



**PRINX
CHENGSHAN**

2025

INTERIM REPORT

PURSUE EXCELLENCE

PRINX CHENGSHAN HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1809

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Corporate Information

Prinx Chengshan focuses on the design, research and development, manufacturing and sales of tires, and is one of the most influential tire enterprises in China. It has two tire production bases in Shandong and Thailand. The Company currently has four brands, namely PRINX (浦林), Chengshan (成山), Austone (澳通) and Fortune (富神), and three product categories, namely All Steel Radial Tires, Semi-Steel Radial Tires and Bias Tires, covering passenger, commercial, industrial, agricultural and some special vehicle tires.

Mission and Vision

- Leading tire innovation
- Contributing to smart travel and sustainable development
- Achieving a better life

Core Values

- Customer first, being responsible
- Devotion and professionalism, innovation and opening up



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Che Baozhen (*Chief Executive Officer*)
Mr. Shi Futao
Mr. Jiang Xizhou

Non-executive Directors

Mr. Che Hongzhi (*Chairman*)
Mr. Shao Quanfeng
Ms. Wang Ning

Independent Non-executive Directors

Mr. Jin Qingjun
Mr. Choi Tze Kit Sammy
Mr. Wang Chuansheng

DEVELOPMENT STRATEGY AND RISK MANAGEMENT COMMITTEE

Mr. Che Hongzhi (*Chairman*)
Mr. Wang Chuansheng
Mr. Jin Qingjun

REGISTERED OFFICE

P.O. Box 472
Harbour Place, 2nd Floor
103 South Church Street
George Town
Grand Cayman KY1-1106
Cayman Islands

AUDIT COMMITTEE

Mr. Choi Tze Kit Sammy (*Chairman*)
Mr. Wang Chuansheng
Mr. Jin Qingjun

AUTHORIZED REPRESENTATIVES

Ms. Cao Xueyu
Mr. Shi Futao

NOMINATION AND REMUNERATION COMMITTEE

Mr. Jin Qingjun (*Chairman*)
Ms. Wang Ning
Mr. Choi Tze Kit Sammy

COMPANY SECRETARY

Ms. Cao Xueyu (*CPA (Aust.), ACMA*)



Corporate Information

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AUDITOR

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Interest Entity Auditor)
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Hong Kong

PRINCIPAL BANKS

Bank of China Limited
Agricultural Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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COMPANY'S WEBSITE

www.prinxchengshan.com

STOCK CODE

1809

LISTING DATE

9 October 2018

Financial Summary

Summary of the Interim Condensed Consolidated Statement of Profit or Loss

	For the six months ended 30 June	For the year ended 31 December
	2025 RMB' 000	2024 RMB' 000
Revenue	5,705,196	10,973,885
Profit before income tax	502,476	1,384,497
Income tax expense	5,170	(72,629)
Profit for the period/year	507,646	1,311,868
Profit attributable to:		
— Shareholders of the Company	507,631	1,311,837
— Non-controlling interests	15	31
	507,646	1,311,868

Consolidated Assets, Liabilities and Non-controlling Interests

	For the six months ended 30 June	For the year ended 31 December
	2025 RMB' 000	2024 RMB' 000
Total assets	10,984,224	11,024,706
Total liabilities	(4,245,832)	(4,481,243)
Non-controlling interests	66	81
Equity attributable to shareholders of the Company	6,738,458	6,543,544

Financial Summary

**Major financial indicators for the six months ended
30 June 2025****Revenue****5,705.2**

RMB in million

+6.4% YoY**Net Profit****507.6**

RMB in million

-37.4% YoY**Gross Profit Margin****16.6%****-8.0pct** YoY**Net Profit Margin****8.9%****-6.2pct** YoY**EBITDA*****791.0**

RMB in million

-33.8% YoY**Earnings per Share
- Basic****0.80**

RMB

-37.0% YoY

* EBITDA is earnings before interests, taxes, depreciation and amortisation

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Industry dynamics

In the first half of 2025, China's tire industry exhibited significant structural differentiation amidst the deepening new energy transformation, intensifying international trade frictions, and continuous advancement of green and low-carbon policies. Although domestic automobile production and sales volume maintained growth (the data of CAAM: production and sales volume reached 15.621 million units and 15.653 million units respectively, +12.5%/+11.4% year-on-year), the growth rate of tire production slowed down significantly. In the export market, against the backdrop of tariff policy adjustments and intensified regional competition, the export market achieved a counter-trend growth, supported by rigid demand and the effect of accelerated export, the export volume of tires reached 349 million sets (+5.5% year-on-year), and the export amount reached RMB83.45 billion (+4.9% year-on-year). However, affected by the fluctuations in raw material prices and rising global trade barriers, the profit margin of China's tire industry continued to be under pressure.

The domestic market showed structural differentiation, and the competitive landscape was reshaped

Passenger vehicle tires benefited from consumption upgrades and export demand and still maintained a high level of prosperity despite a flat replacement market.

Although the OE market and export provided strong support for commercial vehicle tires, the replacement market remained sluggish due to factors such as slowing real estate investment, insufficient infrastructure construction commencement and weak logistics demand, which dragged down the production and sales of commercial vehicle tires to a certain extent. Affected by the off-season and weak demand, performance in the second quarter declined from a high level.

Industry competition was intensified, and some enterprises alleviated inventory pressure through price competition, further squeezing the survival space for small and medium-sized enterprises. At the same time, China's leading tire enterprises accelerated the increase of their market share and promoted the enhancement of industry concentration by leveraging on their global production capacity layout and intelligent manufacturing advantages.

New energy drove growth

In the first half of 2025, the rapid growth in production and sales volume of NEVs (production and sales volume: 6.968 million units/6.937 million units, +41.4%/+40.3% year-on-year, a penetration rate of 44.3%) significantly boosted the demand for OE tires, especially specialized tire categories such as low rolling resistance and high load capacity tires. As of the end of June 2025, domestic automobile ownership reached 359 million units, of which NEVs accounted for over 10% (36.89 million units), providing long-term growth momentum for the replacement market.



Management Discussion and Analysis

Rising logistics costs and high trade barriers in the international market

The Red Sea crisis continued to disrupt the global shipping system, with the freight rate index for intra-Asia routes increasing by 11.43% year-on-year in the first half of 2025. Despite rising transportation costs, strong downstream demand supported enterprises in passing on part of the costs through price adjustments. In terms of trade policy, in the first half of 2025, the United States imposed a 25% tariff on imported passenger vehicle and light truck tires, and also levied reciprocal tariffs on other types of tires. The European Union also initiated an anti-dumping investigation on new pneumatic rubber tires for passenger cars and light trucks imported from the People's Republic of China, exacerbating international trade uncertainty. Against this backdrop, leading Chinese tire enterprises accelerated their overseas production capacity layout and optimized their supply chain systems to consolidate global competitiveness.

OPERATION REVIEW

Prinx Chengshan Holdings Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**” or “**Prinx Chengshan**”) has been deeply engaged in tire design, research and development, manufacturing and sales for forty-nine years. With the mission and vision of “leading tire innovation, contributing to smart travel and sustainable development, and achieving a better life”, Prinx Chengshan adheres to the core strategy of “cost leadership, efficiency driven, differentiated competition, and global operation”.

During the six months ended 30 June 2025 (the “**Reporting Period**”), the Group sold approximately 14.1 million sets of tires, representing a year-on-year increase of 2.8%. Among them, sales of All Steel Radial Tires amounted to approximately 3.9 million sets, representing a year-on-year decrease of 3.8%; sales of Semi-Steel Radial Tires amounted to approximately 10.0 million sets, representing a year-on-year increase of 5.7%; sales of Bias Tires amounted to approximately 0.2 million sets, representing a year-on-year increase of 2.3%. During the Reporting Period, the Group recorded revenue of approximately RMB5,705.2 million, representing a year-on-year increase of 6.4%, gross profit of approximately RMB947.5 million, representing a year-on-year decrease of 28.2%, profit attributable to owners of the Company of approximately RMB507.6 million, representing a year-on-year decrease of 37.4%, EBITDA (Note 1) of approximately RMB791.0 million, representing a year-on-year decrease of 33.8%, and EBITDA margin (Note 2) of 13.9%, representing a year-on-year decrease of 8.4 percentage points.

The Group mainly supplies the replacement market through distributors. For the six months ended 30 June 2025, the Group's revenue from domestic distributor channels amounted to approximately RMB1,017.3 million, representing a year-on-year decrease of 18.3%; the revenue from international distributor channels amounted to approximately RMB3,895.8 million, representing a year-on-year increase of 10.9%; and the revenue from direct sales to automobile manufacturers amounted to approximately RMB791.7 million, representing a year-on-year increase of 30.5%. Among them, All Steel Radial Tires and Semi-Steel Radial Tires accounted for approximately 55.3% and 43.2% (for the Same Period of 2024: 57.1% and 41.1%) of the Group's revenue from tires, respectively, while Bias Tires accounted for approximately 1.5% (for the Same Period of 2024: 1.8%); the revenue from the tire production base in Shandong (hereinafter referred to as the “**Tire Production Base in Shandong**”) and the tire production base in Thailand (hereinafter referred to as the “**Tire Production Base in Thailand**”) of the Group accounted for approximately 61.6% and 38.4% of the Group's revenue from tires, respectively (for the Same Period of 2024: 64.9% and 35.1%).

Note 1: EBITDA is earnings before interests, taxes, depreciation and amortisation

Note 2: $\text{EBITDA margin} = (\text{EBITDA} / \text{sales revenue}) \times 100\%$

Management Discussion and Analysis

During the Reporting Period, the Group adhered to the core values of “customer first, being responsible, devotion and professionalism, innovation and opening up”, and organized and carried out various tasks with a pragmatic, open and enterprising attitude.

(I) Innovation-driven intelligent manufacturing upgrade, lean empowerment for efficiency improvement

The Group continued to deeply cultivate the field of advanced tire manufacturing, accelerated the intelligent transformation and upgrading, and firmly implemented a green, efficient and sustainable development path with innovation as the core driving force. The Group implemented a comprehensive and strict quality control and production management system, always adhering to the core philosophy of “customer first” and “quality first”, strictly enforcing full-process quality control standards, and continuously deepening the lean production model.

During the Reporting Period, the Group completed a total of 97 Lean Six Sigma projects, achieving significant results through the measures such as process optimization, defect rate reduction and improved resource allocation. In order to stimulate the enthusiasm of all employees to participate in operational improvements, the Group has established a comprehensive incentive mechanism. In the first half of 2025, the Group initiated and implemented 3,456 rationalization suggestions. Through specific measures such as optimization of production processes, improvement of equipment operation and maintenance and upgrading of on-site management, we effectively enhanced the standardization of factory on-site management and internal operational efficiency.

(II) Continuously optimizing the supply chain system to improve operational efficiency

The Group adopted digitalization-driven and intelligent upgrading as its dual core strategic paths, continuously optimizing its end-to-end supply chain management system. Through the application of big data analysis technology to accurately predict market demand, we dynamically adjusted production plans and inventory allocation strategies and realized efficient collaborative operation of the entire chain of procurement, production, logistics and sales. At the same time, the Group made substantial breakthroughs in automated logistics technology, focused on promoting the fully automated logistics project for semi-steel tires of Shandong Company during the Reporting Period and enhanced overall operating efficiency relying on three core technologies: On one hand, by deploying automated equipment such as automated transportation and sorting loop systems, gantry sorting robots and automatic cage loading equipment, we replaced the processes such as traditional manual handling, shelving and transfer, thereby reducing human operational errors. On the other hand, the Group established an integrated management and control system for finished tires, encompassing “automatic conveying — intelligent sorting — precise cage loading”, to achieve full-process intelligent management. Ultimately, we achieved a dual breakthrough in both production capacity and operating efficiency. After the completion of the project, the daily sorting and cage loading capacity will be increased to over 30,000 sets of tires. Currently, it has entered the commissioning and operation phase. After the implementation of the project, it will not only drive the technological upgrade of the regional logistics industry, but also effectively reduce the usage frequency of on-site transshipment vehicles, eliminate high-intensity manual handling operations, and help the Group’s supply chain in transforming towards a green and low-carbon direction.

Management Discussion and Analysis

At the supplier management level, the Group actively promoted the construction of a sustainable development system for suppliers and drove the synchronized upgrading of the supply chain and the Group's strategic development. On one hand, by expanding high-quality supplier resources and optimizing the supplier structure, we enhanced the comprehensive performance of the supply chain in terms of cost control, on-time delivery, quality assurance, technical support and service response. On the other hand, we signed sustainable development cooperation agreements with core suppliers to establish stable and synergistic long-term cooperative relationships, jointly promote deep synergy in areas such as product research and development, capacity expansion, and cost reduction and efficiency enhancement. In order to further standardize its supplier management system, the Group begins to comprehensively promote the application of EcoVadis (corporate social responsibility assessment system) in its supplier system in 2025, and establish standardized supplier audit and continuous improvement processes. Through scientific assessment and dynamic optimization, the resilience of the supply chain and the sustainable development capabilities are strengthened.

(III) Optimizing channel distribution to achieve the growth in sales volume and revenue

During the Reporting Period, the Group's overall sales volume and revenue increased year-on-year, with significant year-on-year increases in sales volume and revenue of international distributor channels and direct sales to automobile manufacturer channels, while domestic distributor channels recorded a year-on-year decrease.

Distributor channels

Domestic distributors

Commercial vehicle tire replacement channel

The Group holds a leading position in the replacement market for All Steel Radial Tires in China, with a high penetration rate. In the first half of 2025, the domestic commercial vehicle tires replacement market faced multiple challenges, including weak demand, high inventory pressure and intensified price competition. Against this backdrop, the Group continued to optimize its sales structure and further enhanced the market share of the brands by expanding sales channels.

The Group innovatively launched the "lighthouse e-station" business model to empower retail stores in the domestic commercial vehicle tire replacement market, helping them achieve digital transformation and enhance their comprehensive operational capabilities. As of the end of the Reporting Period, there were a total of 7,627 "lighthouse e-station" stores, which implemented refined hierarchical management based on customer value, including 703 diamond card members, 34 platinum card members, 80 gold card members and 83 silver card members. This model effectively enhanced distributor stickiness and brand loyalty, while also promoting standardized development of the market. During the Reporting Period, sales volume contributed by "lighthouse e-station" stores accounted for approximately 30% of the total sales volume of the Group's domestic commercial vehicle tire replacement channel (as compared to 65% for the Same Period of 2024). Affected by the overall decline in domestic market demand in 2025, the proportion decreased by 35 percentage points year-on-year, but this model remained an important support for the Group to stabilize sales in a sluggish market environment.

Management Discussion and Analysis

Passenger vehicle tire replacement channels

During the Reporting Period, the Group's passenger vehicle tire replacement sales business achieved innovative breakthroughs. The Group promoted the significant growth of sales performance through diversified marketing strategies: successfully conducting the "10,000 Stores, 1,000,000 Lottery Draw" marketing campaign, attracting over 3,000 stores to participate in live streaming interactions; implementing an all-staff marketing mechanism to strengthen visits to terminal stores and establish a virtuous model of "sales-driven procurement"; and in the first half of 2025, we developed 14 new first-tier distributors and added 1,161 new stores, continuously expanding the channel network. The product structure continued to be optimized, and the sales volume of new products increased by 57% year-on-year, contributing significantly to performance growth; the proportion of large-sized products in 17 inches and above increased to 49%, demonstrating the effectiveness of product premiumisation; through diversified sales models, the sales volume of online platforms hit a record high, increasing by 37% year-on-year, and the growth rate was ahead of the industry average level.

The Group actively utilizes digitalization to empower the upgrade of its sales system. During the Reporting Period, the Group upgraded its omni-channel management system "Xiaopu Cloud Store" to enhance the digital operational capabilities of its passenger vehicle tire business; optimized the mobile office platform "Xiaopu Steward" to provide intelligent support for dealers and business teams; and added the "Smooth Visit (拜访通)" system to strengthen terminal visit management and customer service efficiency.

During the Reporting Period, the Group's revenue from domestic distributor channels amounted to approximately RMB1,017.3 million, representing a decrease of 18.3% from approximately RMB1,244.6 million for the Same Period of 2024.



Management Discussion and Analysis

International marketing

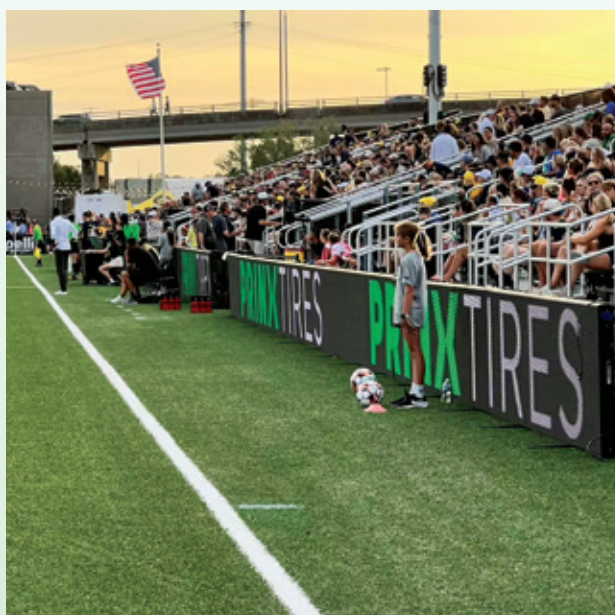
The Group's overseas sales channel layout and expansion have achieved remarkable results, with overseas sales business achieving increase in both volume and price, and both sales volume and sales revenue recording year-on-year growth. In terms of channel layout, the Group developed 21 new overseas distributors, including clients in four new markets: Zimbabwe, Marshall Islands, Tonga and Turkmenistan, and deepened the Group's cooperation with overseas distributors. During the Reporting Period, the Group's overseas OE business progressed steadily. By leveraging on the geographical advantages of the production base in Thailand, the Group successfully developed the second OE project, MG S5EV (Thailand version), for SAIC MG; in June 2025, the Group successfully won the bid for the B216 (Thailand version) full model series OE project of Changan Automobile. In addition, the Group continued to deepen its European OE projects to ensure stable supply.

In order to enhance the efficiency of global supply chain and localized service capabilities, the Group has established overseas warehouses and distribution logistics centers in Europe and the United States to strengthen terminal market response speed and service capabilities, continuously improving the overseas sales service system. Meanwhile, in order to deepen business operations in the United States, the Group has appointed a senior supply chain expert as Vice President of North American Supply Chain for PRINX, further optimizing the supply chain management system, significantly enhancing the team's professional level, and providing strong support for the sustainable development of the business.

During the Reporting Period, international marketing achieved operating revenue of approximately RMB3,895.8 million, representing a year-on-year increase of approximately 10.9% compared to RMB3,511.9 million for the Same Period of 2024.



The Fortune brand sponsored the Acrisure Arena ice hockey game in the United States



The PRINX brand sponsored the soccer game in the United States

Management Discussion and Analysis

Direct sales to automobile manufacturers

During the Reporting Period, benefiting from the rapid growth of the domestic new energy commercial vehicle market and the continuous expansion of key automobile export markets, the Group's sales volume in the OE channels achieved significant growth. In the commercial vehicle sector, the Group has achieved comprehensive and balanced development in the heavy-duty truck, medium-duty truck and light truck markets, maintaining a high cooperation share with the top five automobile manufacturers in each segmented market, with the proportion of medium and heavy-duty commercial vehicle tire OE exports continuously increasing. In the passenger vehicle sector, the Group's passenger vehicle tire OE business has successfully entered the supply chain systems of mainstream passenger vehicle manufacturers such as SAIC Motor Passenger Vehicle, Great Wall Motor, XPeng Inc. and Chery New Energy. During the Reporting Period, relevant OE projects for Great Wall Motor and SAIC Motor Passenger Vehicle have entered the mass supply stage. At the same time, the Group maintained high-quality cooperation with national logistics enterprises in segment fields such as long-haul tractors, medium and short-haul trucks and urban distribution vehicles, with the stability of cooperation and business scale improving simultaneously.

With the continuous expansion of the market influence of the "Chengshan" brand and products, since 2022, the Group has precisely targeted the domestic mid-to-high-end logistics segment market, and has reached strategic cooperation with leading domestic express delivery and freight enterprises, laying a solid foundation for future business expansion.

During the Reporting Period, the Group's revenue from direct sales to automobile manufacturers amounted to approximately RMB791.7 million, representing an increase of 30.5% compared to approximately RMB606.9 million in the Same Period of 2024.



Management Discussion and Analysis

(IV) Multi-brand and differentiated brand strategy

The Group adhered to a multi-brand and differentiated brand strategy, insisted on empowering business-end distributors, deeply studied customer-end user needs, and built a loyal brand user base through various means.

Deepening matrix building and expanding brand reputation

- The Group accelerated the renewal of its global channel image to enhance brand market recognition and influence. The Group optimized and upgraded the commercial vehicle and passenger vehicle stores of the four major brands, PRINX, Chengshan, Austone and Fortune, to strengthen the professional brand image and efficiently assist in channel image building.
- The Group developed precise business-end and customer-end communication strategies for the characteristics of the domestic new media matrix (WeChat official accounts, Weibo, video accounts, Kuaishou, Douyin, etc.). In the first half of 2025, the total number of followers exceeded 540,000, representing a month-on-month increase of 10%, and content exposure reached nearly 80 million views, representing a year-on-year increase of 273%.
- The Group re-planned the international social media content framework, formed an international communication matrix of Facebook, Instagram and LinkedIn, built 4 precise marketing communities and improved dealer response efficiency.
- The Group expanded cooperation with industry media, with a year-on-year increase of 25% in cooperative media during the Reporting Period, to further explore more forms of industry cooperation, expand brand communication and enhance brand credibility.



Management Discussion and Analysis

Diversified brand activities and high-frequency output of brand value

- Prinx Chengshan successfully held the “2025 Chengshan Horgos Belt and Road National Products Promotion Conference”.
- Prinx Chengshan participated in domestic and international exhibitions such as TyreXpo Asia Singapore, China (Guangrao) International Rubber Tire and Auto Parts Exhibition, AUTOPROMOTEC in Bologna, Italy, Xinjiang International Agricultural Machinery Expo and Xinjiang Intelligent Mining Conference.
- In conjunction with Xiaomi Automobile and JD.com, a new product launch and test drive event titled “My Color, My Choice” was held in Beijing, officially launching the Prinx Chroma Sprite series of tires. With three color schemes of personalized blue, vibrant orange and fresh green, these tires broke through the design limitations of traditional tires being solely black, ushering in a new trend for future mobility. The total exposure of Xiaomi Community exceeded 22.2 million during this event, with over 210,000 viewers for the live streaming of “JD Auto Care Super Brand Day”, attracting more than 1,500 consumers to participate in the interaction.



Management Discussion and Analysis

- The Group organized commercial vehicle tire product appreciation events to help fleets reduce costs and increase efficiency with fuel-efficient and intelligent products, provide safe, low-cost, efficient, intelligent and comfortable high-value products for vehicle transportation, and offer differentiated service solutions covering the entire product lifecycle.



Prinx Chengshan participated in AUTOPROMOTEC in Bologna, Italy in 2025



Prinx Chengshan participated in TyreXpo Asia Singapore in 2025

Keeping pace with the new trends of digitalization, empowering sales

- The Group utilized AI tools for flat poster, video script and voice-over creation significantly enhanced output efficiency and quality.
- The Group independently built a live streaming studio, conducted 14 product training sessions, deeply empowered the sales and service teams, and gained a comprehensive understanding of product selling points and new product launch schedules.
- The Group iterated and optimized the sidewall patterns of the three major commercial vehicle brands (Chengshan, Austone and Fortune) for the domestic market, and designed exclusive Chinese fonts for the three brands, effectively building brand visual assets and enhancing product recognition.



Management Discussion and Analysis

Enhancing global influence, improving brand reputation

- Through a multi-brand, differentiated brand strategy and operations, the Group's brand value reached RMB3.94 billion (2024: RMB3.079 billion) during the Reporting Period, representing a year-on-year increase of 28%.
- As the core sponsor of the Garrett Trucksport Team in the European Truck Racing Championship of Fédération Internationale de l'Automobile ("**FIA**"), the Group's Austone and Fortune brands appeared at the European Truck Racing Championship held by the FIA on May 17.
- The PRINX brand continued its official partnership with United Soccer League (USL).
- The Fortune brand continued to sponsor the events of USA Pickleball and the Biofreeze Pickleball National Championships.
- Fortune brand became the official sponsor of the American Hockey League ("**AHL**").



On 17 May 2025, Prinx Chengshan sponsored the Garrett Trucksport team, making its debut at the competition venue of European Truck Championship

Management Discussion and Analysis

(V) Innovative sales model

The Group's "Zhianda" tire leasing model, through the deep integration of digital products and services, provided vehicle owners with convenient, efficient and safe full-lifecycle tire solutions. This model embedded vehicle maintenance services throughout the entire leasing process, establishing a one-stop solution of "tire leasing + smart maintenance". By leveraging on the digital platform and "intelligent service" model, fleet customers can completely divest themselves of the cumbersome tasks related to tire management — eliminating the need to stock spare tires or establish professional maintenance teams. The Group's network of over 4,000 nationwide mobile rescue points can respond to various service demands in real time, significantly enhancing operational efficiency while reducing customers' comprehensive usage costs.

During the Reporting Period, "Zhianda" further introduced fuel-efficient tire technology, integrating the concept of cost reduction and efficiency enhancement into every kilometer of driving. This upgrade not only optimized the customer service experience, but also helped customers build a dual value barrier of "intelligent management + green fuel saving". By deeply integrating fuel-saving technology with a digital leasing model, "Zhianda" has created a new value experience for customers, featuring "lower fuel consumption, higher efficiency, and better safety". When every tire becomes a combination of fuel efficiency and intelligent management, Zhianda's innovative practice confirms a core logic: the essence of future logistics industry competition is the competition for operational value per kilometer.

During the Reporting Period, "Zhianda", as the Group's innovative sales model, achieved steady growth in both customer numbers and service revenue, with continuous improvement in market recognition.

(VI) Production capacity

The Group's Tire Production Base in Shandong currently has a production capacity of 7.4 million sets of All Steel Radial Tires and 11.53 million sets of Semi-Steel Radial Tires per year, and the Tire Production Base in Thailand currently has a production capacity of 2 million sets of All Steel Radial Tires and 10 million sets of Semi-Steel Radial Tires per year.

In the first half of 2025, the capacity utilization rates of all-steel radial tires/Semi-Steel Radial Tires at the Tire Production Base in Shandong were 91.5%/95.3% respectively (86.3%/96.5% for the Same Period of 2024), and the capacity utilization rates of all-steel radial tires/Semi-Steel Radial Tires at the Tire Production Base in Thailand were 84.9%/98.9% respectively (89.3%/97.6% for the Same Period of 2024).

The Group's Shandong Off-The-Road Tire (hereinafter referred to as "**OTR**") Project, which commenced in the first quarter of 2025, has a planned production capacity of 84,000 sets per year for high-performance engineering radial tires and 10,000 sets per year for giant engineering radial tires. The OTR project commenced construction in the second quarter of 2025 and is expected to achieve a designed production capacity of 50,000 tons of OTR per year by 2029, with an annual output value of approximately RMB1 billion. Meanwhile, the Group expects to commence the project of production base in Malaysia (hereinafter referred to as the "**Tire Production Base in Malaysia**") (the production capacity of All Steel Radial Tires will be 600,000 sets/year, and the production capacity of Semi-Steel Radial Tires will be 6 million sets/year) in the third quarter of 2025, with production capacity expected to be gradually released during 2027 and 2028, and an annual output value of approximately USD270 million after reaching full production.

Management Discussion and Analysis

(VII) Increasing investment in R&D and striving for innovation

Technological innovation is the core driving force of new quality productive forces. Adhering to the concept of sustainable development, the Group continued to increase investment in technological innovation. Relying on core innovation platforms such as the national enterprise technology center, postdoctoral workstation, Shandong Tire Manufacturing Innovation Center, Shandong Multi-Scale Tire Full Lifecycle Engineering Research Center and Shandong Provincial Industrial Design Center, and taking digitalization and intelligence as the core drivers, the Group built a tire full lifecycle management system, continuously injecting new momentum into the Group's development through technological innovation.

During the Reporting Period, the Group completed a total of 341 new product development projects by leveraging its digital R&D platform, with data as the core element, models as the carrier, and intelligent algorithms as the engine. Among them, the "Chroma Sprite" series of colored tires were successfully launched, breaking through the design limitation of traditional tires being solely black and meeting customers' personalized needs. Studded tires achieved mass production and market launch, reaching an A+ standard in OVERRUN road destruction tests, which is higher than the A-level standard of similar products, filling the Group's product gap in this category. The "Fuel Saving • Intelligent Driving" upgraded product completed the marketing and achieved large-scale application. The proportion of sustainable materials such as bio-based and recycled materials continued to increase, further enhancing the environmental sustainability of the products.

As of the end of the Reporting Period, the Group has been granted 498 intellectual property rights, including 26 invention patents, 292 utility model patents and 180 design patents.



In 2025, the "Chroma Sprite" series of colored tires were successfully launched

Management Discussion and Analysis

(VIII) Organizational management and corporate culture building

The Group focuses on strengthening internal efficiency and innovation capabilities, continuously optimizing its organizational structure, and promoting digital transformation of its businesses. During the Reporting Period, by reshaping business processes and breaking down departmental collaboration barriers, the Group achieved accelerated operational processes, a surge in operational efficiency, and dual improvements in business and service quality.

The Group places great emphasis on talent introduction and development, actively attracts industry elites, and fosters an inclusive corporate culture to promote the integration of new and existing employees. Through conducting practical training and team-building activities, the Group enhanced team collaboration ability and knowledge sharing level, broadened employees' industry perspectives, stimulated cross-sector innovative thinking, and strengthened the team's adaptability to market changes. At the same time, the Group conducted specialized skills training for core positions to systematically improve employees' professional quality, providing solid talent support for business innovation. During the Reporting Period, the Group deepened its corporate culture construction, encouraging employees to transform into inter-skilled and innovative talents, thereby continuously injecting development vitality into the Company.

The Group always adheres to the concept of "customer first", setting industry benchmarks through continuous optimization of its service system; at the same time, it fosters a positive organizational atmosphere, stimulating employees' sense of belonging and creativity. In the process of international business expansion, the Group focuses on guiding employees at overseas bases to understand and respect local cultures, promoting in-depth collaboration between Chinese and foreign employees, and strictly adhering to the principles of "Full Communication, Respect and Tolerance, Smooth Transition and Learning from Innovation" to create a result-oriented and value-driven diverse international operating environment, thereby steadily advancing the Company's global strategic layout.

(IX) Intelligent manufacturing and information construction

The Group continued to promote intelligent manufacturing and digital transformation and upgrading, achieving remarkable results in scientific and technological innovation. During the Reporting Period, the Group achieved significant breakthroughs in intelligent manufacturing and information technology construction, comprehensively empowering various business segments through digital technology, and achieving a dual improvement in production efficiency and quality management.



Management Discussion and Analysis

In the field of intelligent manufacturing, the Group has achieved several key achievements:

- The full module of the Air Spring Manufacturing Execution System (MES) has been implemented, covering core functions such as production planning and scheduling, process management and quality traceability, achieving digital control of the entire production process.
- Shandong Company's energy management system has basically completed project construction, and it has possessed the capabilities of real-time energy consumption monitoring and optimization.
- The Production Scheduling System (APS) has achieved phased progress — the intelligent production scheduling function for 2.6 million sets of all-steel molding processes has been successfully launched, and the semi-steel capacity management system has been put into actual operation.
- The Laboratory Information Management System (LIMS) has added core modules such as CTA testing, significantly improving quality inspection efficiency.
- The Equipment Asset Management (EAM) system has completed 14 functional upgrades, and the overall equipment effectiveness (OEE) has been steadily improved.

Meanwhile, the application of AI technology continued to be deepened:

- The accuracy of the X-ray AI inspection system for the all-steel radial tires and the appearance AI inspection system for the semi-steel radial tires has been further improved.
- Technical documents of the knowledge base platform have been regularly deposited, supporting intelligent retrieval and precise recommendations.
- The cost automation system has covered all key processes for the production of all-steel radial tires and semi-steel radial tires, realizing real-time cost accounting.
- The Warehouse Management System (WMS) completed data integration with the outsourced warehouse, significantly improving inventory turnover.
- A new bidding module has been added to the Transportation Management System (TMS), further optimizing logistics costs.

The Group will continue to deepen its “Smart Factory” strategy, focusing on promoting the implementation of the MES system for off-the-road tires, strengthening the construction of big data platform, exploring the application of AI projects, driving global business innovation through digital technology and consolidating its leading position in the industry's technology field.

Management Discussion and Analysis

In addition, the Group is comprehensively promoting the construction of the ISO 27001 Information Security Management System. By building a risk control mechanism that covers the entire business process, standardizing the full lifecycle management of information assets, strengthening security awareness and operational norms of the personnel and improving technical protection and emergency response systems, it aims to systematically enhance information security assurance capabilities, ensure continuous and stable business operations, and meet compliance requirements and sustainable development needs.

New products

During the Reporting Period, relying on its global R&D system and keen market insight mechanism, the Group drove product strategy upgrades through the synergistic dual wheels of technology R&D and market development, and steadily enhanced its global market competitiveness by continuously optimizing its product structure to build a “mass production + reserve” tiered layout.

In terms of product innovation achievements, the Group successfully launched and marketed 354 innovative products, including 47 All Steel Radial Tires and 307 Semi-Steel Radial Tires. This batch of new products comprehensively enriched the product line dimensions, significantly strengthened the omni-channel competitive momentum, and effectively increased market share and penetration rate in various segmented markets.

In terms of R&D model, the Group innovatively established a “three-in-one” development system, deeply integrating three major modules: OEM demand forecasting, regional solutions for the replacement market, and pre-research on overseas market access standards, to ensure that product R&D can precisely align with the three major market growth curves. In terms of the technical roadmap, we insisted on differentiated breakthroughs: the all-steel series focused on strengthening low rolling resistance, wear resistance and load performance, matching diverse market demands with technological advancements. The semi-steel product line focused on new energy low rolling resistance and high-end customized demands, developing solutions covering all scenarios, providing strong product support for global channel expansion.

The Group focused on the market competition landscape and strove to build a high-value, content-rich product matrix. In the field of all-steel radial tires, the Group precisely targeted key market segments and launched a new generation of PRINX products, with low rolling resistance and high wear resistance as core advantages, demonstrating a firm commitment to global environmental protection and sustainable development, and accurately responding to the urgent market demand for efficient and energy-saving tires. In terms of Semi-Steel Radial Tires, based on advanced tire design and manufacturing concepts, closely following market trends, and in conjunction with the brand renewal strategy, the Company created a new generation of high-performance tires and new energy tires, demonstrating that the Group’s keen insight into technological frontiers and rapid response capabilities, further solidifying the Group’s position in the new energy vehicle and high-performance tire markets.

Management Discussion and Analysis

In terms of passenger vehicle tires (Semi-Steel Radial Tires), the Group launched the Chengshan series of snow tires BORREAS/NIXIA/NIVALIS WINTER PRO and studded tire products BORIALIS/GLACIA/POLARO ICE in Europe, grandly launched the off-road product TREKMAN AT01 and the Chroma Sprite series of colored tires in China, and launched the PRINX/Fortune off-road products HiCOUNTRY/TORMENTA A/T2 in North America. At the same time, the Group also actively iterated its products, supplemented product lines in various market segments, and developed a new generation of HT&HP&UHP product series for the North American market and UHP&HP product series for the global market; the Group also supplemented a series of products such as XONE 4S EV (all-season tires for electric vehicles), PRINX VAN snow tires, and passenger car ice tires for passenger vehicles and Chengshan series of VAN ice tires for the European and Chinese markets.

In the field of commercial vehicle tires (All Steel Radial Tires), the Group drove innovation through the dual engines of “technological refinement + market penetration”, focusing on three strategic pillars of greening, premiumisation and scenario-based solutions to build a high-value product matrix for global markets, thereby enhancing end-to-end competitiveness from research and development to market deployment. For the domestic market, the Group launched electric vehicle-specific products such as ED21/EA06, and 12R22.5 series of products with Chinese elements incorporated into the sidewalls. These products have been equipped with the latest high wear resistance and anti-irregular wear technologies, and have gained high market recognition due to their excellent performance. For the international market, the Group developed the AR612/ADR622 regional transportation product portfolio, improved the snow tire product series matrix, and further consolidated its advantages in segmented markets.

Total sales volume of the Group's products and sales volume of new products developed during the Reporting Period

Product category	Sales volume of new products (10,000 sets)	Total sales volume (10,000 sets)	Proportion of sales volume of new products in total Sales volume
All Steel Radial Tires	144.8	393.8	36.8%
Semi-Steel Radial Tires	341.4	998.7	34.2%
Bias Tires	0.3	22.3	1.3%
Total	486.5	1,414.8	34.4%

Management Discussion and Analysis

PROMOTING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) AND SUSTAINABLE DEVELOPMENT

The Group continues to focus on business sustainability, and currently, environmental, social and governance (ESG) matters have been included in the scope of duties of the Group’s Development Strategy and Risk Management Committee. The Board is fully responsible for and leads the Group’s sustainable development management. The Chief Sustainability Officer coordinates the implementation of the ESG strategy, establishing and forming a three-tier management system of “Board decision-making — Committee supervision — Chief Sustainability Officer execution” to ensure deep integration of sustainable development with business growth, aiming for achieving long-term value creation and positive social impact.

The Group adheres to the vision and mission of “leading tire innovation, contributing to smart travel and sustainable development, and achieving a better life” and the core values of “customer first, responsibility, professionalism, innovation and openness”, takes sustainable development as the core foundation of strategic planning and daily operations, and abides by the concept of people-oriented, research and development of innovation products and green sustainable development. In January 2025, the Group participated in the EcoVadis (global corporate social responsibility assessment) rating for the first time and was awarded a bronze medal, successfully ranking among the top 35% of outstanding enterprises globally.

During the Reporting Period, the Group actively engaged in community involvement initiatives in Thailand: participating twice in the villagers’ meeting of Nong Suea Chang Village No. 4 in the second quarter and donating supplies, while simultaneously soliciting suggestions from villagers on corporate operations to promote harmonious coexistence between the village and the enterprise; and donating gifts to three surrounding primary schools and one kindergarten during the Children’s Day of Thailand, contributing to the development of educational undertaking of local communities.

BUSINESS STRATEGIES AND PROSPECTS

During the Reporting Period, the market environment in which the Group operates showed structural differentiation: orders for Semi-Steel Radial Tires continued to be strong, and the demand for new energy vehicle OE remained high; orders for All Steel Radial Tires were under significant pressure due to the effect of factors such as the slowdown in domestic infrastructure investment growth and the escalation of international trade barriers. In response to the differentiated market landscape, the Group’s two production bases have achieved efficient capacity allocation through intelligent transformation — the capacity utilization rate of Semi-Steel Radial Tires remained among the highest in the industry, while the capacity of All Steel Radial Tires was dynamically adjusted based on market demand trends to optimize resource allocation efficiency.

The current global economic landscape is undergoing profound reshaping, with a high-interest rate environment continuously suppressing end consumption willingness. Coupled with intensified trade frictions, such as the EU’s initiation of “anti-dumping” investigations against Chinese tires for passenger vehicles and light trucks, and the escalation of US tariff policies, export-oriented enterprises faces severe external challenges. Nevertheless, the incremental demand for original equipment brought about by the penetration rate of new energy vehicle market exceeding 40%, as well as the tire replacement demand released by infrastructure construction in developing countries, still provide strategic growth opportunities for the industry.

Management Discussion and Analysis

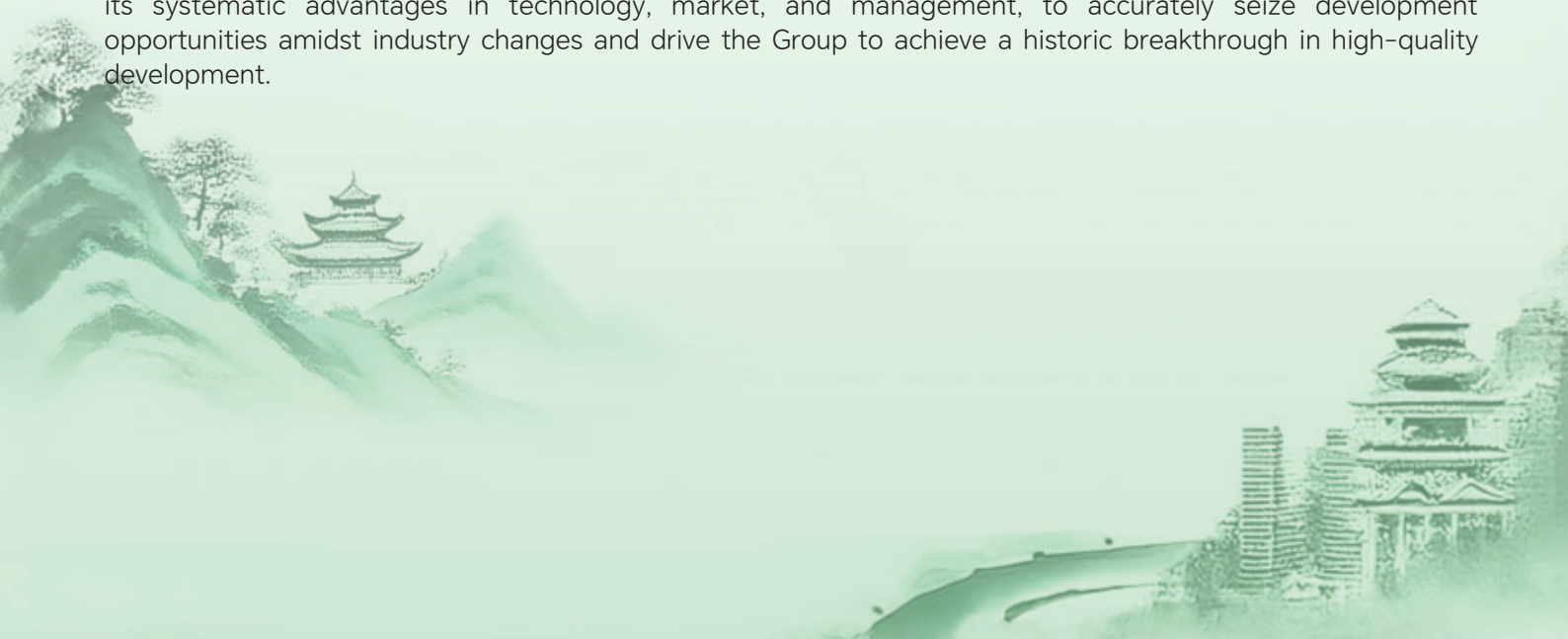
Facing a complex market environment, the Group has always adhered to the pursues the core strategies of “cost leadership, efficiency driven, differentiated competition and global operation”. By improving its compliance management system, strengthening risk control capabilities, enhancing operational efficiency, deepening differentiated product layouts and optimizing global capacity allocation, the Group continues to build its core competitiveness in a volatile market environment.

In the face of both the uncertainties of the global economy and the opportunities presented by industrial transformation, the Group will strategically plan its development around the following directions:

- (1) Deepen the cost control system and build long-term competitive advantages.
- (2) Strengthen technological research and development, and lead industrial technological transformation.
- (3) Implement a “product + service” dual-wheel driving to reshape the brand value system.
- (4) Global strategy upgrade, opening up incremental market space.
- (5) Accelerate digital transformation to build an intelligent decision-making engine.

Despite facing multiple challenges such as escalating international trade friction and intensified domestic market competition, the Group has established a comprehensive strategic response system: at the technological level, it has built core technological barriers through green material innovation and intelligent transformation, continuously strengthening product technology competitiveness; at the market level, it has deeply cultivated domestic segmented markets by relying on a channel-downward strategy, and expanded incremental markets through global production capacity and channel layout, forming a diversified market support structure; at the management level, it has focused on refined cost control, combined with digital transformation to empower full-process operations, significantly enhancing overall operational efficiency and risk resistance capabilities.

Currently, the new energy vehicle industry has entered a stage of explosive growth, and the infrastructure construction process in countries along the “Belt and Road” continues to accelerate, bringing structural growth opportunities to the tire industry. The Group will resolutely implement its established strategic path, leveraging its systematic advantages in technology, market, and management, to accurately seize development opportunities amidst industry changes and drive the Group to achieve a historic breakthrough in high-quality development.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, revenue of the Group amounted to approximately RMB5,705.2 million, representing an increase of approximately RMB341.8 million (or 6.4%) compared to approximately RMB5,363.4 million for the six months ended 30 June 2024 (the “**Same Period of 2024**”).

Sales by product type	For the six months ended 30 June 2025		For the six months ended 30 June 2024		Year-on- year change
	RMB'000	Percentage of total revenue	RMB'000	Percentage of total revenue	
All Steel Radial Tires	3,156,265	55.3%	3,063,104	57.1%	3.0%
Semi-Steel Radial Tires	2,461,608	43.2%	2,205,359	41.1%	11.6%
Bias Tires	86,980	1.5%	94,918	1.8%	-8.4%
Sales of raw materials and others	343	0.0%	—	—	0.0%
Total	5,705,196	100.0%	5,363,381	100.0%	6.4%

For the six months ended 30 June 2025, revenue from sales of All Steel Radial Tires increased year-on-year by 3.0%. The increase was mainly attributable to the increase in average unit price of 7.1% driven by product structure optimization, but partially offset by a 3.8% decrease in sales volume. Revenue from Semi-Steel Radial Tires increased significantly by 11.6% year-on-year, which was primarily driven by the combined effect of a 5.6% increase in the average selling price of products and a 5.7% increase in sales volume. Revenue from Bias Tires decreased by 8.4% year-on-year. Although sales volume increased by 2.3%, the average sales price decreased by 10.4% due to changes in the product sales structure, resulting in a year-on-year decline in revenue.



Management Discussion and Analysis

Sales by channel	For the six months ended 30 June 2025		For the six months ended 30 June 2024		Year-on- year change
	RMB' 000	Percentage of total revenue	RMB' 000	Percentage of total revenue	
Distributors					
Domestic	1,017,319	17.8%	1,244,608	23.2%	-18.3%
International	3,895,801	68.3%	3,511,865	65.5%	10.9%
	4,913,120	86.1%	4,756,473	88.7%	3.3%
Direct sales to automobile manufacturers	791,733	13.9%	606,908	11.3%	30.5%
Sales of raw materials and others	343	0.0%	—	—	N/A
Total	5,705,196	100.0%	5,363,381	100.0%	6.4%

For the six months ended 30 June 2025, revenue from sales to distributors (including private label customers) increased by 3.3% year-on-year, of which revenue from international distribution channels increased significantly by 18.3% year-on-year, mainly due to the increase in both volume and price of Semi-Steel Radial Tires, as well as the increase in the average sales price of All Steel Radial Tires (with sales volume remaining flat); revenue from domestic distribution channels decreased by 10.9% year-on-year, mainly due to weak demand in the domestic commercial vehicle tire replacement market, high inventory pressure and intensified price competition, leading to a decline in sales volume.

For the six months ended 30 June 2025, revenue from sales to automobile manufacturers increased by 30.5% year-on-year, mainly driven by a 20.6% increase in sales volume through the OE channels and an increase in average sales price.

For the six months ended 30 June 2025, revenue from sales of raw materials and others increased to approximately RMB0.34 million (Same Period of 2024: nil).

Cost of Sales

The Group's cost of sales increased from approximately RMB4,042.9 million for the Same Period of 2024 to approximately RMB4,757.7 million for the six months ended 30 June 2025, representing an increase of approximately RMB714.8 million (or 17.7%). The increase was mainly due to the combined effect of higher sales volume, and rising costs of raw materials, labour expenses, and ocean freight, along with the impact of U.S. tariff policies (compared to the Same Period of 2024 which included the refund of anti-dumping duty for passenger vehicle and light truck tires originating from Thailand, which offset approximately RMB145.2 million in cost of sales).

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately RMB1,320.5 million for the Same Period of 2024 to approximately RMB947.5 million for the six months ended 30 June 2025, representing a year-on-year decrease of 28.2%, which was mainly due to rising costs of raw materials, labour expenses, and ocean freight, along with the impact of U.S. tariff policies. The gross profit margin decreased from 24.6% for the Same Period of 2024 to 16.6%, representing a decrease of 8.0 percentage points compared to the same period last year.

Other Income

The Group's other income increased from approximately RMB27.2 million for the Same Period of 2024 to approximately RMB28.0 million for the six months ended 30 June 2025, representing a year-on-year increase of RMB0.8 million. The increase was mainly due to a slight increase in income from sales of scrap and government grants.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased from approximately RMB254.0 million for the Same Period of 2024 to approximately RMB265.7 million, representing an increase of 4.6% from the same period last year, primarily due to the increase in export expenses, packaging fees and marketing expenses.

Research and Development Costs

The Group's R&D costs increased from approximately RMB108.7 million for the Same Period of 2024 to approximately RMB111.7 million, representing an increase of approximately 2.8% year on year. The increase was mainly due to higher labour expenses.

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB122.7 million and RMB93.0 million for the six months ended 30 June 2025 and 2024, respectively, representing an increase of approximately 31.9% year on year. The increase was attributable to higher labour expenses (compared to the same period last year which included the reversal of RMB19.0 million in expenses due to the lapse of share options).

Other Gains

The Group's other gains amounted to approximately RMB32.5 million and RMB22.0 million for the six months ended 30 June 2025 and 2024, respectively, mainly due to the increase in exchange gains.

Finance Income

For the six months ended 30 June 2025 and 2024, the Group's finance income amounted to approximately RMB6.5 million and RMB25.0 million respectively. The decrease in finance income was due to receipt of interest of approximately RMB18.1 million related to anti-dumping tax refund in the same period last year.

Finance Costs

For the six months ended 30 June 2025 and 2024, the Group's finance costs amounted to approximately RMB11.3 million and RMB43.9 million respectively. The decrease in finance costs was mainly due to the decrease in interest on borrowings.

Management Discussion and Analysis

Operating Profit

For the six months ended 30 June 2025 and 2024, the Group's operating profit amounted to approximately RMB507.1 million and RMB911.3 million, respectively, representing a year-on-year decrease of 44.4%. The decrease in operating profit was primarily due to the decrease in gross profit.

Income Tax Expense

For the six months ended 30 June 2025 and 2024, the income tax revenue and the income tax expenses of the Group amounted to RMB5.2 million and RMB80.9 million, respectively, representing a decrease in income tax expense of approximately RMB86.1 million. This significant change was primarily due to the combined effects of a decline in taxable profit, the recognition of deferred income tax asset benefits, and a high base in the same period last year (including anti-dumping duty refunds).

Profit for the Period

Profit during the Reporting Period decreased by RMB303.8 million (or 37.4%) from approximately RMB811.4 million for the six months ended 30 June 2024 to approximately RMB507.6 million. The decrease was mainly due to the decrease in gross profit.

Profit Attributable to Shareholders of the Company

Due to the above factors, for the six months ended 30 June 2025 and 2024, the profit attributable to shareholders of the Company amounted to approximately RMB507.6 million and RMB811.4 million, respectively.

Total Comprehensive Income for the Period

Total comprehensive income for the Reporting Period decreased from approximately RMB832.7 million for the six months ended 30 June 2024 to approximately RMB498.0 million, representing a decrease of 40.2% from the same period last year, which was primarily due to the decrease in gross profit.

Liquidity and Financial Resources

Generally, the cash flows generated within the Group and bank loans are the source of its working capital. By far, the Group maintained a sound financial position. The Group's borrowing demand was not seasonal. As at 30 June 2025, the Group had approximately RMB385.6 million in cash and cash equivalents (including restricted cash), representing a decrease of approximately RMB312.3 million as compared to that as at 31 December 2024 (approximately RMB697.9 million), which was mainly due to the payment of dividends amounting to approximately RMB285.0 million, and increased sales share to automobile manufacturers through direct sales channels, which have a longer accounts receivable collection period. Among them, approximately RMB128.4 million was denominated in RMB, approximately RMB222.1 million was denominated in USD, and the rest were denominated in HKD, EUR, and THB. As at 30 June 2025, the Group had bank borrowings of approximately RMB703.8 million (31 December 2024: approximately RMB755.3 million), all of which were denominated in RMB. Borrowings at floating interest rates accounted for 32.7%, and borrowings at fixed interest rates accounted for 67.3%. Approximately RMB161.2 million will be due within one year and approximately RMB542.6 million will be due within one to five years. During the Reporting Period, the borrowings were mainly used to meet daily operational needs. For details of the Group's bank loans, please refer to Note 22 to the consolidated financial statements.

Management Discussion and Analysis

The current ratio as at 30 June 2025 was approximately 1.6 (31 December 2024: approximately 1.4). During the Reporting Period, the Company purchased banks' time deposits to increase financial returns. As at the end of the Reporting Period, the net balance of such wealth management products was approximately RMB30.0 million.

Inventories

As at 30 June 2025, the inventories of the Group amounted to approximately RMB2,043.9 million, representing an increase of approximately RMB101.0 million from approximately RMB1,942.9 million as at 31 December 2024, which was due to preemptive stockpiling in response to changes in the international situation.

Trade and Notes Receivables

As of 30 June 2025, accounts receivables of the Group were approximately RMB2,341.3 million, representing an increase of approximately RMB320.7 million from approximately RMB2,020.6 million as at 31 December 2024. The increase was attributable to the increased sales share to automobile manufacturers through direct sales channels, which have a longer accounts receivable collection period.

Prepayments, Other Receivables and Other Assets included in Current Assets

As at 30 June 2025, prepayments, other receivables and other assets included in current assets of the Group were approximately RMB413.8 million, representing a decrease of approximately RMB72.6 million as compared to RMB486.4 million as at 31 December 2024. The decrease was mainly due to the decrease in prepayments and retained input VAT credits.

Financial Assets at Fair Value through Profit or Loss

As at 30 June 2025, the Group's financial assets at fair value through profit or loss were approximately RMB10.1 million, representing a decrease of approximately RMB140.4 million from approximately RMB150.5 million as at 31 December 2024. The decrease was primarily attributable to the redemption of matured wealth management products.

Amounts Due from Related Parties

The Group's amounts due from related parties increased from approximately RMB201.9 million as at 31 December 2024 to approximately RMB325.2 million as at 30 June 2025, representing an increase of approximately RMB123.3 million. The increase was primarily attributable to higher sales volume to Sinotruk.

Prepayments, Other Receivables and Other Assets included in Non-Current Assets

As of 30 June 2025 and 31 December 2024, the Group's prepayments, Other Receivables and Other Assets included in non-current assets amounted to approximately RMB38.0 million and RMB46.0 million, respectively, representing a decrease of approximately RMB8.0 million. The decrease was mainly due to the decrease in prepayments for equipment.

Trade Payables

As of 30 June 2025 and 31 December 2024, the Group's trade payables amounted to approximately RMB1,965.8 million and RMB2,106.1 million, respectively, representing a decrease of approximately RMB140.3 million. The decrease was mainly due to the decline in raw material prices at the end of the period.

Management Discussion and Analysis

Other Payables and Accruals

As at 30 June 2025 and 31 December 2024, the Group's other payables and accruals amounted to approximately RMB1,181.6 million and RMB1,240.2 million, respectively, representing a decrease of approximately RMB58.6 million, which was mainly due to the decrease in equipment payables and employee compensation.

Gearing Ratio

As at 30 June 2025, the gearing ratio was 5.1% (31 December 2024: 1.7%). This ratio was calculated as net surplus/debt divided by total capital. Net surplus/debt was calculated as total borrowings less cash and cash equivalents and restricted cash. Total capital was calculated as total equity plus net surplus/debt.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout the six months ended 30 June 2025. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group will take serious consideration of purchasing wealth management products to increase financial returns.

Pledge of Assets

As at 30 June 2025, the Group's property, plant and equipment with a net book value amounting to approximately RMB103.8 million (31 December 2024: approximately RMB108.6 million), restricted cash balances amounting to approximately RMB69.8 million (31 December 2024: approximately RMB143.8 million) and long-term time deposits of RMB30.0 million (31 December 2024: nil) were pledged as security for the Group's bank borrowings and notes payable it issued. Save for the above, the Group did not have any charges on its assets.

Investment

The construction of the Tire Production Base in Thailand began in 2019, of which the construction of the phase I project with an annual production capacity of 0.8 million sets of All Steel Radial Tires and 4.0 million sets of Semi-Steel Radial Tires had been completed in 2020 and entered the stage of stable operation; the phase II project with an annual capacity of 1.2 million sets of All Steel Radial Tires and 4.0 million sets of Semi-Steel Radial Tires have gradually reached production in the first quarter of 2022.

The Group has initiated the expansion plan of Prinx Shandong in the second half of 2020. The total investment of the project is approximately RMB666.0 million, which increased the annual production capacity of All Steel Radial Tires by 1.05 million units and the annual production capacity of Semi-Steel Radial Tires by 2.8 million units. The designed production capacity has been achieved in the first quarter of 2022.

Management Discussion and Analysis

On 31 August 2023, the Board considered and approved the resolution in relation to the capacity optimisation of the Tire Production Base in Shandong. The capability of producing high-performance Semi-Steel Radial Tires will be improved through technological transformation, equipment upgrading and process optimisation. Upon completion, the production capacity of Semi-Steel Radial Tires was increased to 11.53 million units per year. The total investment of the project was approximately RMB120.0 million. The project was completed in the second quarter of 2024. On the same day, the Board also considered and approved the proposal of the Phase III project of the Tire Production Base in Thailand (two million sets of Semi-Steel Radial Tires per year). The total investment of the project was approximately RMB200.8 million and its construction was completed in the fourth quarter of 2024. The capital source for the above projects would be the Group's own capital.

Save as disclosed above and in "Future plans for substantial investments or capital assets", the Group did not have any other new significant investments for the six months ended 30 June 2025.

EXPOSURE TO RISKS

(I) Macro environment risks

In 2025, the global economic recovery process showed a significant differentiation trend, characterised by imbalanced growth momentum among major economies, a deepening complex evolution of the geopolitical landscape and frequent local conflicts and regional frictions that pose a sustained challenge to the resilience of global industrial chains. Internationally, the persistence of trade protectionist policies and measures, along with the tightening of market access restrictions by certain countries and regions through tariff barriers and technical trade measures, compounded by increased volatility in the foreign exchange market, has created significant uncertainty for export businesses. Domestically, although the economy maintained a stable operating tone, the pace of demand-side recovery remained moderate, with consumption and investment growth constrained by structural factors and the recovery momentum yet to be further unlocked. As the competitive landscape of the tire industry continues to intensify, with commoditized products facing significant price pressure, increasingly stringent environmental and technical regulations are imposing higher-level requirements on product R&D, innovation, and the upgrading of production processes.

The Group will continue to deepen its analysis of global macroeconomic and policy trends. By optimising its overseas business layout, it will enhance its risk resistance capabilities to address systemic risks brought by trade barriers. Furthermore, it will increase investment in green technology R&D to develop a product portfolio that meets both international environmental standards and high-performance requirements. By implementing diversified market development strategies, the Group aims to dynamically hedge against the risks of domestic and foreign demand volatility, and strives to build a more resilient global business network to ensure the Group's long-term sustainable development.

Management Discussion and Analysis

(II) Exposure to foreign exchange risks

Given the fluctuations in the global economy and the tightening and easing of monetary policies by different countries, the Group may be exposed to the risk of exchange rate fluctuations. For the six months ended 30 June 2025, the Group's revenue denominated in USD and in EURO from overseas operations accounted for approximately 68.3% of the total revenue, and the operating expenses of Prinx Thailand was mainly settled in THB. Therefore, the Group is exposed to foreign exchange risk arising from USD, EURO and THB. The occurrence of significant fluctuations in exchange rates will affect the results of the Group. Exchange rate fluctuations and market trends have always been a concern of the Group. In this regard, the Company will strengthen the supervision on foreign currency transactions as well as the scale of foreign currency assets and liabilities, and may manage the potential fluctuations in exchange rates by optimizing the settlement currency of export trades and utilizing exchange rate financial instruments and other proactive preventive measures.

(III) Impacts caused by tariff and anti-dumping and countervailing duty imposed by international market on products imported from the PRC and Thailand

In recent years, countries and regions such as the United States, Europe, South Africa and Mexico have restricted the export of tires from other countries to them through the imposition of tariffs and anti-dumping and countervailing duty, and the Group has continued to reduce export tax rate by actively participating in the response to the complaints and investigation. Since 2019, the United States started to impose anti-dumping and countervailing duty on tires imported from China. In addition, the U.S. Department of Commerce issued an anti-dumping levy order on Thailand's passenger vehicle and light truck tires on 19 July 2021. Prinx Thailand, an indirect wholly-owned subsidiary of the Company, is applicable to an average anti-dumping duty rate of 17.06%. On 6 September 2022, the U.S. Department of Commerce issued a notice to commence the first administrative review process of anti-dumping against imported passenger vehicles and light truck tires from Thailand, the investigation period of which is from 6 January 2021 to 30 June 2022. The U.S. Department of Commerce announced the preliminary ruling results of the first administrative review of the anti-dumping against Thailand's passenger vehicle and light truck tires in July 2023, and the final results in January 2024. And an average duty rate of 4.52% shall be applicable to the Group.

The U.S. Department of Commerce issued a notice on 11 September 2023 to initiate the second administrative review procedures against anti-dumping of imported passenger car and light truck tires from Thailand. The investigation period was from 1 July 2022 to 30 June 2023. The Group's Thailand company participated in this review and filed a reply as a supplementary mandatory respondent. On 6 May 2025, the U.S. Department of Commerce announced the final duty rate, and the Group is subject to a separate tax rate of 5.08%.

On 7 November 2023 (U.S. time), the U.S. Department of Commerce announced to initiate an anti-dumping investigation against Truck and Bus Tires imported from Thailand, following applications submitted on 17 October 2023, by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, and the United Steelworkers, AFL-CIO, CLC. The original investigation period of the anti-dumping investigation was from 1 October 2022 to 30 September 2023. The Group's Thailand company participated in this anti-dumping investigation and submitted its defense as a compulsory respondent. On 10 October 2024, the U.S. Department of Commerce announced the final determination of the anti-dumping investigation on Truck and Bus Tires from Thailand, and the Group is subject to a tax rate of 12.33%.

Management Discussion and Analysis

The uncertainty of anti-dumping and countervailing duty rates will pose risks to the Company's operations. To this end, the Company will make arrangements in advance and actively respond to the situation by taking the following measures to mitigate the impact on the Company: firstly, to expand the sales of the Tire Production Base in Thailand in non-U.S. markets to reduce reliance on a single market; secondly, to develop non-U.S. market products by leveraging the Company's R&D capabilities, and enhance the competitiveness of the Tire Production Base in Thailand through product adjustment and enrichment.

On 21 May 2025, the European Union announced to initiate an anti-dumping investigation against tires for passenger vehicles and light trucks (HS codes 40111010 and 40112010) from China. The Group actively responded and submitted the relevant responses on time. Despite a certain impact on the Group's Shandong company, the anti-dumping investigation by the EU government has also intensified the industrial transformation of global tire industry. In response, the Group will adjust its industrial structure and enhance the Group's competitiveness in the international tire market.

(IV) Risks in relation to overseas investments

During the Reporting Period, the Tire Production Base in Thailand and the Tire Production Base in Malaysia exposed to risks to the Company's operations and investments, as they were affected by local economic, political, government policies and changes in laws, which may change the investment environment in the host countries, affect the construction period of the project investment, and increase compliance requirements in labour, environmental protection and other areas.

The Group will strengthen its internal management by establishing a dynamic monitoring mechanism, which allows for the real-time analysis of changes in the international economic, political, and social environment, enabling timely risk identification, assessment, reporting, and response. The Group also engages local professional institutions to provide compliance reviews and risk warnings.

(V) Risks in relation to climate change

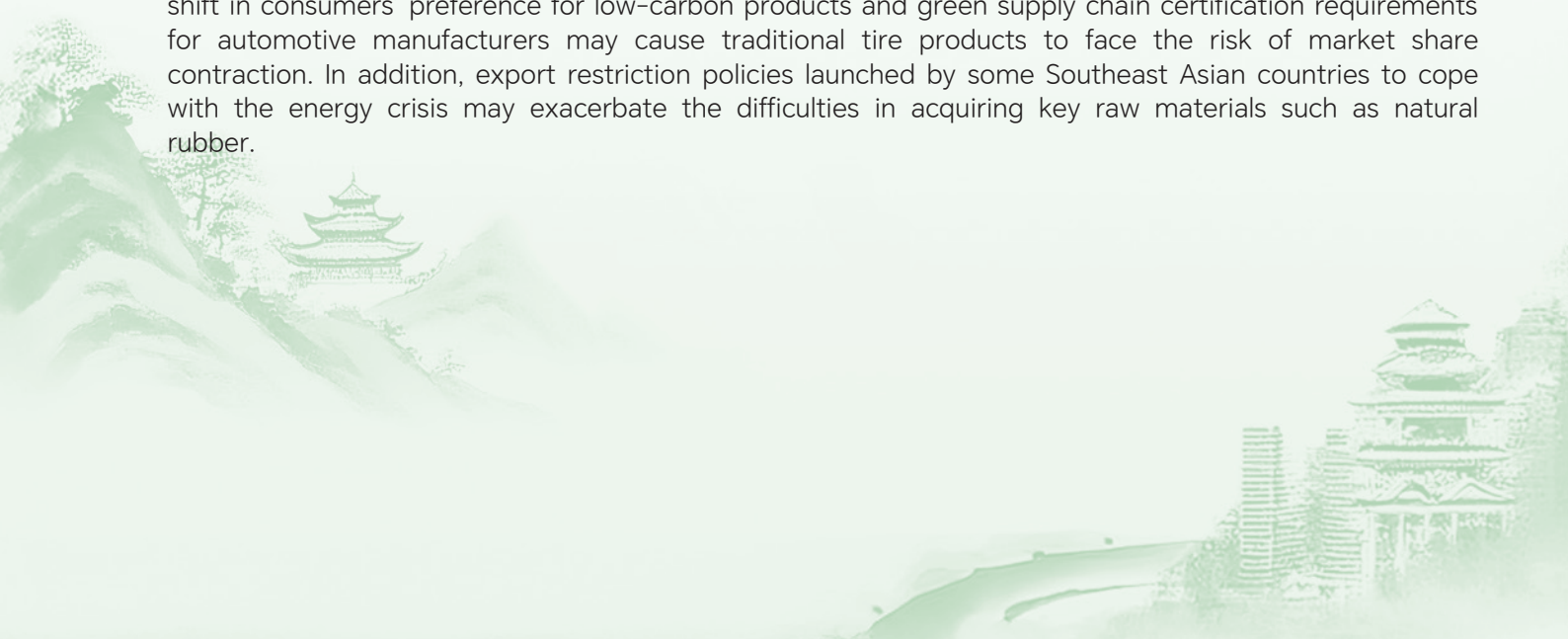
Climate threats are continuously intensifying worldwide, and extreme climate change may pose physical risks to the Group. For example, the occurrence of extreme weather events such as blizzards, heavy rain, typhoons, and thunderstorms could lead to energy supply disruptions and traffic obstructions, which in turn may cause production halts, increase operating costs, and affect the timely delivery of orders. Under conditions of extreme high or low temperatures, increased energy consumption is required to maintain the constant production temperature (cooling or heating) necessary for the normal operation of workshops and equipment, thereby driving up operating costs. Extreme high temperatures would also significantly increase the risk of heatstroke among employees. At the same time, climate change could intensify the prevalence of infectious and non-communicable diseases, posing a potential threat to employee health and safety. The exacerbation of meteorological conditions by climate change (such as rising temperatures, increased stable weather, and sandstorms) may lead to more frequent or exacerbated severe pollution, which could cause the limitation or interruption of normal production activities, affecting production efficiency and order.

Management Discussion and Analysis

In response to the aforementioned risks, the Group has formulated the “Extreme Weather Disaster Emergency Plan (《極端天氣災害應急預案》)”, which clarifies emergency response procedures for extreme weather. It also appropriately stockpiles raw materials and implements a safety inventory plan. When shipments are affected by extreme weather, goods can be transferred from other storage locations to meet delivery needs. The Group conducts energy-saving renovations for equipment and monitors energy consumption. In production workshops, it has equipped first-aid kits and AEDs, and conducts occupational health training to reduce the risk of heatstroke and sudden illness among employees. The Group also implements multi-skilled and multi-functional training for operational positions, enabling timely staff replacement during shortages. During the Reporting Period, the Group’s Tire Production Base in Shandong organised 150 special emergency drills/on-site disposal drills and 10 training sessions, while the Tire Production Base in Thailand organised 5 special drills/on-site disposal drills and 16 training sessions, continuously improving the emergency response capabilities of the Group’s employees.

In 2025, the instability of the global climate system continued to intensify, with extreme climate events characterised by increased frequency, escalating intensity, and interwoven compound risks. In terms of physical risks, there is an increasing “climate whiplash” phenomenon triggered by heatwaves and heavy rainfall, potentially leading to a rapid alternation between droughts and floods in regions where production bases are located, such as Shandong and Thailand. This, in turn, could cause issues such as power supply interruptions, damage to warehousing facilities, and obstruction of raw material transportation chain. For example, the persistent high temperatures in South Asia and West Asia in May, which have surpassed historical extremes, may be transmitted to the upstream supply chain through reduced output in raw material production areas such as rubber, thereby exacerbating the risk of price fluctuations for related raw materials. In addition, the frequent tornadoes and strong convective weather in North America and Europe pose a direct threat to the operational stability of overseas logistics hubs, which may lead to extended order delivery cycles.

In terms of transition risk, the accelerated restructuring of global green trade rules poses systemic challenges. The European Union’s Carbon Border Adjustment Mechanism (CBAM) is proposed to be extended to downstream industries such as tires in 2026, requiring relevant enterprises to disclose the full life-cycle carbon footprint of their products. Meanwhile, the new tire energy consumption standards that took effect in China in May 2025 have further raised the energy efficiency threshold for production processes. Dual compliance pressure may push up the cost of exported products. At the same time, the shift in consumers’ preference for low-carbon products and green supply chain certification requirements for automotive manufacturers may cause traditional tire products to face the risk of market share contraction. In addition, export restriction policies launched by some Southeast Asian countries to cope with the energy crisis may exacerbate the difficulties in acquiring key raw materials such as natural rubber.



Management Discussion and Analysis

In response to the aforementioned climate-related risks, the Group has incorporated climate resilience building into the core framework of its five-year strategy, actively addressing such risks through a dual approach of “technology-driven carbon reduction and supply chain optimisation”. Firstly, the Group is advancing the upgrading of its Tire Production Base in Shandong to a green intelligent factory by adopting a photovoltaic direct supply system to reduce reliance on the traditional power grid. It is also piloting waste heat recovery technology for tire production to improve energy efficiency. Secondly, the Group is building a “regionalised and diversified” raw material procurement network and establishing a rubber reserve centre in Southeast Asia to buffer against supply fluctuations caused by geopolitical and climate factors. Thirdly, the Group is deepening its cooperation with international carbon accounting institutions and proactively developing a product carbon footprint certification system to ensure compliance with the requirements of key markets such as the European Union. At the emergency management level, the Group has established a full-chain mechanism covering “monitoring — early warning — response”. It has also formulated tiered response plans for complex climate disasters and strengthened collaborative response capabilities through cross-base emergency drills to ensure business continuity.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company strictly complied with the following laws and regulations which may have a significant impact on its production and operation: (a) the laws and regulations relating to compulsory product certification for tire products; (b) the laws, regulations and policies relating to the access to and supervision of the tire industry; (c) the laws and regulations relating to environmental protection and safety responsibility; (d) the laws and regulations relating to foreign investment; (e) the laws and regulations relating to foreign exchange control and taxation; (f) the laws and regulations relating to labour and employment; (g) the laws and regulations governing the organization and behavior of the Company; (h) the laws and regulations relating to securities trading and regulation; (i) the laws and regulations relating to intellectual property; (j) the laws and regulations relating to data processing and data security; (k) other relevant laws, regulations, policies and regulatory requirements, etc. Meanwhile, the Company has established a list of applicable laws and regulations which is updated from time to time for compliance. In addition, the Company made enquiries from time to time regarding legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory authorities in the jurisdictions in which it conducts business and investment activities, such as the import tariffs and quota regulations, anti-dumping and sanctions regulations in the United States and the trade regulations of the European Union. Based on the full cooperation between the legal department of the Company and external legal advisors, and through the continuous and effective supervision of the Company, the Company is able to comply with the relevant laws and regulations within and outside the PRC that have a significant impact on the Company.

Capital structure

There was no change in capital structure of the Company for the six months ended 30 June 2025. The capital of the Company comprises ordinary shares and other reserves.

Management Discussion and Analysis

Capital commitment and contingent liabilities

As at 30 June 2025, the Group's capital commitment was approximately RMB289.8 million (31 December 2024: approximately RMB77.8 million). For the six months ended 30 June 2025, the Group had no contingent liability that would result in a significant impact (31 December 2024: nil).

Significant investments, material acquisitions and disposals of subsidiaries, associated companies and joint ventures

Save as disclosed in the section headed "Investments", the Group did not have any other significant investments, material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the Reporting Period.

Future plans for substantial investments or capital assets

According to the Group's global capacity layout strategy, the Group will establish a second overseas production base. The project is located in Kedah Rubber City within the Northern Corridor Economic Region (NCER) of Malaysia. The capacity plan is for 6 million sets of Semi-Steel Radial Tires per year and 600 thousand sets of All Steel Radial Tires per year, with a total investment of USD299 million. The Malaysia Tire Production Base is expected to commence in the third quarter of 2025, with trial production in the fourth quarter of 2026. From 2027 to 2028, production capacity will be gradually released, with an annual output value of approximately USD270 million after reaching full capacity. Currently, the land survey has been completed, and preliminary approval applications and construction design are underway, while internal resources and external financing are being simultaneously allocated.

At the same time, according to the structural layout of "Emerging Markets + High-End Categories", the Group will establish the Shandong OTR project. The OTR project is located within the Green Tire Intelligent Manufacturing Industrial Park in Rongcheng, Shandong Province, situated on the north side of the existing Tire Production Base in Shandong. It covers an area of 104 thousand square meters, with a planned production capacity of 84 thousand high-performance engineering radial tires per year and 10 thousand giant engineering radial tires per year. The total investment for the OTR project is expected to be RMB1.11 billion, with construction beginning in the second quarter of 2025. It is anticipated to reach a designed capacity of 50 thousand tons of the OTR per year by 2029, with an annual output value of approximately RMB1 billion. The OTR project will fill the gap in domestic high-end engineering tires and achieve structural upgrading. The OTR project has currently entered the construction and equipment procurement and delivery phase, and trial production will commence in the fourth quarter of 2025.

Save as disclosed in this section and the section headed "Investments", there was no plan authorized by the Board for other substantial investment or additions of capital assets during the Reporting Period.

Management Discussion and Analysis

Human resources management

As at 30 June 2025, the Group had a total of 6,779 employees (as at 31 December 2024: 6,818). The employee benefit expenses of the Group were approximately RMB378.8 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately RMB351.5 million).

The Group has thoroughly implemented a performance management system for all employees, forming a value distribution mechanism that is linked to its rank evaluation system. Based on rank certification, scientific evaluations are made of employee's professional capabilities and position suitability, which are effectively reflected in their basic salary structure. The performance results serves as the core basis for focusing on the actual value created by employees for the organisation, and it is reasonably applied in annual appraisals and year-end bonuses.

At the same time, the Group conducted an industry salary survey during the Reporting Period, tracking the salary levels and structures of companies in the same region and those of similar scale. In line with its own strategic development stage, the Group made targeted adjustments to its compensation structure and reasonably optimised the bonus scheme of the "Partner Incentive Plan", a medium-to-long-term incentive policy, to further strengthen performance-based orientation.

To promote corporate culture and attract, develop and cultivate employees for the Company, the Group has established a Prinx institute. During the Reporting Period, the Group carried out activities such as book reading and summary sharing, film analysis and regular learning meetings to strengthen the Company's cultural concept of "customer first, being responsible, devotion and professionalism, innovation and opening up". The Group has launched the cadre rotation to promote the implementation of the talent training route of "one post with multiple skills and one person capable of multiple posts". The Group successively cooperated with a number of universities such as Qingdao University of Science and Technology, Shandong University of Science and Technology and Weihai Technician College to train talents and jointly built a high-quality talent training base and a skill training base. The Group also jointly launched leadership training courses with Peking University to empower middle and senior management.

During the Reporting Period, the Group continued to strengthen all-round cooperation with key universities in Shandong province, and achieved good development in talent training, training base construction and other aspects. Through supporting various cultural, physical, skill competitions, scholarship establishment and other activities of colleges and universities, the Group further strengthened the employer brand building among colleges and universities, and won a good reputation. During the Reporting Period, the Group designed the training business into different topic special training programmes based on the training targets, ranks and positions, including induction training for new employees from fresh college students to continuous empowerment of existing employees. By setting up special training programmes, designing and developing training programmes based on job qualifications, the Group has built a training brand that is suitable for business and truly empowers business.

The development of the Group's training courseware is based on positional competence, relied on the team of internal instructors, and derived from the internalisation of positional skills. The Group fully mobilizes key business personnel to extract their experience, leverages the advantages of the E-learning digital learning platform such as flexibility, customization, and fragmentation and adopts multi-form and flexible teaching methods to provide knowledge guarantee for business departments in terms of corporate culture, management thinking, management tools, experience empowerment, etc., and finally continuously accumulate and precipitate into the Group's own knowledge assets to facilitate sustainable development.

Management Discussion and Analysis

The Company adopted a share option scheme (the **“2019 Share Option Scheme”**) on 5 July 2019 (the **“2019 Adoption Date”**), and conditionally granted 14,400,000 options and 835,500 options (the **“Options”** and each an **“Option”**) to certain eligible participants (the **“Grantees”** and each a **“Grantee”**) of the Group on 9 July 2019 (the **“2019 Grant Date”**) and 9 July 2020 (the **“2020 Grant Date”**).

The Company adopted its new share option scheme (the **“2021 Share Option Scheme”**) on 17 May 2021 (the **“2021 Adoption Date”**), and terminated the 2019 Share Option Scheme. The Company conditionally granted 35,050,000 Options, 3,080,000 Options and 960,000 Options to certain Grantees on 28 June 2021 (the **“2021 Grant Date”**), 28 September 2022 (the **“2022 Grant Date”**) and 28 September 2023 (the **“2023 Grant Date”**). All options granted and accepted and remained unexpired prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2019 Share Option Scheme. For more details, please refer to the circular issued by the Company on 16 April 2021, the announcements issued on 17 May 2021, 28 June 2021, 28 September 2022 and 28 September 2023, respectively. For the six months ended 30 June 2025, details of movements in the options are set out in the sections headed “Share Option Schemes” in this report.

2024 Share Award Scheme

The Company adopted its share award scheme (the **“2024 Share Award Scheme”**) on 31 May 2024. Details and changes for the period ended 30 June 2025 are set out in the section headed “2024 Share Award Scheme” in this report.

Share Option Schemes

Share option schemes aim to attract, retain and provide incentives to senior and mid-level management and key employees of the Company, to provide them with the opportunity to obtain shares of the Company and to link their interests closely to the operating results and share performance of the Company with a view to increase the value of the Company and to attract human resources that are valuable to the Group.

2021 Share Option Scheme

The Company adopted the 2021 Share Option Scheme on the 2021 Adoption Date. The 2021 Share Option Scheme is effective within a period of eight years commencing from the 2021 Adoption Date. As at the date of this report, the remaining life of the 2021 Share Option Scheme is approximately three years and eight months.

The purpose of the 2021 Share Option Scheme is to replace the 2019 Share Option Scheme and to enable the Board to grant Options to selected Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high caliber eligible participants and attract human resources that are valuable to the Group. Proposed employees are included as Eligible Participants to enable the Company to offer a competitive remuneration package to recruit high caliber candidates.

Eligible Participants mean: any employee or proposed employee (whether full time or part time) of any member of the Group or any invested entity, excluding any independent non-executive directors of the Company and provided that the proposed employee is actually employed by the Group and is subject to pass the stipulated probation period.

Management Discussion and Analysis

The total number of Shares which may be issued upon exercise of all options to be granted under the 2021 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. The Company may seek approval of the Shareholders in general meeting to refresh the 10% limit under the 2021 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 30% of the total number of Shares in issue from time to time.

No Grantee shall be granted an Option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options granted to such Grantee (including both exercised and outstanding Options) in any 12-month period exceeding 1% of the total number of Shares in issue. Where any further grant of Options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all Options granted and to be granted to such Grantee (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his/her associates abstaining from voting.

The Grantee may subscribe for Shares during such period as may be determined by the Board (which shall not be more than eight years from the date of grant of the relevant Option and include the minimum period, for which an Option must be held before it can be exercised). Subject to the terms of the 2021 Share Option Scheme, Options can be vested at any time after the expiry of a period which may be determined by the Board from the date of grant of the relevant Option. The exercise price shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the Offer) but in any case the exercise price shall not be lower than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

During the Reporting Period, no share options under the 2021 Share Option Scheme were exercised or cancelled and a total of 481,000 share options were lapsed. 17,075,500 Options were outstanding as at the end of the Reporting Period.

At the beginning of the Reporting Period, the number of options that can be granted under the 2021 Share Option Scheme was 10,910,000. At the end of the Reporting Period, the number of share options that can be granted under the 2021 Share Option Scheme was 10,910,000.



Management Discussion and Analysis

Options granted in 2021

On the 2021 Grant Date, the Company conditionally granted 35,050,000 Options to certain Grantees, subject to acceptance of the Grantees, to subscribe for a total of 35,050,000 ordinary shares (the “**Shares**”) of USD0.00005 each in the share capital of the Company. The exercise price of the Shares on the 2021 Grant Date was HK\$8.568 per Share, which is the highest among (i) the closing price of HK\$8.510 per Share as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the Grant Date; (ii) the average closing price of HK\$8.568 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Grant Date; and (iii) the nominal value of each Share. The closing price for the business day immediately preceding the 2021 Grant Date was HK\$8.500 per Share.

Among the Options granted, 5,500,000 Options were granted to the Directors, chief executives or substantial Shareholders of the Company or an associate (as defined in the Listing Rules) of any of them and 29,550,000 Options were granted to other senior management (as defined in Chapter 17 of the Listing Rules) and employees of the Group.

Options granted in 2022

On the 2022 Grant Date, the Company conditionally granted 3,080,000 Options to certain Grantees to subscribe for a total of 3,080,000 ordinary shares of the Company, subject to acceptance of the Grantees. The exercise price of the Shares on the 2022 Grant Date was HK\$8.568 per Share, which is the highest among (i) the closing price of HK\$6.410 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date; (ii) the average closing price of HK\$6.298 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Grant Date; (iii) the nominal value of each Share; and (iv) the exercise price on the 2021 Grant Date. The closing price for the business day immediately preceding the 2022 Grant Date was HK\$6.400 per Share.

The Grantees of the Options granted in 2022 are the employees of the Group, and none of them are Directors, chief executives or substantial Shareholder of the Company, or their associates (as defined in the Listing Rules) of any of them.

Options granted in 2023

On the 2023 Grant Date, the Company conditionally granted 960,000 share options to certain Grantees, subject to acceptance of the Grantees, to subscribe for a total of 960,000 shares of the Company. The exercise price of the Shares on the 2023 Grant Date is HK\$8.568 per Share, which represents the highest among (i) the closing price of HK\$6.54 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HK\$6.48 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; (iii) the nominal value of each Share; and (iv) the exercise price on the 2021 Grant Date (i.e. HK\$8.568 per Share). The closing price for the business day immediately preceding the 2023 Grant Date was HK\$6.54 per Share.

The Grantees of the Options granted in 2023 are the employees of the Group, including one senior management (as defined in the Listing Rules), and none of them are Directors, chief executives or substantial Shareholder of the Company, or their associates (as defined in the Listing Rules) of any of them.

Management Discussion and Analysis

Details of the 2021 Share Option Scheme and the granted Options are set out in the circular issued by the Company on 15 April 2021, the announcements issued on 28 June 2021, 28 September 2022 and 28 September 2023, respectively.

2019 Share Option Scheme

The Company had adopted the Share Option Scheme on the 2019 Adoption Date, and terminated the 2019 Share Option Scheme on 2021 Adoption Date. Details of the termination of the 2019 Share Option Scheme are set out in the circular issued by the Company on 15 April 2021.

According to the terms of the 2019 Share Option Scheme, the Company may by resolution in general meeting at any time terminate the 2019 Share Option Scheme, and in such event, no further offer to grant an option nor further option shall be made, but in all other respects the provisions of the 2019 Share Option Scheme shall remain in force and effect. All options granted and accepted and remained unexpired immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2019 Share Option Scheme.

The 2019 Share Option Scheme aims to attract, retain and provide incentives to senior and mid-level management and key employees of the Company, to provide them with the opportunity to obtain shares of the Company and to link their interests closely to the operating results and share performance of the Company with a view to increasing the value of the Company and to attracting human resources that are valuable to the Group.

For the purpose of the 2019 Share Option Scheme, eligible participants means any employee or proposed employee (whether full time or part time) of any member of the Group or any invested entity, excluding any independent non-executive Directors and provided that the proposed employee is actually employed by the Group and is subject to pass the stipulated probation period.

The Grantee may subscribe for Shares during such period as may be determined by the Directors (which shall not be more than six years from the date of grant of the relevant Option and include the minimum period, for which an Option must be held before it can be exercised). Subject to the terms of the 2019 Share Option Scheme, Options can be vested at any time after the expiry of a period which may be determined by the Board from the date of grant of the relevant Option. The exercise price shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the Offer) but in any case the exercise price shall not be lower than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

During the Reporting Period, no share options were cancelled, a total of 83,449 share options were lapsed and a total of 1,238,000 share options were exercised under the 2019 Share Option Scheme. 3,780,396 Share options were outstanding as at the end of the Reporting Period.

No options can be granted at the beginning and the end of the Reporting Period under the 2019 Share Option Scheme as the Company has terminated the 2019 Share Option Scheme on 2021 Adoption Date.

Management Discussion and Analysis

Options granted in 2019

On the 2019 Grant Date, the Company conditionally granted 14,400,000 Options to certain Grantees, subject to acceptance of the Grantees, to subscribe for a total of 14,400,000 shares pursuant to the 2019 Share Option Scheme. The exercise price of the Shares on the 2019 Grant Date was HK\$7.244 per Share, which is the highest among (i) the closing price of HK\$7.130 per Share on the 2019 Grant Date; (ii) the average closing price of HK\$7.244 per Share for the five business days immediately preceding the 2019 Grant Date; and (iii) the nominal value of each Share. The closing price for the business day immediately preceding the 2019 Grant Date was HK\$7.220 per Share. The offer of a grant of Options may be accepted within 28 days from the date of offer.

Among the Options granted in 2019, 1,317,500 Options were granted to the Directors, chief executives or substantial Shareholders of the Company, or an associate (as defined in the Listing Rules) of any of them and 13,082,500 Options were granted to other senior management (as defined in Chapter 17 of the Listing Rules) and employees of the Group.

Options granted in 2020

On the 2020 Grant Date, the Company conditionally granted 835,500 Options to certain Grantees, subject to acceptance of the Grantees, to subscribe for a total of 835,500 shares pursuant to the 2019 Share Option Scheme. The exercise price of the Shares on the 2020 Grant Date was HK\$7.960 per Share, which is the highest among (i) the closing price of HK\$7.960 per Share on the 2020 Grant Date; (ii) the average closing price of HK\$7.894 per Share for the five business days immediately preceding the 2020 Grant Date; and (iii) the nominal value of each Share. The closing price for the business day immediately preceding the 2020 Grant Date was HK\$7.820 per Share.

The Grantees of the Options granted in 2020 are the employees of the Group, and none of them are Directors, chief executives or substantial Shareholders of the Company, or their associates (as defined in the Listing Rules).

Details of the 2019 Share Option Scheme and the granted Options are set out in the circular issued by the Company on 13 June 2019, the announcements issued on 9 July 2019 and 9 July 2020, and the circular issued on 15 April 2021.



Management Discussion and Analysis

2024 Share Award Scheme

On 31 May 2024, the Board of the Company resolved to adopt the 2024 Share Award Scheme for employees selected by the Board. The purposes of the 2024 Share Award Scheme are: (i) to achieve the Group's long-term business planning; (ii) to enhance the Group's value; (iii) to promote the Group's growth and to achieve sustainable development; and (iv) to share value returns with employees. The validity and effective period of the 2024 Share Award Scheme shall commence from 31 May 2024 for a term of 6 (six) years, but may be terminated earlier by the Board in accordance with the rules of the 2024 Share Award Scheme (the **"2024 Scheme Rules"**). For the 2024 Share Award Scheme, Employee represents any employee of any member of the Group (including but not limited to any executive Director, excluding any non-executive Director or independent non-executive Director); Selected employee (the **"Selected Employee"**) represents employees selected by the Board in accordance with the 2024 Scheme Rules to participate in the 2024 Share Award Scheme. Unless otherwise provided in the provisions of the 2024 Scheme Rules, the Board may, from time to time, exercise its absolute discretion to select any employee (excluding any excluded employee) as a Selected Employee to participate in the 2024 Share Award Scheme, and grant the relevant number of awarded shares to any Selected Employee for free.

According to the 2024 Share Award Scheme, the maximum number of shares available to issue during its term is limited to 4,200,000 shares, representing approximately 0.66% of the issued share capital (excluding treasury shares, if any) of the Company as at the date of the report. Pursuant to the 2024 Share Award Scheme, the maximum number of awarded Shares that may be granted to any Selected Employee during its term shall not exceed 0.28% of the issued share capital of the Company from time to time (i.e., 1,800,000 shares as at 31 May 2024). Under the 2024 Share Award Scheme, all the awarded Shares granted to incentive recipients under the Scheme shall not be vested within 3 years (36 months) from the date of first grant. In principle, the awarded Shares shall be vested in the following manner: (1) by the end of the third anniversary (36 months) from the date of grant, 30% of the awarded Shares granted to each incentive recipients shall be vested (the **"First Vesting"**); (2) by the end of the fourth anniversary (48 months) from the date of grant, another 30% of the awarded Shares granted to each incentive recipients shall be vested (the **"Second Vesting"**); (3) by the end of the fifth anniversary (60 months), the remaining 40% of the awarded Shares granted to each incentive recipients shall be vested (the **"Third Vesting"**). The Board is entitled to impose any conditions (including a period of continued service within the Group after the grant of the award and performance targets which must be attained) with respect to the vesting of the awarded Shares on the Selected Employee and any other conditions, restrictions or limitations, as it deems appropriate in its absolute discretion, and shall inform the Trustee and such Selected Employees the relevant conditions, restrictions and/or limitations of the award and awarded Shares. According to the 2024 Share Award Scheme, the Shares will be purchased by the 2024 Share Award Scheme Trustee on the Stock Exchange (costs to be borne by the Company), and will be vested before held in trust by the 2024 Share Award Scheme Trustee on behalf of selected employees pursuant to the 2024 Share Award Scheme.

The 2024 Share Award Scheme constitutes a share scheme under Chapter 17 of the Listing Rules. The 2024 Share Award Scheme was contemplated and adopted to be funded solely by the existing Shares pursuant to Rule 17.01(1)(b) of the Listing Rules and does not constitute a scheme involving the issue of new shares as referred to under Rule 17.01(1)(a) of the Listing Rules. Therefore, the adoption of the 2024 Share Award Scheme was not subject to Shareholders' approval and the 2024 Share Award Scheme shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

Management Discussion and Analysis

The Company has entered into a trust deed with Futu Trustee Limited and appointed it as the trustee (the “Trustee”) under the 2024 Share Award Scheme. To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Trustee or the Trustee Holdco or its ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons under Chapter 14A of the Listing Rules. No instructions shall be given by a selected participant (including, without limitation, voting rights) to the Trustee in respect of the awarded Shares that have not been vested, and such other properties of the trust fund managed by the Trustee. The Trustee shall abstain and, where applicable, shall procure the Trustee Holdco to abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the awarded Shares, any bonus Shares and scrip Shares derived therefrom).

No award shall be made by the Board under the 2024 Share Award Scheme and no instructions to acquire any Shares shall be given to the Trustee under the 2024 Share Award Scheme where dealings in Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time, or where dealing in Shares by a selected participant (including the Directors) or the granting the award are prohibited by or would result in a breach of the Listing Rules, the SFO or any other law or regulation.

The 2024 Share Award Scheme Trustee will purchase Shares on the Stock Exchange funded by the Group’s internal resources for the purpose of the 2024 Share Award Scheme. As at 13 June 2025, the Board has considered and approved the proposal of the Company or the person designated by the Company (including the subsidiaries of the Company) paying the Trustee a maximum amount of HK\$35million in cash for covering the purchase price or the required expenses in respect of the Share(s) granted and to be granted under the 2024 Share Award Scheme. The cash amount will be paid in tranches by the Company or the person designated by the Company (including the subsidiaries of the Company) with its own funds, which will constitute the part of the trust assets. From the date of adoption of the 2024 Share Award Scheme (i.e. 31 May 2024) up to 30 June 2025, the Trustee has purchased 4,000,000 Shares under the 2024 Share Award Scheme. As at the date of this annual report, the remaining life of the 2024 Share Award Scheme is approximately four years and nine months.

Since the adoption of the 2024 Share Award Scheme (i.e. 31 May 2024) up to 30 June 2025, 1,360,000 awarded Shares have been granted to Selected Employees under the 2024 Share Award Scheme. As at the date of this report, the number of shares that may be awarded under the 2024 Share Award Scheme is 1,360,000, representing 0.21% of the total number of shares issued by the Company as at the date of this report.



Management Discussion and Analysis

Details of the outstanding Options, awards and Options and awards granted, exercised, cancelled and lapsed during the period ended 30 June 2025 are as follows:

		Share Options							Share Awards										
Name of the participant	Position(s) held	Grant date	Exercise price	As at the date of grant	Outstanding as at the beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at the end of the period	Exercise period	Grant date	Vesting date	Outstanding at the beginning of the period	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Outstanding as at the end of the period
Che Baozhen	Executive Director	9 July 2019	HK\$7,244	580,000	390,533	—	—	—	—	390,533	9 July 2020 to 8 July 2025 (Notes 186/)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Shi Futao	Executive Director	9 July 2019	HK\$7,244	512,000	344,746	—	—	—	—	344,746	9 July 2020 to 8 July 2025 (Notes 186/)	30 December 2024	30 December 2027	60,000	—	—	—	—	60,000
		28 June 2021	HK\$5,568	5,000,000	3,250,000	—	—	—	—	3,250,000	28 June 2024 to 27 June 2029 (Notes 386/)		30 December 2028	60,000	—	—	—	—	60,000
Jiang Xizhou	Executive Director	9 July 2020	HK\$7,960	225,500	130,050	—	—	—	—	130,050	9 July 2021 to 8 July 2025 (Notes 286/)	30 December 2024	30 December 2027	180,000	—	—	—	—	180,000
		28 June 2021	HK\$5,568	500,000	3,250,000	—	—	—	—	3,250,000	28 June 2024 to 27 June 2029 (Notes 386/)		30 December 2028	180,000	—	—	—	—	180,000
Other senior management (as defined in Chapter 17 of the Listing Rules) and employees		9 July 2019	HK\$7,244	13,308,000	4,086,871	—	1,238,000 (Note 7)	83,449	—	2,765,422	9 July 2020 to 8 July 2025 (Notes 186/)	30 December 2024	30 December 2027	132,000	—	—	—	—	240,000
		9 July 2020	HK\$7,960	580,500	149,645	—	—	—	—	149,645	9 July 2021 to 8 July 2025 (Notes 286/)		30 December 2028	132,000	—	—	—	—	132,000
		28 June 2021	HK\$5,568	25,050,000	9,782,500	—	—	325,000	—	9,457,500	28 June 2024 to 27 June 2029 (Notes 386/)		30 December 2029	132,000	—	—	—	—	132,000
		28 September 2022	HK\$5,568	3,080,000	650,000	—	—	—	—	650,000	28 June 2024 to 27 May 2029 (Notes 486/)								
		28 September 2023	HK\$5,568	960,000	624,000	—	—	156,000	—	468,000	28 September 2024 to 27 May 2029 (Notes 586/)								
Five highest paid employees ^a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30 December 2024	30 December 2027	36,000	—	—	—	—	36,000
													30 December 2028	36,000	—	—	—	—	36,000
													30 December 2029	48,000	—	—	—	—	48,000
Total				54,325,500	22,658,345	—	1,238,000	564,449	—	20,855,896				1,360,000	—	—	—	—	1,360,000

Management Discussion and Analysis

- Note 1* The Options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. One-third of the total number of the Options granted will be vested and exercisable after 12 months, 24 months and 36 months from the 2019 Grant Date, respectively; if the Options are not vested as the performance of the scheme participants in the first three vesting periods fails to meet the standards, in the event that the performance meets the standard upon the fourth annual assessment and the deferred vesting conditions are satisfied, the Options granted may be exercised at any time after the fourth exercise period (i.e., after 48 months from the 2019 Grant Date), and the vesting proportion is the remaining unvested Options after excluding the expired Options. If the vesting conditions are not met by the Grantee, the unvested Options granted to such Grantee would lapse. Subject to the vesting schedule, the Options are exercisable within a period of six years commencing from the 2019 Grant Date.
- Note 2* The Options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. Half of the total number of the Options granted will be vested and exercised after 12 months and 24 months from the 2020 Grant Date, respectively; if the Options are not vested as the performance of the scheme participants in the first two vesting periods fails to meet the standards, in the event that the performance meets the standard upon the third annual assessment and the deferred vesting conditions are satisfied, the Options granted may be exercised at any time after the third exercise period (i.e., after 36 months from the 2020 Grant Date), and the vesting proportion is the remaining unvested Options after excluding the expired Options. If the vesting conditions are not met by the Grantee, the unvested Options granted to such Grantee would lapse. Subject to the vesting schedule, the Options are exercisable within a period of five years commencing from the 2020 Grant Date.
- Note 3* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the Options can be vested and exercised at any time after 36 months and 60 months from the 2021 Grant Date; subject to the vesting schedule, the Options are exercisable within a period of eight years commencing from the 2021 Grant Date. The Options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter; if the vesting conditions are not met by the Grantee, the unvested Options granted to such Grantee would lapse in accordance with the terms of the 2021 Share Option Scheme.
- Note 4* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the Options can be vested and exercised at any time after 21 months and 45 months from the 2022 Grant Date; subject to the vesting schedule, the Options are exercisable within a period of six years and nine months commencing from the 2022 Grant Date. The Options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter; if the vesting conditions are not met by the Grantee, the unvested Options granted to such Grantee would lapse in accordance with the terms of the 2021 Share Option Scheme.
- Note 5* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the share options can be vested at any time after the expiration of 12 months and 33 months from the 2023 Grant Date, respectively.
- Subject to the vesting schedule, the share options are exercisable within a period of five years and nine months commencing from the 2023 Grant Date. The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. If the vesting conditions are not met by the Grantee, the unvested share options granted to such Grantee would lapse in accordance with the terms of the 2021 Share Option Scheme.
- Note 6* The exercise of share options shall be conditional upon fulfilment of the Company's annual performance objectives and personal performance objectives.

Management Discussion and Analysis

Note 7 The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$8.04 per share.

Save as disclosed above, (i) none of the Grantees is a Director, chief executives or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them; (ii) none of the Grantees is a Participant who has granted or will grant options in excess of the individual limit of 1% as required under the Listing Rules in any 12-month period; and (iii) none of the Grantees is a Connected Entity Participant or Service Provider (as defined in the Listing Rules).

Options Exercised and Issued Shares

As mentioned above, 1,238,000 share options granted by the Company were exercised during the six months ended 30 June 2025.

Controlling Shareholder's Specific Performance Obligations under the Financing Agreement

On 15 March 2024, Prinx Thailand, as borrower, and Bank of China (Thai) Public Company Limited as lender, entered into a facility agreement (the “**BOC Agreement**”) relating to US\$30 million facility with a term of one year. On 15 March 2024, Prinx Thailand, as borrower, and The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch as lender, entered into a facility agreement (the “**HSBC Agreement**”) relating to US\$48 million facility with a term of one year.

Under the BOC Agreement, Prinx Thailand shall procure that:

- (a) Mr. Che Baozhen, Mr. Che Hongzhi and Ms. Li Xiuxiang (the “**Controlling Shareholders**”) shall collectively remain as the largest shareholder of the Company; and
- (b) the Controlling Shareholders shall maintain management control over the Company.

Under the HSBC Agreement, Prinx Thailand shall procure that the Controlling Shareholders shall remain as the single largest shareholder of the Company.

Upon breach of the specific performance obligations, Bank of China (Thai) Public Company Limited and The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch shall have, among other things, the right to withdrawal any commitment and demand repayment of all banking facilities granted or made available as specified in the facility agreement.

As at 30 June 2025, both the BOC Agreement and the HSBC Agreement have expired.

The details of the loan agreements with specific performance covenants are set out in the announcements issued by the Company on 17 March 2020, 17 July 2021 and 20 March 2024.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

In August 2025, the Tire Production Base in Thailand was requested by the Industrial Estate Authority of Thailand to temporarily suspend production pending adoption of remedial measures because the packaging of carbon black is alleged to have breached Thailand industrial waste disposal regulations and because the expansion production line is pending waste emissions inspection acceptance. Subsequently, the Industrial Estate Authority of Thailand agreed the trial production of the Tire Production Base in Thailand from 8 August 2025 to 4 September 2025, to test the relevant equipment for air quality sample collection. The Company does not currently expect that the aforementioned event will have a material impact on the Group's financial condition.

Save as disclosed above, there were no significant events affecting the Group that have occurred since the end of the Reporting Period.



Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance through an effective board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency to all the Shareholders, to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Listing Rules as its own corporate governance code. The Company has been in compliance with the applicable code provisions under Part 2 of the Corporate Governance Code for the six months ended 30 June 2025. The Company will continue to review and monitor its corporate governance practices in order to ensure compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2025.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company’s relevant employees was noted by the Company during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) which comprises three members, all being independent non-executive Directors, namely Mr. Choi Tze Kit Sammy (Chairman), Mr. Wang Chuansheng and Mr. Jin Qingjun during the Reporting Period. The primary responsibility of the Audit Committee is to review and supervise the Company’s financial reporting procedures and internal controls.

The Audit Committee has reviewed the unaudited condensed consolidated interim results and interim report of the Group for the six months ended 30 June 2025, and hereby recognised that the interim results have been prepared in accordance with the relevant accounting standards and that the Company has made appropriate disclosures therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Corporate Governance and Other Information

2025 ANNUAL GENERAL MEETING

The Board considers the annual general meeting as an important opportunity for direct communication with shareholders. The 2025 annual general meeting was held on 23 May 2025 at No. 98, North Nanshan Road, Rongcheng City, Shandong Province and successfully concluded. Board members and external auditors attended the meeting where they communicated with shareholders. Details of the voting matters are set out in the Company's announcement dated 23 May 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out as follows:

Name of directors	Capacity/Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company
Mr. Che Hongzhi	Spouse interest	449,301,000 (Note 1)	Long position	70.35%
Mr. Che Baozhen	Interest in a controlled corporation	449,301,000 (Note 2)	Long position	70.35%
	Beneficial owner	390,533 (Note 3)	Long position	0.06%
Mr. Shi Futao	Beneficial owner	3,976,746 (Note 4)	Long position	0.62%
Mr. Jiang Xizhou	Beneficial owner	3,980,050 (Note 5)	Long position	0.62%

Notes:

- (1) Mr. Che Hongzhi is the spouse of Ms. Li Xiuxiang. As such, he is deemed to be interested in all the Shares in which Ms. Li Xiuxiang is interested.
- (2) As at 30 June 2025, Mr. Che Baozhen directly owned 50% of the equity interest in Shanghai Chengzhan Information and Technology Center* (上海成展信息科技有限公司) ("Shanghai Chengzhan"), which in turns owned 95% of the equity interest in Beijing Zhongmingxin Investment Company Limited* (北京中銘信投資有限公司) ("Beijing Zhongmingxin"), which in turns controlled 39.79% of the equity interest in Chengshan Group Company Limited* (成山集團有限公司) ("Chengshan Group"). As such, Mr. Che Baozhen, Shanghai Chengzhan and Beijing Zhongmingxin are deemed to be interested in the interests in Chengshan Group.

Corporate Governance and Other Information

- (3) As at 30 June 2025, Mr. Che Baozhen held interests in those Shares through the options granted according to the Share Option Scheme under physically settled equity derivatives.
- (4) As at 30 June 2025, Mr. Shi Futao held interests in 3,594,746 Shares through the options granted according to the Share Option Scheme under physically settled equity derivatives, and held interests in 200,000 Shares through the awards granted under the share award scheme under physically settled equity derivatives.
- (5) As at 30 June 2025, Mr. Jiang Xizhou held interests in 3,380,050 Shares through the share options granted under the share option scheme under physically settled equity derivatives, and held interests in 600,000 Shares through the awards granted under the share award scheme under physically settled equity derivatives.
- (6) The calculation is based on the total number of 638,645,000 Shares in issue as at 30 June 2025 and the Company did not hold any treasury shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2025, to the knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company
Sinotruk (Hong Kong) Capital Holding Limited	Beneficial owner	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (Hong Kong) International Investment Limited	Interest in a controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (Hong Kong) Limited	Interest in a controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (BVI) Limited	Interest in a controlled corporation	54,873,500 (Note 1)	Long position	8.59%
China National Heavy Duty Truck Group Co., Ltd.* (中國重型汽車集團有限公司)	Interest in a controlled corporation	54,873,500 (Note 1)	Long position	8.59%

Corporate Governance and Other Information

Name	Capacity/Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company
Shandong Heavy Industry Group Co., Ltd.* (山東重工集團有限公司)	Interest in a controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Chengshan Group	Beneficial owner	436,600,000 (Note 2)	Long position	68.36%
	Interest in a controlled corporation	12,701,000 (Note 2)	Long position	1.99%
Beijing Zhongmingxin	Interest in a controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Shanghai Chengzhan	Interest in a controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Ms. Li Xiuxiang	Interest in a controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Ms. Bi Wenjing	Spouse interest	449,691,533 (Note 3)	Long position	70.41%
Sino Legend Holding Group Limited	Beneficial owner	32,674,500 (Note 4)	Long position	5.12%
Sino Legend (China) Chemical Company Limited	Interest in a controlled corporation	32,674,500 (Note 4)	Long position	5.12%
Red Avenue New Materials Group Co., Ltd.	Interest in a controlled corporation	32,674,500 (Note 4)	Long position	5.12%
Red Avenue Investment Group Limited	Interest in a controlled corporation	32,674,500 (Note 4)	Long position	5.12%
ZHANG NING	Interest in a controlled corporation	32,674,500 (Note 4)	Long position	5.12%

Notes:

- (1) As at 30 June 2025, Shandong Heavy Industry Group Co., Ltd. held 65% interest in China National Heavy Duty Truck Group Co., Ltd., which in turn owned 100% of the interests of Sinotruk (BVI) Limited. Sinotruk (BVI) Limited held 51% of the issued share capital of Sinotruk (Hong Kong) Limited. Sinotruk (Hong Kong) Limited held 100% of the issued share capital of Sinotruk (Hong Kong) International Investment Limited, which in turn held 100% of the issued share capital of Sinotruk (Hong Kong) Capital Holding Limited, which in turn holds 54,873,500 shares of the Company. As such, Shandong Heavy Industry Group Co., Ltd., China National Heavy Duty Truck Group Co., Ltd., Sinotruk (BVI) Limited, Sinotruk (Hong Kong) Limited and Sinotruk (Hong Kong) International Investment Limited are deemed to be interested in the 54,873,500 Shares held by Sinotruk (Hong Kong) Capital Holding Limited.
- (2) As at 30 June 2025, Ms. Li Xiuxiang directly owned 50% of the equity interest in Shanghai Chengzhan, which owned 95% of the equity interest in Beijing Zhongmingxin, which in turns owned 39.79% of the equity interest in Chengshan Group.

Corporate Governance and Other Information

Chengshan Group holds 100% of the issued share capital of Chengshan Trade (Hong Kong) Limited, which directly holds 12,701,000 shares in the Company. Chengshan Group is deemed to be interested in the interests in Chengshan Trade (Hong Kong) Limited.

As such, Ms. Li Xiuxiang, Shanghai Chengzhan and Beijing Zhongmingxin are deemed to be interested in the interests in Chengshan Group.

- (3) Ms. Bi Wenjing is the spouse of Mr. Che Baozhen. As such, she is deemed to be interested in all the Shares in which Mr. Che Baozhen is interested.
- (4) As at 30 June 2025, Sino Legend (China) Chemical Company, Ltd. held 100% interest in Sino Legend Holding Group Ltd., and Red Avenue New Materials Group Co., Ltd. held 100% interest in Sino Legend (China) Chemical Company, Ltd. Red Avenue Investment Group Ltd. held 49.11% of the issued share capital of Red Avenue New Materials Group Co., Ltd., ZHANG NING directly held 100% of the issued share capital of Red Avenue Investment Group Ltd and Sino Legend Holding Group Ltd. held 32,674,500 shares of the Company. As such, ZHANG NING, Sino Legend (China) Chemical Company, Ltd., Red Avenue New Materials Group Co., Ltd. and Red Avenue Investment Group Ltd. are deemed to be interested in 32,674,500 Shares held by Sino Legend Holding Group Ltd..
- (5) The calculation is based on the total number of 638,645,000 Shares in issue as at 30 June 2025 and the Company did not hold any treasury shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, to the knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, during the six months ended 30 June 2025, the Company or any of its subsidiaries did not enter into any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' REMUNERATION

During the six months ended 30 June 2025, Mr. Che Hongzhi, the Chairman of the Board and non-executive Director of the Company, waived part of his remuneration, amounting to approximately RMB130,000. Apart from this, no Directors have waived or agreed to waive any remuneration for the six months ended 30 June 2025.

CHANGE OF DIRECTOR INFORMATION

The Directors confirmed that no information needs to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

	Note	Unaudited Six months ended 30 June	
		2025 RMB' 000	2024 RMB' 000
Revenue	7	5,705,196	5,363,381
Cost of sales		(4,757,694)	(4,042,886)
Gross profit		947,502	1,320,495
Selling and distribution expenses		(265,736)	(254,043)
Administrative expenses		(122,697)	(93,035)
Research and development costs		(111,717)	(108,693)
Other income		27,967	27,226
Other gains — net		32,526	22,025
Net impairment losses on financial assets		(777)	(2,712)
Operating profit	8	507,068	911,263
Finance income	9	6,505	24,972
Finance costs	9	(11,283)	(43,943)
Finance costs — net	9	(4,778)	(18,971)
Share of result of associates		186	8
Profit before income tax		502,476	892,300
Income tax expense	10	5,170	(80,874)
Profit for the period		507,646	811,426
Profit attributable to:			
— Shareholders of the Company		507,631	811,419
— Non-controlling interests		15	7
		507,646	811,426
Earnings per share for profit attributable to shareholders of the Company for the period			
— Basic (RMB)	11	0.80	1.27
— Diluted (RMB)	11	0.80	1.27

The accompany notes form an integral part of these condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Profit for the period	507,646	811,426
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(5,721)	12,015
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	(3,915)	9,299
Other comprehensive income for the period net of tax	(9,636)	21,314
Total comprehensive income for the period	498,010	832,740
Attributable to:		
— Shareholders of the Company	497,995	832,733
— Non-controlling interests	15	7
Total comprehensive income for the period	498,010	832,740

The accompany notes form an integral part of these condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As At 30 June 2025

	Note	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Assets			
Non-current assets			
Property, plant and equipment	13	5,137,076	5,249,878
Right-of-use assets	14	177,375	134,870
Intangible assets	13	80,484	83,635
Investment in associates		6,373	6,187
Prepayments, other receivables and other assets	18	37,978	45,975
Deferred tax assets	25	24,922	4,038
		5,464,208	5,524,583
Current assets			
Inventories	15	2,043,866	1,942,879
Trade and notes receivables	17	2,341,347	2,020,649
Prepayments, other receivables and other assets	18	413,787	486,380
Financial assets at fair value through profit or loss	16	10,143	150,458
Amounts due from related parties	27(b)	325,247	201,857
Cash and cash equivalents		315,864	554,112
Restricted cash		69,762	143,788
		5,520,016	5,500,123
Total assets		10,984,224	11,024,706
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	19	203	202
Share premium	19	2,203,651	2,193,501
Treasury shares	21	(27,438)	—
Reserves	21	4,562,042	4,349,841
		6,738,458	6,543,544
Non-controlling interests		(66)	(81)
Total equity		6,738,392	6,543,463

Interim Condensed Consolidated Statement of Financial Position

As At 30 June 2025

	Note	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Liabilities			
Non-current liabilities			
Bank borrowings	22	542,593	410,703
Lease liabilities	14	17,451	23,891
Deferred income		81,413	80,062
Deferred tax liabilities	25	60,660	57,422
		702,117	572,078
Current liabilities			
Trade payables	23	1,965,820	2,106,142
Other payables and accruals	24	1,181,596	1,240,169
Contract liabilities		70,541	60,791
Lease liabilities	14	28,044	30,059
Provision for warranties		90,343	85,241
Amounts due to related parties	27(b)	20,735	19,510
Current income tax liabilities		25,426	22,646
Bank borrowings	22	161,210	344,607
		3,543,715	3,909,165
Total liabilities		4,245,832	4,481,243
Total equity and liabilities		10,984,224	11,024,706

The accompany notes form an integral part of these condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

		Unaudited				
		Equity attributable to shareholders of the Company				Non-controlling interests
Note		Share capital RMB' 000 (Note 19)	Share premium RMB' 000 (Note 19)	Reserves RMB' 000 (Note 21)	Total RMB' 000	Total equity RMB' 000
	Balance at 1 January 2025	202	2,193,501	4,349,841	6,543,544	(81)
	Comprehensive income					
	Profit for the period	—	—	507,631	507,631	15
	Other comprehensive income					
	Currency translation difference	—	—	(9,636)	(9,636)	—
	Total other comprehensive income, net of tax	—	—	(9,636)	(9,636)	—
	Total comprehensive income	—	—	497,995	497,995	15
	Transactions with shareholders					
	Issue of shares under employee share scheme	1	10,150	(1,919)	8,232	—
	Employee share option schemes — value of employee services	20, 21	—	9,407	9,407	—
	Treasury shares	—	—	(27,438)	(27,438)	—
	Cash dividends	12	—	(293,282)	(293,282)	—
	Total transactions with shareholders	1	10,150	(313,232)	(303,081)	—
	Balance at 30 June 2025	203	2,203,651	4,534,604	6,738,458	(66)

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

Unaudited						
Note	Equity attributable to shareholders of the Company				Non-controlling interests RMB' 000	Total equity RMB' 000
	Share capital RMB' 000 (Note 19)	Share premium RMB' 000 (Note 19)	Reserves RMB' 000 (Note 21)	Total RMB' 000		
Balance at 1 January 2024	201	2,185,598	3,248,056	5,433,855	(112)	5,433,743
Comprehensive income						
Profit for the period	—	—	811,419	811,419	7	811,426
Other comprehensive income						
Currency translation difference	—	—	21,314	21,314	—	21,314
Total other comprehensive income, net of tax	—	—	21,314	21,314	—	21,314
Total comprehensive income	—	—	832,733	832,733	7	832,740
Transactions with shareholders						
Issue of shares under employee share scheme	1	2,245	(426)	1,820	—	1,820
Employee share option schemes — value of employee services	20, 21	—	(15,899)	(15,899)	—	(15,899)
Cash dividends	12	—	(173,614)	(173,614)	—	(173,614)
Total transactions with shareholders	1	2,245	(189,939)	(187,693)	—	(187,693)
Balance at 30 June 2024	202	2,187,843	3,890,850	6,078,895	(105)	6,078,790

The accompany notes form an integral part of these condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Cash flows from operating activities		
Cash generated from operations	231,040	642,647
Interest received	6,703	23,948
Interest paid	(10,370)	(53,435)
Income taxes paid	(8,624)	(67,345)
Net cash inflow from operating activities	218,749	545,815
Cash flows from investing activities		
Purchases of property, plant and equipment	(190,717)	(321,337)
Proceeds from government grants	6,194	—
Proceeds from sale of property, plant and equipment	3,198	5,073
Purchases of land use rights	(42,718)	—
Purchases of intangible assets	(1,355)	(5,698)
Purchases of financial assets at fair value through profit or loss	(300,430)	(689,900)
Proceeds from sale of financial assets at fair value through profit or loss	442,746	864,955
Net cash outflow from investing activities	(83,082)	(146,907)
Cash flows from financing activities		
Proceeds from borrowings	270,000	622,037
Repayment of borrowings	(321,507)	(968,114)
Purchases of treasury shares	(27,438)	—
Principal elements of lease payments	(19,117)	(7,415)
Cash dividends paid	(285,012)	(168,083)
Employee share option scheme — issuance of share	8,232	1,820
Net cash outflow from financing activities	(374,842)	(519,755)
Net decrease in cash and cash equivalents	(239,175)	(120,847)
Cash and cash equivalents at the beginning of period	554,112	547,920
Effects of exchange rate changes on cash and cash equivalents	927	1,891
Cash and cash equivalents at the end of period	315,864	428,964

The accompany notes form an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

1 GENERAL INFORMATION, REORGANISATION AND BASIS PRESENTATION

1.1 General information

Prinx Chengshan Holdings Limited (formerly named as Prinx Chengshan (Cayman) Holding Limited, the “**Company**”), was incorporated in Cayman Islands on 22 May 2015 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (“**HKSE**”) since 9 October 2018.

The Company is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in the manufacturing and sales of tire products in the People’s Republic of China (the “**PRC**”), Thailand, Asia (except the PRC and Thailand), America and other global markets.

The immediate holding company and ultimate controlling company of the Group is Chengshan Group Co., Ltd. (“**Chengshan Group**”), which was established in the PRC. The company is ultimately held as to 69.15% by Mr. Che Baozhen and his spouse, Ms. Bi Wenjing, Mr. Che Hongzhi and his spouse, Ms. Li Xiuxiang (collectively the “**Controlling Shareholders**”) and other individual shareholders.

These condensed consolidated interim financial information are presented in thousands of Renminbi (“**RMB’000**”) and were approved for issue by the Board of Directors on 26 August 2025.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) except for the adoption of new and amended standards as disclosed in note 3.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- Lack of Exchangeability — Amendments to HKAS 21

(b) New and amended standards and interpretations not yet adopted

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position, except HKFRS 18, which may mainly impact the presentation of the consolidated statements of the comprehensive income and the Group is still in the process of assessing the impact.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11		1 January 2026
HKFRS 18	Presentation and disclosure in financial statements	1 January 2027
HKFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There have been no material changes in the risk management department or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to the previous year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (Continued)**5.2 Liquidity risk** (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total Amount RMB' 000
At 30 June 2025					
Bank borrowings	161,210	199,093	343,500	—	703,803
Interest payables for bank borrowings	18,604	12,748	3,987	—	35,339
Amounts due to related parties	20,735	—	—	—	20,735
Trade payables	1,965,820	—	—	—	1,965,820
Other payables	971,451	—	—	—	971,451
Lease liabilities	29,152	16,987	823	—	46,962
	3,166,972	228,828	348,310	—	3,744,110
At 31 December 2024					
Bank borrowings	344,607	159,085	251,618	—	755,310
Interest payables for bank borrowings	15,973	11,869	4,875	—	32,717
Amount due to related parties	19,510	—	—	—	19,510
Trade payables	2,106,142	—	—	—	2,106,142
Other payables	999,944	—	—	—	999,944
Lease liabilities	31,433	19,494	5,067	—	55,994
	3,517,609	190,448	261,560	—	3,969,617

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at the balance sheet dates:

	Level 1	Level 2	Level 3	Total
As at 30 June 2025				
Assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	10,143	—	—	10,143
Financial assets at fair value through other comprehensive income				
— Notes receivable (a)	—	—	317,917	317,917
	<u>10,143</u>	<u>—</u>	<u>317,917</u>	<u>328,060</u>
As at 31 December 2024				
Assets				
Financial assets at fair value through profit or loss				
— Wealth management products (a)	—	—	141,771	141,771
— Listed equity securities	8,687	—	—	8,687
Financial assets at fair value through other comprehensive income				
— Notes receivable (a)	—	—	267,222	267,222
	<u>8,687</u>	<u>—</u>	<u>408,993</u>	<u>417,680</u>

There were no transfers between level 1, 2 and 3 during the periods.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

(a) Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 30 June 2025 RMB' 000	Valuation Technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Notes receivable	317,917	Discounted cash flow	Expected discount interest rate	2%-3% (2.5%)	A change in the discount interest rate by 100 basis points would increase/decrease the fair value approximately RMB3,026,000
	Fair value at 31 December 2024 RMB' 000	Valuation Technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	141,771	Discounted cash flow	Expected yield rate	1.37%-2.65% (2.0%)	A change in the yield rate by 100 basis points would increase/decrease the fair value approximately RMB1,388,000
Notes receivable	267,222	Discounted cash flow	Expected discount interest rate	1.6%-3.6% (2.6%)	A change in the discount interest rate by 100 basis points would increase/ decrease the fair value approximately RMB2,605,000

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

6 SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-makers (“**CODM**”) of the Group who review the Group’s internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group is principally engaged in manufacturing and selling tire products. The segments denote business units operating in different locations. In terms of distinct technologies and marketing strategies required by different operating locations, hereto the CODM individually manage production and operating activities, evaluate operating results of different segments on a regular basis to assess the business performance and allocate resources.

The Group has two segments as follows:

- Mainland China and Hong Kong as one segment for manufacturing and selling tire products.
- Overseas regions as the other segment for manufacturing and selling tire products.

The transferring prices between different segments are decided in reference of the third party’s selling prices.

The Group’s revenue by geographical location, which is determined by the continent where the goods were delivered, is as follows:

	Unaudited Six months ended 30 June	
	2025 Revenue RMB' 000	2024 Revenue RMB' 000
Mainland China	1,809,396	1,851,516
America	1,734,083	1,777,498
Asia (excluding Mainland China)	702,263	530,429
Africa	511,910	309,005
Middle East	482,305	452,664
Other countries	465,239	442,269
	5,705,196	5,363,381

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

6 SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2025		
	Domestic RMB' 000	Overseas RMB' 000	Total RMB' 000
Segment revenue	3,514,101	2,191,095	5,705,196
Segment results	512,102	435,400	947,502
Selling and distribution expenses			(265,736)
Administrative expenses			(122,697)
Research and development costs			(111,717)
Net impairment losses on financial assets			(777)
Other income			27,967
Other gains — net			32,526
Finance costs — net			(4,778)
Share of result of associates			186
Profit before income tax			502,476

	For the six months ended 30 June 2024		
	Domestic RMB' 000	Overseas RMB' 000	Total RMB' 000
Segment revenue	3,478,167	1,885,214	5,363,381
Segment results	623,938	696,557	1,320,495
Selling and distribution expenses			(254,043)
Administrative expenses			(93,035)
Research and development costs			(108,693)
Net impairment losses on financial assets			(2,712)
Other income			27,226
Other gains — net			22,025
Finance costs — net			(18,971)
Share of result of associates			8
Profit before income tax			892,300

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

6 SEGMENT INFORMATION (Continued)

The Group's non-current assets (excluding intangible assets, investment in associates, prepayments and other receivables and deferred tax assets) by geographical location, which is determined by the city/country in which the asset is located, is as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Domestic	2,233,950	2,211,673
Overseas	3,080,501	3,173,075
	5,314,451	5,384,748

7 REVENUE

	Unaudited Six months ended 30 June 2025 RMB' 000	2024 RMB' 000
Revenue from customers and recognised at point in time		
Sales of tire products:		
— All steel radial tires	3,156,265	3,063,104
— Semi-steel radial tires	2,461,608	2,205,359
— Bias tires	86,980	94,918
Trade of raw material related to tire products	343	—
	5,705,196	5,363,381



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

8 OPERATING PROFIT

The operating profit of the Group is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB' 000	RMB' 000
Depreciation of property, plant and equipment (<i>Note 13</i>)	(254,716)	(248,349)
Depreciation of right-of-use assets (<i>Note 14</i>)	(17,907)	(6,790)
Provisions for warranty claims	(24,154)	(21,217)
Amortisation of intangible assets (<i>Note 13</i>)	(4,584)	(4,242)
Provision for impairment of trade receivables (<i>Note 17</i>)	(777)	(2,712)
Provision for write-down of inventories (<i>Note 15</i>)	(13,414)	(5,056)
Anti-dumping duty refund	—	145,205
Other income		
— Sales of scraps	17,424	16,929
— Government grants	10,543	10,297
Other gains — net		
— Gains on disposal of financial assets at fair value through profit or loss	545	1,893
— Gains/(losses) from fair value change of financial assets at fair value through profit or loss	1,380	(1,415)
— Gains on disposal of property, plant and equipment	489	624
— Net other foreign exchange gains	30,209	20,439

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

9 FINANCE COSTS — NET

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Finance costs:		
— Interest expense on bank borrowings	(10,312)	(43,066)
— Lease liabilities (<i>Note 14</i>)	(971)	(557)
— Net foreign exchange losses on borrowings	—	(320)
	(11,283)	(43,943)
Less: amounts capitalised on qualifying assets	—	—
	(11,283)	(43,943)
Finance income:		
— Interest income derived from bank deposits	6,505	24,972
	6,505	24,972
Finance costs — net	(4,778)	(18,971)

10 INCOME TAX EXPENSE

The amounts of tax expense (charged)/credited to the consolidated statements of profit or loss represent:

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Current income tax		
— PRC corporate income tax	12,463	29,046
— Hong Kong and overseas profits tax	13	43,899
Deferred income tax (<i>Note 25</i>)	(17,646)	7,929
Income tax expense	(5,170)	80,874

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

10 INCOME TAX EXPENSE (Continued)

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB' 000	RMB' 000
Profit before income tax	502,476	892,300
Tax calculated at applicable tax rates	102,536	211,868
Expenses not deductible for tax purpose	3,110	2,001
Tax exemption of a subsidiary	(75,800)	(79,671)
Tax benefit from High and New-Technology Enterprise qualification	(22,036)	(34,239)
Additional deduction of research and development cost and other expense	(15,887)	(14,054)
Tax losses for which no deferred income tax asset was recognised	3,452	1,232
Utilisation of previously unrecognised tax losses	(545)	(6,263)
Tax (charge)/credit	(5,170)	80,874

Income tax expense is recognised based on the management's estimate of the annual income tax rate expected for the full financial year.

11 EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB' 000	RMB' 000
Profit attributable to the shareholders of the Company	507,631	811,419
Weighted average number of ordinary shares in issue (thousands)	637,456	636,716
Basic earnings per share (RMB)	0.80	1.27

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

11 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Profit attributable to the shareholders of the Company	507,631	811,419
Weighted average number of ordinary shares in issue (thousands)	637,456	636,716
Adjustments for share options (thousands)	254	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	637,710	636,716
Diluted earnings per share (RMB)	0.80	1.27

12 DIVIDENDS

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Cash dividends paid by the Company (a)	293,282	173,614
Interim dividends proposed by the Company	—	87,170

- (a) Dividends during the six months ended 30 June 2025 and 2024 represented cash dividends paid by the Company to its shareholders. The difference between the proposed and paid dividends was due to the impact of exchange rate fluctuation.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

13 CAPITAL EXPENDITURE

	Unaudited							
	Property, plant and equipment							Intangible assets
	Land and buildings RMB' 000	Machinery and factory equipment RMB' 000	Furniture and fixtures RMB' 000	Vehicles RMB' 000	Tools RMB' 000	Construction in progress RMB' 000	Total RMB' 000	Total RMB' 000
Six months ended 30 June 2025								
Opening net book amount as at 1 January 2025	1,467,744	3,353,045	23,391	14,874	206,816	184,008	5,249,878	83,635
Additions	1,054	13,774	2,012	—	680	140,182	157,702	1,355
Transferred from Construction in progress	300	63,964	365	59	17,271	(81,959)	—	—
Disposals	—	(2,381)	(80)	(248)	—	—	(2,709)	—
Depreciation and amortisation	(28,078)	(177,564)	(4,619)	(2,211)	(42,244)	—	(254,716)	(4,584)
Exchange difference	(4,516)	(7,920)	(31)	(4)	(417)	(191)	(13,079)	78
Closing net book amount as at 30 June 2025	1,436,504	3,242,918	21,038	12,470	182,106	242,040	5,137,076	80,484
Six months ended 30 June 2024								
Opening net book amount as at 1 January 2024	1,499,756	3,354,612	28,128	14,189	203,891	162,959	5,263,535	84,874
Additions	767	20,605	1,809	219	2,054	170,749	196,203	5,698
Transferred from Construction in progress	4,009	45,443	301	1,125	18,512	(69,390)	—	—
Disposals	(988)	(2,439)	(203)	—	(818)	—	(4,448)	—
Depreciation and amortisation	(28,015)	(174,982)	(4,411)	(2,328)	(38,613)	—	(248,349)	(4,242)
Exchange difference	6,916	11,838	97	5	665	130	19,651	6
Closing net book amount as at 30 June 2024	1,482,445	3,255,077	25,721	13,210	185,691	264,448	5,226,592	86,336

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

14 LEASES

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Right-of-use assets		
— Land use rights	130,987	82,451
— Buildings	42,186	52,419
— Vehicles	4,202	—
	177,375	134,870
Lease liabilities		
Current		
— lease liabilities	28,044	30,059
Non-Current		
— lease liabilities	17,451	23,891
	45,495	53,950

The Group's land use rights are all located in the PRC and own land certificates.

The current and non-current portion of lease liabilities amounting to RMB8,227,000 and RMB4,254,000 (31 December 2024: RMB8,273,000 and RMB8,559,000) represent amounts due to related parties respectively.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

14 LEASES (Continued)

The statement of profit or loss shows the following amounts relating to leases:

	Unaudited Six months ended 30 June	
	2025 RMB' 000	2024 RMB' 000
Depreciation of right-of-use assets (Note 8)		
— Land use rights	2,270	1,930
— Buildings	14,702	4,860
— Vehicles	935	—
	17,907	6,790
Interest expense (Note 9)	971	557
Expense relating to short term leases	382	8,059

The total cash payment for leases during the period was RMB19,499,000.

15 INVENTORIES

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Raw materials	414,449	480,562
Work-in-progress	123,128	116,974
Finished goods	1,506,289	1,345,343
	2,043,866	1,942,879

Write-downs of inventories amounting to RMB13,414,000 were made for the six months ended 30 June 2025.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Financial assets at fair value through profit or loss		
— Wealth management products (a)	—	141,771
— Listed equity securities (b)	10,143	8,687
	10,143	150,458
		Unaudited 30 June 2025 RMB' 000
At the beginning of the period		150,458
Additions		300,430
Disposals		(442,746)
Gains on disposal of financial assets at fair value through profit or loss		545
Gains from fair value change of financial assets at fair value through profit or loss		1,380
Currency translation differences		76
At the end of the period		10,143

- (a) The wealth management products are fair valued using a discounted cash flow approach. The main input used by the Group is estimated yield rate written in contract with the counterparty. The fair value is within level 3 of the fair value hierarchy (Note 5.3).
- (b) The listed equity securities are fair valued based on the quoted market price.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

17 TRADE AND NOTES RECEIVABLES

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Trade receivables	2,048,076	1,777,304
Less: provision for impairment of trade receivables	(24,646)	(23,877)
Trade receivables — net	2,023,430	1,753,427
Notes receivable	317,917	267,222
Trade and notes receivables — net	2,341,347	2,020,649

The carrying amounts of trade and notes receivables approximated their fair values as at the balance sheet date.

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade and notes receivables based on invoice date were as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Within 3 months	2,224,895	1,876,112
4 to 6 months	98,089	158,892
7 to 12 months	19,278	1,409
1 to 2 years	16,324	1,023
2 to 3 years	588	1,493
Over 3 years	6,819	5,597
	2,365,993	2,044,526

Movements on the Group's provision for impairment of trade receivables are as follows:

	Unaudited 30 June 2025 RMB' 000
At the beginning of the period	23,877
Provision for impairment of trade receivables (Note 8)	777
Foreign exchange gain	(8)
At the end of the period	24,646

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

18 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Non-current		
Prepayments for purchase of property, plant and equipment	7,978	15,975
Long-term bank deposits	30,000	30,000
	37,978	45,975
Current		
Prepayments for inventory	67,473	85,855
Other receivables	22,229	25,196
Other current assets		
— value added tax to be deducted	286,348	312,030
— prepaid income tax	27,669	28,741
— cash in transit	—	20,000
— prepaid sales tax	10,068	14,558
	413,787	486,380
	451,765	532,355

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of authorised shares
Authorised share capital:	
As at 1 January 2024, 31 December 2024 and 30 June 2025	1,000,000,000

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

19 SHARE CAPITAL AND SHARE PREMIUM (Continued)

	Number of issued shares	Nominal value of Ordinary shares RMB' 000	Share premium RMB' 000	Total RMB' 000
Issued and fully paid:				
As at 31 December 2024	637,407,000	202	2,193,501	2,193,703
Employee share option schemes — Exercise of options (Note 20)	1,238,000	1	10,150	10,151
As at 30 June 2025	638,645,000	203	2,203,651	2,203,854

20 SHARE-BASED PAYMENTS**20.1 Share option scheme**

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 July 2019 (the “**2019 Adoption Date**”), the share option scheme (the “**2019 Share Option Scheme**”) was adopted by the Company. The number of shares issuable pursuant to the 2019 Share Option Scheme was 16,000,000 shares, being approximately 2.5% of the total number of shares in issue on the 2019 Adoption Date.

On 9 July 2019 (the “**2019 Grant Date**”), the board of directors resolved to grant 14,400,000 shares of options to certain eligible employees under the 2019 Share Option Scheme, the exercise price is HKD7.24 per share. The exercise of share options shall be conditional upon fulfilment of the Company’s annual performance objectives and personal performance objectives. Assuming all the conditions for exercise of the share options are fulfilled in accordance with the 2019 Share Option Scheme, the proportion of 1/3, 1/3 and 1/3 of the share options may be exercised after the 12 months, 24 months, 36 months from the date of grant. Subject to the vesting schedule, options granted in 2019 under the 2019 Share Option Scheme are exercisable within a period of six years commencing from the grant date. Total fair value of options as at the 2019 Grant Date was determined to be HKD25,709,438, assuming the Company’s annual performance objectives and personal performance objectives can be fulfilled.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

20 SHARE-BASED PAYMENTS (Continued)

20.1 Share option scheme (Continued)

On 9 July 2020 (the “**2020 Grant Date**”), the board of directors resolved to grant 835,500 shares of options to certain eligible employees under the 2019 Share Option Scheme, the exercise price is HKD7.96 per share. The exercise of share options shall be conditional upon fulfilment of the Company’s annual performance objectives and personal performance objectives. Assuming all the conditions for exercise of the share options are fulfilled in accordance with the 2019 Share Option Scheme, the proportion of 1/2 and 1/2 of the share options may be exercised after the 12 months and 24 months from the date of grant. If the Options are not vested as the performance of the scheme participants in the first two vesting periods fails to meet the standards, in the event that the performance meets the standard upon the third annual assessment, the deferred vesting conditions are considered satisfied and the options granted may be exercised at any time after the third exercise period (i.e., after 36 months from the 2020 Grant Date), and the vesting proportion is the remaining unvested options after excluding the lapsed Options. Subject to the vesting schedule, options granted in 2020 under the 2019 Share Option Scheme are exercisable within a period of five years commencing from the grant date. Total fair value of options as at the 2020 Grant Date granted during year ended 31 December 2020 were determined to be HKD1,707,728, assuming the Company’s annual performance objectives and personal performance objectives can be fulfilled.

Pursuant to an ordinary resolution passed at annual general meeting of the Company held on 17 May 2021 (the “**2021 Adoption Date**”), the current share option scheme (the “**2021 Share Option Scheme**”) was adopted by the Company and replaced the 2019 Share option schemes. The number of shares issuable pursuant to the 2021 Share Option Scheme was 50,000,000 shares, being approximately 7.9% of the total number of shares in issue on the 2021 Adoption Date.

On 28 June 2021 (the “**2021 Grant Date**”), the board of directors resolved to grant 35,050,000 shares of options to certain eligible employees under the 2021 Share Option Scheme, the exercise price is HKD8.57 per share. The exercise of share options shall be conditional upon fulfilment of the Company’s annual performance objectives and personal performance objectives. Assuming all the conditions for exercise of the share options are fulfilled in accordance with the 2021 Share Option Scheme, the proportion of 35% and 65% of the share options may be exercised after the 36 months and 60 months from the date of grant. Subject to the vesting schedule, the 2021 Share Option Scheme are exercisable within a period of eight years commencing from the grant date.

On 28 September 2022 (the “**2022 Grant Date**”), the board of directors resolved to grant 3,080,000 shares of options to certain eligible employees under the 2021 Share Option Scheme, the exercise price is HKD8.57 per share. The exercise of share options shall be conditional upon fulfilment of the Company’s annual performance objectives and personal performance objectives. Assuming all the conditions for exercise of the share options are fulfilled in accordance with the 2021 Share Option Scheme, the proportion of 35% and 65% of the share options may be exercised after the 36 months and 60 months from the date of grant. Subject to the vesting schedule, the 2021 Share Option Scheme are exercisable within a period of approximately seven years commencing from the grant date.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

20 SHARE-BASED PAYMENTS (Continued)**20.1 Share option scheme** (Continued)

On 28 September 2023 (the “**2023 Grant Date**”), the board of directors resolved to grant 960,000 shares of options to certain eligible employees under the 2021 Share Option Scheme, the exercise price is HKD8.57 per share. The exercise of share options shall be conditional upon fulfilment of the Company’s annual performance objectives and personal performance objectives. Assuming all the conditions for exercise of the share options are fulfilled in accordance with the 2021 Share Option Scheme, the proportion of 35% and 65% of the share options may be exercised after the 36 months and 60 months from the date of grant. Subject to the vesting schedule, the 2021 Share Option Scheme are exercisable within a period of approximately six years commencing from the grant date.

Set out below are summaries of options granted under the plan:

	Unaudited			
	30 June 2025		30 June 2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	HKD8.28	22,658,345	HKD8.33	33,506,401
Granted during the period	—	—	—	—
Exercised during the period	HKD7.24	(1,238,000)	HKD7.24	(276,000)
Lapsed during the period	HKD8.37	(564,449)	HKD7.24	(107,556)
Forfeited during the period	—	—	HKD8.57	(9,565,500)
As at 30 June	HKD8.34	20,855,896	HKD8.25	23,557,345

As at 30 June 2025, the share option grantees satisfied the above mentioned exercise conditions in accordance with the 2021 Share Option Scheme. Employee benefit expense of amounting to RMB4,227,000 for the above 2 share option scheme with a corresponding increase in equity is recognised in profit or loss.

Due to the unfulfillment of the Company’s annual performance for the year ended 31 December 2023, the Company forfeited certain number of shares under the 2021 Share Option Scheme, which represented the credit to employee benefit expense. During the six months end 30 June 2024, an employee benefit expense credit of amounting to RMB15,899,000 with a corresponding decrease in equity is recognized in profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

20 SHARE-BASED PAYMENTS (Continued)

20.2 Share award scheme

Pursuant to an ordinary resolution passed at annual general meeting of the Company held on 31 May 2024 (the “**2024 Adoption Date**”), the share award scheme (the “**2024 Share Award Scheme**”) was adopted by the Company. The number of shares issuable pursuant to the 2024 Share Award Scheme was 4,200,000 shares, being approximately 0.65% of the total number of shares in issue on the 2024 Adoption Date.

On 30 December 2024 (the “**2024 Grant Date**”), the board of directors resolved to grant 1,360,000 awarded shares to certain selected employees under the 2024 Share Award Scheme, the purchase price of the awarded shares is HKD0.00 per share. Assuming all the conditions for vest of the awarded shares are fulfilled in accordance with the 2024 Share Award Scheme, the proportion of 30%, 30% and 40% of the awarded shares may be vested after the 36 months, 48 months and 60 months from the date of grant. Subject to the vesting schedule, the 2024 Share Award Scheme are vested within a period of five years commencing from the grant date. Total fair value of shares as at the 2024 Grant Date granted during year ended 31 December 2024 were determined to be HKD10,036,800, assuming the full conditions can be fulfilled.

As at 30 June 2025, the share option grantees satisfied the above mentioned exercise conditions in accordance with the 2024 Share Award Scheme. Employee benefit expense of amounting to RMB5,180,000 for the above share award scheme with a corresponding increase in equity is recognised in profit or loss.



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For the six months ended 30 June 2025

21 RESERVES

	Capital reserve RMB' 000	Statutory reserve RMB' 000	Translation reserve RMB' 000	Retained earnings RMB' 000	Share option reserves RMB' 000	Total RMB' 000
Balance at 1 January 2025	(70,715)	618,479	94,691	3,663,773	43,613	4,349,841
Profit for the period	—	—	—	507,631	—	507,631
Cash dividends (<i>Note 12</i>)	—	—	—	(293,282)	—	(293,282)
Employee share option schemes						
— value of employee services	—	—	—	—	9,407	9,407
— issue of shares	—	—	—	—	(1,919)	(1,919)
Treasury shares (<i>a</i>)	(27,438)	—	—	—	—	(27,438)
Currency translation differences	—	—	(9,636)	—	—	(9,636)
Balance at 30 June 2025	(98,153)	618,479	85,055	3,878,122	51,101	4,534,604
Balance at 1 January 2024	(70,715)	478,989	42,999	2,752,464	44,319	3,248,056
Profit for the period	—	—	—	811,419	—	811,419
Cash dividends (<i>Note 12</i>)	—	—	—	(173,614)	—	(173,614)
Employee share option schemes						
— value of employee services	—	—	—	—	(15,899)	(15,899)
— issue of shares	—	—	—	—	(426)	(426)
Currency translation differences	—	—	21,314	—	—	21,314
Balance at 30 June 2024	(70,715)	478,989	64,313	3,390,269	27,994	3,890,850

- (a) On June 13, 2025, the Board of Directors has announced that the Board has considered and approved the proposal of the Company or its designated persons (including its subsidiaries) to pay the trustee a maximum cash amount of HKD35 million to cover the purchase price or necessary expenses of the shares already granted and to be granted under the 2024 Share award scheme. The cash amount will be paid in instalments using their own funds by the company or designated personnel of the company (including its subsidiaries), and the relevant funds will form part of the trust assets.

After taking into account stock price fluctuations and necessary transaction costs, and based on the share limit granted under the 2024 Share award scheme, the directors believe that the payment of cash to the trustee is made on general commercial terms, fair and reasonable, and in the overall interests of the company and shareholders.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

22 BANK BORROWINGS

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Current		
Current portion of non-current bank borrowings		
— Secured	22,000	30,000
— Unsecured	49,210	20,210
	71,210	50,210
Short-term bank borrowings		
— Unsecured	90,000	294,397
	161,210	344,607
Non-current		
Bank borrowings		
— Secured	205,000	220,000
— Unsecured	337,593	190,703
	542,593	410,703
Total borrowings	703,803	755,310

As at 30 June 2025, the secured bank borrowings of RMB227,000,000 and undrawn borrowing facilities of RMB123,000,000 were secured by certain property, plant and equipment amounting to RMB103,769,000.

As at 31 December 2024, the secured bank borrowings of RMB250,000,000 and undrawn borrowing facilities of RMB100,000,000 were secured by certain property, plant and equipment amounting to RMB108,649,000.

As at 30 June 2025, the weighted average effective interest rates on borrowings from banks were 2.98% (31 December 2024: 3.34%).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

22 BANK BORROWINGS (Continued)

The carrying amounts of the Group's bank borrowings were denominated in the following currencies:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
RMB	703,803	515,913
USD	—	239,397
	703,803	755,310

23 TRADE PAYABLES

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Accounts payable	1,267,750	1,235,302
Notes payable (a)	698,070	870,840
	1,965,820	2,106,142

- (a) As at 30 June 2025, RMB698,070,000 (31 December 2024: RMB870,840,000) notes payable represented bank acceptance notes secured by certain restricted bank balances RMB69,130,000 (31 December 2024: RMB143,788,000) and long-term bank deposits RMB30,000,000 (31 December 2024: RMB0).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

23 TRADE PAYABLES (Continued)

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade payables based on invoice date were as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Within 3 months	1,895,197	1,563,161
4 to 6 months	15,912	461,719
7 to 12 months	9,695	19,200
Over 1 year	45,016	62,062
	1,965,820	2,106,142

24 OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Payables for purchase of property, plant and equipment	313,468	344,920
Accrued expense	264,426	239,148
Payroll and employee benefit payables	205,004	236,061
Freights and custom duty payable	204,602	172,285
Accrued sales rebates and commission	124,395	134,318
Deposit from customers and suppliers	22,876	39,092
Other tax payables	5,141	4,165
Interest payables	528	586
Other payables	41,156	69,594
	1,181,596	1,240,169

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

25 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Deferred tax assets:		
— Deferred tax assets to be recovered within 12 months	59,084	42,118
— Deferred tax assets to be recovered after more than 12 months	14,187	15,059
Set-off of deferred tax liabilities pursuant to set-off provisions	(48,349)	(53,139)
Deferred tax assets, net	24,922	4,038
Deferred tax liabilities:		
— Deferred tax liabilities to be settled within 12 months	(10,200)	(17,622)
— Deferred tax liabilities to be settled after more than 12 months	(98,809)	(92,939)
Set-off of deferred tax assets pursuant to set-off provisions	48,349	53,139
Deferred tax liabilities, net	(60,660)	(57,422)
		Unaudited 30 June 2025 RMB' 000
At the beginning of period		(53,384)
Charged to the consolidated statement of profit or loss (Note 10)		17,646
At the end of period		(35,738)

26 CAPITAL COMMITMENTS

The capital commitments of the Group as at the respective balance sheet dates were as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Purchase of property, plant and equipment		
— Contracted but not provided for	289,781	77,823

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

27 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions.

Save as disclosed elsewhere in the interim condensed consolidated financial information, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the six months ended 30 June 2025 and 2024, and balances arising from related party transactions as at 30 June 2025 and 31 December 2024.

Name and relationship with related parties are set out below:

Related party	Relationship
Chengshan Group	Immediate holding company
China National Heavy Duty Truck Group Co., Ltd. and its subsidiaries (referred as “ Sinotruk ”)	Ultimate parent company of Sinotruk (Hong Kong) Capital Holding Limited, a shareholder of the Company
Rongcheng Chengshan Properties Co., Ltd.	Entity controlled by immediate holding company
Rongcheng Chengshan Energy-Saving Services Co., Ltd.	Entity controlled by immediate holding company
Yunnan Prinx Chengshan Tire Co., Ltd.	The associated company of the Group, established on 12 July 2018, 22% equity interest attributable to the Group
Hebei Prinx Chengshan Tire Co., Ltd.	The associated company of the Group, established on 30 August 2019, 39% equity interest attributable to the Group
Guangdong Prinx Chengshan Tire Trading Co., Ltd.	The associated company of the Group, established on 26 October 2023, 40% equity interest attributable to the Group
Sino Legend Holding Group Limited	Shareholder of the Company
Sino Legend (China) Chemical Company Ltd.	Parent company of Sino Legend Holding Group Limited, a shareholder of the Company
Red Avenue Chemical (China) Co., Ltd.	Entity under same control with Sino Legend Holding Group Limited, a shareholder of the Company

The English names of certain companies referred to in these condensed consolidated interim financial information represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

27 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions with related parties**

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB' 000	RMB' 000
<i>Continuing transactions</i>		
(i) Purchase of utilities		
— Chengshan Group	100,969	96,900
(ii) Purchase of raw materials		
— Sino Legend (China) Chemical Company Ltd.	16,348	16,149
— Red Avenue Chemical (China) Co., Ltd.	7,523	9,417
	23,871	25,566
(iii) Sale of goods		
— Sinotruk	251,812	244,202
— Hebei Prinx Chengshan Tire Co., Ltd.	26,603	32,112
— Yunnan Prinx Chengshan Tire Co., Ltd.	10,767	12,346
— Guangdong Prinx Chengshan Tire Trading Co., Ltd.	6,781	—
	295,963	288,660
(iv) Rental and estate management expenses paid and payable		
— Chengshan Group	4,323	3,956
— Rongcheng Chengshan Properties Co., Ltd.	3,208	3,208
	7,531	7,164
(v) Service received		
— Rongcheng Chengshan Energy-Saving Services Co., Ltd.	4,760	5,481

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of the underlying agreements.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

27 RELATED PARTY TRANSACTIONS (Continued)**(b) Balances with related parties****(i) Amounts due from related parties**

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
<i>Current</i>		
Trade balances		
— Sinotruk	285,072	163,812
— Hebei Prinx Chengshan Tire Co., Ltd.	27,221	26,119
— Guangdong Prinx Chengshan Tire trading Co., Ltd.	12,873	11,926
— Yunnan Prinx Chengshan Tire Co., Ltd.	81	—
	325,247	201,857

The ageing analysis of trade receivables from related parties based on invoice date at respective dates of statement of financial position were as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Within 3 months	320,036	201,857
7 to 12 months	5,211	—
	325,247	201,857



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

27 RELATED PARTY TRANSACTIONS (Continued)**(b) Balances with related parties** (Continued)**(ii) Amounts due to related parties**

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
<i>Current</i>		
Contract liabilities		
— Yunnan Prinx Chengshan Tire Co., Ltd.	—	618
Trade payables and other payables		
— Sino Legend (China) Chemical Company Ltd.	13,456	10,375
— Red Avenue Chemical (China) Co., Ltd.	4,573	6,113
— Rongcheng Chengshan Energy-Saving Services Co., Ltd.	1,104	483
— Chengshan Group	742	777
— Rongcheng Chengshan Properties Co., Ltd.	535	535
— Guangdong Prinx Chengshan Tire trading Co., Ltd.	325	531
— Sino Legend Holding Group Limited	—	78
	20,735	18,892
	20,735	19,510

The ageing analysis of trade payables to related parties at respective dates of statement of financial position were as follows:

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Within 3 months	20,735	19,510

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

27 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(iii) Lease liabilities

	Unaudited 30 June 2025 RMB' 000	Audited 31 December 2024 RMB' 000
Non-current		
— Chengshan Group	4,254	8,559
Current		
— Chengshan Group	8,227	8,273
	12,481	16,832

28 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no events to cause material impact on the Group from the balance sheet date to the date of this report that should be disclosed.

