>
Total equity		<u>1,754,154</u>	<u>1,716,019</u>

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. On 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)”)

Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2024

In the current year, the Group has applied for the first time the following 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standard (“HKAS”) 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the 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

As at 31 December 2024, the Group had net current liabilities of approximately RMB63,294,000. Furthermore, the Group had amount due to an associate of approximately RMB2,095,348,000, borrowings due within one year of approximately RMB446,153,000 and current lease liabilities of approximately RMB136,731,000.

Despite of these circumstances, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group prepared by the management covering one year period from the date of approval for issue of these consolidated financial statements, and after taking accounts in the considerations of the following conditions and measures:

- (i) As at 31 December 2024, the Group had available undraw bank facilities of approximately RMB170,000,000, and subsequently obtained new bank facilities of approximately RMB65,000,000.
- (ii) The Group formulated business plan to improve its liquidity by (a) monitoring the production activities in order to fulfill the forecast production volume and meet sales forecast, (b) taking measures to tighten cost controls over various production costs and expenses, and (c) seeking any other feasible financial arrangement.

In view of the above, the directors of the Company are confident that there will be sufficient financial resources available to the Group to enable it to continue as a going concern and hence have prepared the consolidated financial statements on a going concern basis.

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 2024

	Gasoline engines RMB'000	Diesel engines RMB'000	Engine components RMB'000	Total RMB'000
Revenue from external customers, segment revenue ^(Note)	<u>5,281,673</u>	<u>114,640</u>	<u>686,078</u>	<u>6,082,391</u>
Segment results	<u>93,013</u>	<u>(2,930)</u>	<u>93,474</u>	<u>183,557</u>
Other income				50,813
Impairment losses, net				94,482
Other gains and losses				(2,067)
Selling and distribution expenses				(25,119)
Administrative expenses				(157,605)
Finance costs				(47,749)
Other expenses				(33,781)
Share of loss of an associate				<u>(20,153)</u>
Profit before tax				<u>42,378</u>

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

For the year ended 31 December 2023

	Gasoline engines <i>RMB'000</i>	Diesel engines <i>RMB'000</i>	Engine components <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers, segment revenue ^(Note)	<u>4,556,025</u>	<u>95,117</u>	<u>689,688</u>	<u>5,340,830</u>
Segment results	<u>37,145</u>	<u>(13,913)</u>	<u>152,634</u>	<u>175,866</u>
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 an associate				<u>80,613</u>
Profit before tax				<u>48,515</u>

Note: There is no inter-segment sales during the years of 2024 and 2023.

Other segment information included in the measurement of segment results:

	Gasoline engines <i>RMB'000</i>	Diesel engines <i>RMB'000</i>	Engine components <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended					
31 December 2024					
Depreciation and amortisation	<u>219,248</u>	<u>12,952</u>	<u>19,606</u>	<u>25,975</u>	<u>277,781</u>
Reversal of provision for inventories	<u>(5,007)</u>	<u>(1,994)</u>	<u>-</u>	<u>-</u>	<u>(7,001)</u>
For the year ended					
31 December 2023					
Depreciation and amortisation	<u>202,865</u>	<u>11,597</u>	<u>22,459</u>	<u>28,357</u>	<u>265,278</u>
Provision of inventories	<u>26,755</u>	<u>2,070</u>	<u>-</u>	<u>-</u>	<u>28,825</u>

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.

	2024	2023
	RMB'000	RMB'000
Customer A	5,046,531	1,392,114
Customer B	–	2,926,932
Customer C	502,030	565,308
Customer D	85,852	94,458

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rental income under operating leases	8,898	9,014
Utility income	5,379	5,302
Bank interest income	2,579	2,750
Compensation income	5,449	–
Government grants	26,882	32,511
Imputed interest income from loan to a shareholder	1,070	1,014
Sundry income	556	–
	<u>50,813</u>	<u>50,591</u>

6. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSSES), NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Reversal of impairment loss/(Impairment loss) on trade and other receivables, net	10,266	(5,452)
Impairment loss on loan to a shareholder	(3,953)	(4,327)
Reversal of impairment loss on amounts due from related companies, net	88,169	3,371
	<u>94,482</u>	<u>(6,408)</u>

7. OTHER GAINS AND LOSSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Foreign exchange losses, net	–	80
Gain on disposal of scrap materials	4,060	3,573
Net loss arising on receivables measured at FVTOCI	(4,919)	(2,518)
(Loss)/Gain on disposal of property, plant and equipment	(1,208)	1,950
	<u>(2,067)</u>	<u>3,085</u>

8. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on borrowings:		
Finance charges on lease liabilities	21,812	28,986
Borrowings	25,937	28,323
	<u>47,749</u>	<u>57,309</u>

9. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)		
– Provision for the year	1,987	1,983
– Under provision in prior year	172	–
	<u>2,159</u>	<u>1,983</u>
Deferred tax	2,048	5,461
	<u>4,207</u>	<u>7,444</u>

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 Xincheng Engine Co., Ltd.* (綿陽新晨動力機械有限公司) (“Mianyang Xincheng”) 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, Xincheng 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% (2023: income tax rate of 15%) for the year ended 31 December 2024.

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 RMB215,577,000 (2023: RMB211,715,000) 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 before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before tax	<u>42,378</u>	<u>48,515</u>
Tax at the PRC tax rate of 15% (2023: 15%)	6,357	7,277
Tax effect of share of (loss)/profit of an associate	(3,023)	12,092
Tax effect of expenses not deductible for tax purpose	4,259	4,687
Tax effect of income not taxable for tax purpose	(5,369)	(13,212)
Under provision in prior year	172	–
Tax incentives on eligible expenditures ^(Note)	(4,143)	(4,787)
Tax effect of tax losses not recognised	<u>5,954</u>	<u>1,387</u>
Income tax expense	<u>4,207</u>	<u>7,444</u>

Note: The eligible expenditures represent research and development costs charged to profit or loss for the year, which is subject to an additional 100% (2023: 100%) tax deduction in the calculation of income tax expense.

10. PROFIT FOR THE YEAR

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Directors' remuneration	10,243	11,367
Other staff costs	108,117	100,315
Contributions to retirement benefits scheme other than directors	<u>27,403</u>	<u>26,491</u>
Total staff costs	<u>145,763</u>	<u>138,173</u>
Depreciation of property, plant and equipment	94,027	94,212
Depreciation of right-of-use assets	101,644	103,943
Depreciation of prepaid lease payments	4,121	4,121
Amortisation of intangible assets	<u>77,989</u>	<u>63,002</u>
Total depreciation and amortisation	<u>277,781</u>	<u>265,278</u>
Auditors' remuneration	1,014	995
Lease rental for short term leases	2,631	147
Research and development costs recognised as other expenses	22,806	49,850
Impairment loss of property, plant and equipment	–	1,198
Included in cost of sales:		
Cost of inventories recognised as expense	6,191,091	5,100,978
(Reversal of)/Provision for inventories, net	(7,001)	28,825
Warranty claims expenses	<u>6,515</u>	<u>7,258</u>

11. DIVIDENDS

Dividends attributable to the year:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed final dividend of HK0.97 cent per ordinary share (2023: Nil)	<u>11,540</u>	<u>–</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained profits for the year ended 31 December 2024.

12. EARNING PER SHARE

The calculation of the basic profit per share attributable to the owners of the Company is based on the profit of RMB38,171,000 (2023: RMB41,071,000), and weighted average number of shares of 1,282,211,794 (2023: 1,282,211,794), for the year ended 31 December 2024.

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	2,648,966	2,585,795
<i>Less: Allowance for credit losses</i>	<u>(294,407)</u>	<u>(304,673)</u>
Trade receivables, net	2,354,559	2,281,122
Bills receivable	122,114	35,907
<i>Less: Allowance for credit losses</i>	<u>–</u>	<u>–</u>
Total trade and bills receivables	2,476,673	2,317,029
Prepayments for purchase of raw materials and engine components	29,820	35,122
Other receivables	22,086	17,683
<i>Less: Allowance for credit losses</i>	<u>–</u>	<u>–</u>
	<u>2,528,579</u>	<u>2,369,834</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	2,297,558	1,706,423
Over 1 month but within 2 months	38,965	7,782
Over 2 months but within 3 months	5,055	40,790
Over 3 months but within 6 months	12,235	524,700
Over 6 months but within 1 year	104	49
Over 1 year	642	1,378
	<u>2,354,559</u>	<u>2,281,122</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	64,636	12,337
Over 3 months but within 6 months	57,478	23,570
	<u>122,114</u>	<u>35,907</u>

14. AMOUNTS DUE FROM RELATED COMPANIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-trade related	26	25
Trade related	22,369	30,695
	<u>22,395</u>	<u>30,720</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Huachen Group		
Shenyang Brilliance Power Train Machinery Co., Ltd.* 瀋陽華晨動力機械有限公司	18,792	–
Huachen Automotive	2,074	–
	<u>20,866</u>	<u>–</u>
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	1,503
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
	<u>22,369</u>	<u>30,695</u>

Analysed as:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	<u>22,369</u>	<u>30,695</u>

The Group has pledged certain amounts due from related companies, before expected credit loss allowance, amounting to RMB1,505,000 as at 31 December 2024 (2023: RMB1,505,000) 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	–	29,192
Over 6 months but within 1 year	22,369	1,503
	<u>22,369</u>	<u>30,695</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	246,313	316,036
Bills payable	242,557	163,845
	<hr/>	<hr/>
Total trade and bills payables	488,870	479,881
Construction payables	7,688	5,846
Payroll and welfare payables	21,992	17,954
Advance from customers <i>(Note a)</i>	12,999	9,483
Provision for warranty <i>(Note b)</i>	12,307	9,487
Retention money	10,552	11,801
Provision for operating expenses	4,500	3,716
Other payables	7,442	6,966
	<hr/>	<hr/>
	566,350	545,134
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- a. As at 31 December 2024 and 2023, the balances amounting to RMB12,999,000 and RMB9,483,000, 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 2024, 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.

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	216,634	237,052
Over 3 months but within 6 months	7,393	29,939
Over 6 months but within 1 year	3,856	10,282
Over 1 year but within 2 years	3,365	14,369
Over 2 years	15,065	24,394
	<hr/>	<hr/>
	246,313	316,036
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The following is an aging analysis of bills payable presented based on the issuance date of bills at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	91,674	85,591
Over 3 months but within 6 months	117,449	78,254
Over 6 months but within 1 year	33,434	–
	<u>242,557</u>	<u>163,845</u>

16. LEASE LIABILITIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total minimum lease payments:		
Due within one year	152,270	161,850
Due in the second to fifth years	275,681	425,752
	<u>427,951</u>	<u>587,602</u>
Future finance charges on lease liabilities	(28,009)	(49,768)
	<u>399,942</u>	<u>537,834</u>
Present value of lease liabilities		
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Present value of minimum lease payments:		
Due within one year	136,731	140,037
Due in the second to fifth years	263,211	397,797
	<u>399,942</u>	<u>537,834</u>
<i>Less:</i> Portion due within one year included under current liabilities	(136,731)	(140,037)
	<u>263,211</u>	<u>397,797</u>

Note:

As at 31 December 2024, lease liabilities amounting to RMB399,942,000 (2023: RMB537,834,000) 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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount repayable:		
Within 1 year or on demand	418,000	428,781
After 1 year but within 2 years	52,578	30,319
After 2 years but within 5 years	97,000	2,511
	<u>567,578</u>	<u>461,611</u>
Less: amounts shown under current liabilities	<u>(418,000)</u>	<u>(428,782)</u>
Amounts shown under non-current liabilities	<u>149,578</u>	<u>32,829</u>
Secured <i>(Note a)</i>	468,797	314,816
Unsecured <i>(Note b)</i>	98,781	146,795
	<u>567,578</u>	<u>461,611</u>

(b) Other borrowings

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount repayable:		
Within 1 year or on demand	28,153	57,808
After 1 year but within 2 years	7,173	24,232
After 2 years but within 5 years	–	7,173
	<u>35,326</u>	<u>89,213</u>
Carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities) <i>(Note c)</i>	–	50,000
Less: amounts shown under current liabilities	<u>(28,153)</u>	<u>(107,807)</u>
Amounts shown under non-current liabilities	<u>7,173</u>	<u>31,406</u>
Secured	–	–
Unsecured <i>(Note d)</i>	35,326	139,213
	<u>35,326</u>	<u>139,213</u>

Notes:

- a. At 31 December 2024 and 2023, the balances were secured by property, plant and equipment, prepaid lease payments and amounts due from related companies.
- b. At 31 December 2024, included in the unsecured borrowings is RMB26,300,000 guaranteed by companies within the Group (2023: RMB114,450,000 guaranteed by companies within the Group). The remaining balance of RMB72,481,000 (2023: RMB32,345,000) was unguaranteed, unsecured and arose from discounting, with recourse of bills receivable.
- c. At 31 December 2023, other borrowings 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 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. Balance of RMB44,751,000 was settled during the year ended 31 December 2024 and the remaining balance of RMB5,249,000 was classified as current liabilities as at 31 December 2024 according to the repayment schedule.
- d. At 31 December 2024, included in the balances was other borrowings amounting to RMB5,249,000 (2023: RMB60,000,000) from a non-related party which was unsecured, bearing interest from 1.2% per annum (2023: 1.2% per annum) and repayable on demand, and RMB30,077,000 (2023: RMB79,213,000) from non-related parties which was unsecured, bearing interest at 6.0% per annum (2023: 6.0%) and repayable with scheduled repayment dates as at 31 December 2024.

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		
<i>Authorised:</i>		
At date of incorporation, 1 January 2023, 31 December 2023 and 2024	<u>8,000,000,000</u>	<u>80,000,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2023, 31 December 2023 and 2024	<u>1,282,211,794</u>	<u>12,822,118</u>
	2024 RMB'000	2023 RMB'000
Share capital presented in consolidated statement of financial position	<u>10,457</u>	<u>10,457</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Sale of goods		
Brilliance China Group	–	27
Sichuan Li Xinchun Technology Co., Ltd* (四川理想新晨科技有限公司) (“Li Xinchun”)	<u>143,130</u>	<u>117,138</u>
	<u>143,130</u>	<u>117,165</u>
Purchase of goods		
Brilliance China Group	2,453	2,784
Wuliangye Group	12,969	55,618
Li Xinchun	<u>4,900,322</u>	<u>4,205,787</u>
	<u>4,915,744</u>	<u>4,264,189</u>
Provision of service		
Li Xinchun	<u>–</u>	<u>2,335</u>
Lease income and auxiliary services charged		
Li Xinchun	<u>11,086</u>	<u>13,032</u>
Water and electricity costs received		
Wuliangye Group	<u>7</u>	<u>153</u>
Repairment fee		
Wuliangye Group	<u>64</u>	<u>40</u>

BUSINESS REVIEW AND PROSPECT

According to the China Association of Automobile Manufacturers' statistics, the automobile industry showed a growth of 4.5% year on year in vehicle sales totaling approximately 31.4 million units in 2024, showing a single-digit growth despite the decline in consumer confidence in spending and the pressure of macroeconomic factors like lower gross domestic product growth and the negative effect of reducing government subsidy on new purchase of new energy vehicles ("NEV"). It is a landmark sales figures as this is the first time vehicle sales exceed 31 million units. The result is driven by the growth in both the local and export during the year. In 2024, sales of passenger vehicles, including sedan car, sport-utility vehicle and multi-purpose vehicle, amounted to about 27.5 million units, up by 5.7% year on year and sales of commercial vehicles was 3.9 million units, slightly down by 2.5%. The sales of NEV was 12.87 million units, up by 35.5% year on year, and accounted for only about 40.9% of the country's total sales in 2024, indicating a continuing high potential growth. Thus, the NEV sector continued to provide a solid support to the sales of vehicles in 2024 and the growth of the NEV market will continue to accelerate in the years to come.

The PRC government offered 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 revitalise the automobile industry. In 2024, 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 76.0% of all the NEVs sold worldwide in 2024. 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 as scheduled. In 2024, NEV sales represented about 40.9% of the total vehicle sales. At present, the market expects that the NEV sales will account for half of the total vehicle sales by 2025, and will be further advanced to 75% by 2030. The entire industry continues the process of transformation and upgrading and therefore, we are optimistic about the future of our industry. We will endeavour to have a share of this monumental growth by all means through acquisition or cooperation with the industry players.

During the year, demand for plug-in hybrids (including range extender types) rose 83.3% to 5.14 million units, boosting the overall NEV growth. In the comparison between plug-in hybrids and pure electric vehicles, plug-in hybrid vehicles are growing very rapidly. The sales of plug-in hybrid models accounted for 40% of NEV, an increase of weighting by 10.4 percentage points from last year, while the sales of pure electric vehicles accounted for 60% of NEV, a decrease of weighting by 10.4 percentage points from last year. Nonetheless, pure electric vehicles rose by 23.1% to 7.73 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 favourable 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 favour 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 the 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, L7 and L6 vehicle models) manufactured by Li Auto Inc.

At present, the range-extending technique has become the mainstream hybrid models for passenger vehicles. Apart from Li Auto Inc., we have also cooperated with other vehicle manufacturer such as Rox Motor. This project has achieved the expected sales volume, and we are commencing cooperation with other passenger vehicle manufacturers including overseas customers to install our range extenders. The range extender can also be applied to various types of vehicles, such as inter-city pure electric light logistics vehicles with a range of more than 300km, cold chain vehicles and logistics vehicles, etc.

According to the latest statistics, the total sales volume of commercial vehicles in 2024 is about 4 million units, of which new energy commercial vehicles (including pure electric vehicles, plug-in hybrid vehicles and extended-range vehicles) account for about 15% to 20% or 600,000 to 800,000 units. Extended-range commercial vehicles currently account for a small share (estimated to be less than 5%), so there is huge growth potential. To cater for this trend, we have worked closely with various commercial vehicle customers for large and medium-sized vans, light trucks, and pickup trucks to work out extended-range solutions, which will become a new growth opportunity for the Group. In addition, we are also expanding the application of range extenders in non-transportation arena, such as construction machinery, mobile and fixed energy replenishment facilities, etc. These are currently undergoing matching tests.

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, sparked 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 2024, 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 increase in the revenue. In 2024, the Group recorded a total sales of approximately RMB6,082.39 million, representing an increase of approximately 13.88% as compared to 2023. Such an increase was due to the increase in trading of range extenders produced by the JVC. BMW AG officially nominated us as the non-exclusive Bx8 engine crankshaft supplier and connecting rod supplier and the supply period is until 2030. In addition, BMW AG has fully affirmed our pursuit of excellent quality, and it is another milestone in the development components business. So far, we have delivered over 4.5 million crankshafts and 9.4 million connecting rods to BMW Brilliance Automotive Ltd. (“**BMW Brilliance Automotive**”). During the year, we also supplied crankshafts to BYD and connecting rods to BYD and Li Auto Inc., and we look forward to becoming a long term supplier to them.

From the perspective of the development trend of the automobile industry and with the steady recovery of the economy in China, 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 will have a mild growth. In the coming years, the market will continue its positive growth through the development of vehicle electrification, vehicle digitalisation, vehicle built-in intelligence and in-car internet. These will accelerate the transformation and upgrading of the automotive industry. 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 NEV and export business of our traditional engines.

We have also setup a research team focusing on the low-altitude economy for potential business transformation. According to reports from the Civil Aviation Administration of China and related industries, the market size of China’s low-altitude economy exceeded RMB500 billion in 2023 and is expected to break through RMB2 trillion by 2030.

Automotive component suppliers can transit from purely a road transportation supplier to “air-ground integrated” suppliers, serving manufacturers in the low-altitude economy. For example, components like sensors and intelligent systems for better navigation and obstacle avoidance systems for low-altitude aircraft are the potential areas.

However, the key to success lies in technological upgrading, business strategy layout and the extent of government subsidy. Small- and medium-sized firms may need to focus on certain refined segments in the low-altitude economy supply chain.

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 2024, the Group achieved total consolidated sales of approximately RMB6,082.39 million, representing an increase of approximately 13.88% compared to 2023 (approximately RMB5,340.83 million). The increase was mainly due to the increase in trading of range extenders produced by the JVC. The increase in trading of range extenders was due to the overwhelming demand for the plug-in hybrids vehicles, in particular the range extender types, during the reporting period.

In respect of the engines business segment, the Group recorded approximately 16.02% increase in segment revenue, from approximately RMB4,651.14 million in 2023 to approximately RMB5,396.31 million in 2024. Sales volume of engines increased by approximately 24.46% from around 417,000 units in 2023 to around 519,000 units in 2024. The 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 0.52% decrease in segment revenue, from approximately RMB689.69 million in 2023 to approximately RMB686.08 million in 2024. The decrease was mainly due to fewer Bx8 crankshafts and connecting rods produced and supplied to BMW Brilliance Automotive during the reporting period. The Group sold around 420,000 units of crankshafts to BMW Brilliance Automotive in 2024, representing a decrease of approximately 22.65% from around 543,000 units in 2023. There was also a decrease in the demand for connecting rods. The Group sold around 875,000 units of connecting rods to BMW Brilliance Automotive in 2024, down by approximately 7.89% from around 950,000 units in 2023.

The consolidated cost of sales in 2024 amounted to approximately RMB5,898.83 million, up by approximately 14.21% when compared to approximately RMB5,164.96 million in 2023. 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 3.29% in 2023 to approximately 3.02% in 2024, which was mainly due to the higher proportion of trading of range extenders which derived a lower profit margin.

Other income increased from approximately RMB50.59 million in 2023 to approximately RMB50.81 million in 2024, representing an increase of approximately 0.44%. It is mainly comprised of government grants and rental income under operating lease.

There was reversal of impairment loss of approximately RMB94.48 million in 2024 whereas there was approximately RMB6.41 million impairment loss in 2023. The reversal was mainly due to the settlement of certain impaired amount due from related companies.

Other gains and losses decreased from gains of approximately RMB3.09 million in 2023 to losses of approximately RMB2.07 million in 2024. The loss was mainly due to the increase in net loss arising from receivables measured at fair value through other comprehensive income recognised and the loss on disposal of certain fixed assets.

Selling and distribution expenses increased by approximately 23.80%, from approximately RMB20.29 million in 2023 to approximately RMB25.12 million in 2024, representing approximately 0.38% and approximately 0.41% of the revenue in 2023 and 2024, respectively. The increase in value was mainly due to the increase in business volume.

Administrative expenses increased by approximately 27.99%, from approximately RMB123.14 million in 2023 to approximately RMB157.61 million in 2024, representing approximately 2.31% and approximately 2.59% of the revenue in 2023 and 2024, respectively. The increase in value was mainly due to the increase in research and salary expenses, professional fees and general office expenses.

Finance costs decreased by approximately 16.68%, from approximately RMB57.31 million in 2023 to approximately RMB47.75 million in 2024. The decrease was mainly due to the decrease in interest rate and the decrease in finance charge on lease liabilities.

Other expenses decreased by approximately 38.01% from approximately RMB54.49 million in 2023 to approximately RMB33.78 million in 2024, which was mainly due to the decrease in general research expenses incurred in 2024.

Share of loss of the associate was approximately RMB20.15 million during the reporting period whereas share of profits of the associate of approximately RMB80.61 million was incurred in 2023.

The Group's profit before tax was approximately RMB42.38 million in 2024 as compared to the Group's profit before tax which was approximately RMB48.52 million in 2023.

Income tax expenses decreased by approximately 43.48%, from approximately RMB7.44 million in 2023 to approximately RMB4.21 million in 2024. The decrease was due to less deferred tax recognised during the reporting period.

For the year ended 31 December 2024, the profit attributable to owners of the Company was approximately RMB38.17 million, as compared to the profit attributable to owners of the Company of approximately RMB41.07 million for the year ended 31 December 2023. Basic earnings per share in 2024 amounted to approximately RMB0.030, as compared to basic earnings per share of approximately RMB0.032 in 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had approximately RMB85.57 million in cash and cash equivalents (31 December 2023: RMB23.84 million), and approximately RMB101.42 million in pledged bank deposits (31 December 2023: RMB105.08 million). The Group had trade and other payables of approximately RMB566.35 million (31 December 2023: RMB545.13 million), borrowings due within one year in the amount of approximately RMB446.15 million (31 December 2023: RMB536.59 million), and borrowings due after one year in the amount of approximately RMB156.75 million (31 December 2023: RMB64.23 million).

CAPITAL STRUCTURE

As at 31 December 2024, the Group's total assets was approximately RMB5,477.71 million (31 December 2023: RMB5,501.10 million), which was funded by the following: (1) share capital of approximately RMB10.46 million (31 December 2023: RMB10.46 million), (2) reserves of approximately RMB1,743.69 million (31 December 2023: RMB1,705.56 million) and (3) total liabilities of approximately RMB3,723.56 million (31 December 2023: RMB3,785.08 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 2024, the Group pledged certain of its receivables with an aggregate gross amount, before impairment loss, of approximately RMB1.51 million (31 December 2023: RMB1.51 million) to secure general banking facilities granted to the Group.

As at 31 December 2024, the Group has pledged certain land use rights, buildings, plant and machinery with an aggregate carrying value of approximately RMB290.89 million (31 December 2023: RMB310.04 million) to certain banks to secure general banking facilities and other borrowing granted to the Group.

As at 31 December 2024, the Group pledged bank deposits in the amount of approximately RMB100.59 million (31 December 2023: RMB104.01 million) to secure general banking facilities and other borrowing granted to the Group.

GEARING RATIO

As at 31 December 2024, the debt-to-equity ratio, computed by dividing total liabilities by total equity attributable to owners of the Company, was approximately 2.12 (31 December 2023: 2.21). The decrease in the debt-to-equity ratio was mainly due to the decrease in lease liabilities during the reporting period.

As at 31 December 2024, the gearing ratio, computed by dividing borrowings by total equity attributable to owners of the Company, was approximately 34.37% (31 December 2023: 35.01%). The decrease in gearing ratio was mainly due to the increase in profit attributable to the owners of the Company in 2024.

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 2024, the Group employed approximately 1,002 employees (31 December 2023: approximately 964 employees). Employee costs amounted to approximately RMB145.76 million for the year ended 31 December 2024 (31 December 2023: approximately RMB138.17 million). The Group will endeavour 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 2024, the Group had capital commitments of approximately RMB125.49 million (31 December 2023: RMB127.28 million), among which contracted capital commitments amounted to approximately RMB90.06 million (31 December 2023: RMB93.28 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 endeavoured 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.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2024 of HK0.97 cent per share (for the year ended 31 December 2023: Nil), subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 19 June 2025. If approved by the shareholders of the Company, the final dividend is expected to be paid on or about Wednesday, 9 July 2025 in cash to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 25 June 2025.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Company's forthcoming annual general meeting will be held at 9:00 a.m. on Thursday, 19 June 2025.

The Hong Kong branch register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, 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, 16 June 2025 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, 13 June 2025.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

In order to determine the entitlement to the proposed final dividend, the Hong Kong branch register of members of the Company will be closed from Wednesday, 25 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of shares will be registered. The record date for determining the entitlement to the proposed final dividend will be Wednesday, 25 June 2025. In order to qualify for the entitlement to the proposed final dividend, 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 Tuesday, 24 June 2025.

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 2024.

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 2024.

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 2024.

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 2024 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 2024.

At present, the audit committee comprises Mr. Chi Guohua, Mr. Wang Jun and Ms. Dong Yan, 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 2024 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. Zhang Wei (*Chairman*) and Mr. Deng Han (*Chief Executive Officer*); one non-executive director: Mr. Yang Ming; and three independent non-executive directors: Mr. Chi Guohua, Mr. Wang Jun and Ms. Dong Yan.

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

Hong Kong, 20 March 2025

* *for identification purposes only*