



BUYANG INTERNATIONAL HOLDING INC
步陽國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2457



Annual Report
2025

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Company Profile

OVERVIEW

Buyang International Holding Inc (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**us**” or “**our**”) is an aluminum alloy automobile wheel manufacturer focusing on the aftermarket which is the market for parts and accessories used in the repair or maintenance of an automobile who dedicate to providing customers with high quality aluminum alloy automobile wheels for aftermarket sales, to meet modification, repair and maintenance needs of the end users. We manufacture and sell different types of aluminum alloy automobile wheels to our customers. Our products comprise of a wide variety of aluminum alloy automobile wheels. We generally design and produce aluminum alloy automobile wheels with a wide variety of elements, including size, design and color pursuant to customers’ specific requirements and specifications. We also periodically offer our own designs to our customers based on our knowledge of contemporary market trends. Our products are used by a wide range of automobiles from subcompact and compact cars to full-size SUV and pickup truck. We maintain stable and long-term business with many customers in China and overseas countries and regions, providing high quality products that are widely appreciated by our customers.

Our manufacturing facility is located in Yongkang City, Jinhua City, Zhejiang Province, PRC, and is equipped with various production machines, including gravity casting machines, low pressure casting machines, CNC lathes, machining centers, pretreatment spray equipment, powder spray machines and liquid spray machines, creating a complete production line with strong production capacity of approximately million units of aluminum alloy automobile wheel per year.

BOARD OF DIRECTORS

Executive Directors

Ms. Xu Jingjun (*Deputy chairlady*)
Mr. Ying Yonghui (*Chief executive officer*)
Ms. Hu Huijuan

Non-executive Directors

Mr. Xu Buyun (*Chairman*)
Mr. Zhu Ning

Independent non-executive Directors

Mr. Yeung Man Simon
Mr. Chen Jingeng
Mr. Ren Guodong

AUDIT COMMITTEE

Mr. Yeung Man Simon (*Chairman*)
Mr. Chen Jingeng
Mr. Ren Guodong

REMUNERATION COMMITTEE

Mr. Chen Jingeng (*Chairman*)
Ms. Xu Jingjun
Mr. Ren Guodong

NOMINATION COMMITTEE

Mr. Xu Buyun (*Chairman*)
Ms. Xu Jingjun (*appointed on 30 June 2025*)
Mr. Chen Jingeng
Mr. Yeung Man Simon (*appointed on 30 June 2025*)
Mr. Ren Guodong

COMPANY SECRETARY

Ms. Cheung Yuet Fan (*FCG, HKFCG*)
(*resigned on 15 December 2025*)
Ms. Xu Yuelian

AUTHORIZED REPRESENTATIVES

Ms. Xu Jingjun
Ms. Xu Yuelian

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP Suites
3203–3207, 32nd Floor Edinburgh
Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

8 Buyang Road
Xicheng Jiedao
Yongkang City
Zhejiang Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICER

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

Bank of China Limited, Yongkang Branch

STOCK CODE

02457

COMPANY'S WEBSITE

bywheel.com

LISTING DATE

15 December 2022

Definitions

“Annual General Meeting” or “AGM”	the 2026 annual general meeting of the Company to be held on Friday, 29 May 2026
“Articles” or “Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors of Buyang International Holding Inc
“Buyang Group”	Buyang PRC and its subsidiaries, and, for the avoidance of doubt, exclude any member of our Group unless the context requires otherwise
“Buyang PRC”	Buyang Group Co., Ltd.* (步陽集團有限公司), formerly known as Yongkang City Buyun Door Co., Ltd.* (永康市步雲門業有限公司), Yongkang City Buyang Door Co., Ltd.* (永康市步陽門業有限公司) and Zhejiang Buyang Group Co., Ltd.* (浙江步陽集團有限公司), a company incorporated in the PRC with limited liability
“Buyang Wheel”	Zhejiang Buyang Auto Wheel Co., Ltd.* (浙江步陽汽輪有限公司), a company incorporated in the PRC with limited liability on 3 September 2007, which is an indirect wholly-owned subsidiary of our Company
“Company”, “our Company” or “the Company”	Buyang International Holding Inc (步陽國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 November 2018
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code” or “CG Code”	the corporate governance code as set out in Part 2 of Appendix C1 to the Listing Rule
“Director(s)”	the director(s) of our Company
“ECL”	expected credit losses
“First Oriental”	First Oriental Limited, one of the Controlling Shareholders and is wholly owned by TopSun
“Functional Currency”	the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity
“Global Offering”	as defined in the Prospectus
“Group”, “our Group”, “we” or “us”	our Company together with its subsidiaries and, in respect of the period before our Company became the holding company of our present subsidiaries, refers to the companies that are the present subsidiaries of the Company
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollar(s)”, “HKD” or “HK\$”	the lawful currency of Hong Kong
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	15 December 2022, the date on which dealings in the Shares on the Main Board of the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	prospectus of the Company dated 29 November 2022
“Reallocation Announcement”	the announcement of the Company dated 15 November 2024
“Renminbi” or “RMB”	the lawful currency of the PRC
“Report”	the Company’s annual report for the Reporting Period
“Reporting Period”	financial year ended 31 December 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with par value of US\$0.001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TopSun”	TopSun Investment Holding Company Limited, one of the Controlling Shareholders and is owned as to 70% by Mr. Xu Buyun and 30% by Ms. Chen Jiangyue
“%”	percent

* for identification purpose only

Financial Highlights

The summary of performance and assets and liabilities of the Group for the previous five financial years (extracted from the audited financial statements that have been published) is set out below:

PERFORMANCE

	For the year ended 31 December				
	2021	2022	2023	2024	2025
	(RMB'000)				
Revenue	440,356	440,329	367,053	391,981	404,827
Profit before tax	50,323	71,920	57,144	24,411	12,207
Income tax	(12,660)	(17,936)	(15,830)	(5,231)	(1,143)
Profit for the period	37,663	53,984	41,314	19,180	11,064
Total comprehensive income for the period	37,685	54,068	40,737	19,568	10,650
Earnings per share					
– Basic and diluted (RMB)	0.05	0.07	0.04	0.02	0.01

ASSETS AND LIABILITIES

	As of 31 December				
	2021	2022	2023	2024	2025
	(RMB'000)				
Assets					
Total assets	348,262	493,602	499,116	493,623	506,827
Equity and liabilities					
Total equity	214,420	367,464	380,887	400,455	411,105
Current liabilities	126,023	117,270	110,073	83,683	85,789
Total equity and current liabilities	340,443	484,734	490,960	484,138	496,894

Dear Shareholders:

On behalf of the board of directors (the **"Board"**) of Buyang International Holding Inc (the **"Company"**), I am pleased to present the annual results of the Company for the year ended December 31, 2025.

STEADY DEVELOPMENT OF THE BUSINESS

Although our sales in the US market declined in 2025 due to the impact of increased US tariffs, we strengthened cooperation with 168406 Canada Inc. and Treasure One Company through timely adjustments. As a result, sales volumes in these markets grew significantly, driving steady overall performance growth for us in 2025.

FUTURE OUTLOOK

In 2026, while consolidating our existing business, we launched our new off-road wheel brand, KINETAR. We will simultaneously promote and sell it in both domestic and international markets to further explore the off-road modification sector and expand our market share.

APPRECIATION

On behalf of the Board of the Company, I would like to extend my sincere gratitude to our Shareholders, investors, partners and the society for their trust and support, which are essential to the development of the Group.

Also, I would like to express my gratitude and respect to the members of the Board, management of the Company and all employees of the Group for their contributions. Looking to the future, the Company will continue to strive for development and create greater value for all.

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Overview

We are an aluminum alloy automobile wheel manufacturer focusing on the aftermarket which is the market for parts and accessories used in the repair or maintenance of an automobile. We manufacture and sell different types of aluminum alloy automobile wheels to our customers.

We are pleased to announce that for the Reporting Period, we have achieved solid results and further expanded our overall competitive advantages.

For the Reporting Period, we generated approximately RMB89.6 million, RMB274.3 million and RMB28.8 million of our total revenue from the sale of small, medium and large aluminum alloy automobile wheels, respectively, and sold over 1,119 thousand aluminum alloy automobile wheels to the customers.

For the Reporting Period, we generated 97.0% of our total revenue from the sales of aluminum alloy automobile wheels, approximately 26.8% and 73.2% of our total revenue from the sales of aluminum alloy automobile wheels were to the domestic and overseas markets, respectively, and we sold over 1,119 thousand aluminum alloy automobile wheels to customers, of which approximately 802.0 thousand were sold to the overseas markets.

During the Reporting Period, our revenue increased from approximately RMB392.0 million during the year ended 31 December 2024 to approximately RMB404.8 million, our profit for the year decreased from approximately RMB19.2 million during the year ended 31 December 2024 to RMB11.1 million in the Reporting Period.

During the Reporting Period, we launched our new off-road wheel brand, KINETAR. We will simultaneously promote and sell it in both domestic and international markets to further explore the off-road modification sector and expand our market share.

Throughout the Reporting Period, we remained dedicated to the ongoing development and research of new products. As a result, we successfully developed a total of 352 new products during the Reporting Period.

Business Model

We are primarily engaged in the research and development, design, production and sales of aluminum alloy automobile wheels to domestic and overseas customers who purchase our branded and non-branded products. We cooperate closely with our customers to provide them with high quality products which are tailor-made to their specifications and budgets in a timely manner.

Our top five customers in terms of revenue during the Reporting Period were wholesale traders and after-sales retailers in the aftermarket. During the Reporting Period, we made consistent effort to expand our sales in overseas market.

Our customers are mainly aluminum alloy automobile wheel wholesale traders and retailers in the aftermarket. We had 141 customers located in the PRC and had 105 customers located in overseas countries and territories for the year ended 31 December 2025.

Our products are mainly categorized by size, in particular the diameter of the aluminum alloy automobile wheels. The table below sets forth details of our products by type.

Type	Diameter	Main utilization
Small	12–16 inches	Subcompact and compact car
Medium	17–20 inches	Mid-size and large car and sports utility vehicle
Large	21–26 inches	Full-size sports utility vehicle and pickup truck

We generally design and produce aluminum alloy automobile wheels with a wide variety of elements, including size, design and color pursuant to customers' specific requirements and specifications. We also periodically offer our own designs to our customers based on our knowledge of contemporary market trends.

Management Discussion and Analysis

The following table sets forth our revenue by sizes of aluminum alloy automobile wheel, in absolute amount and as a percentage of total revenue derived from sales of aluminum alloy automobile wheels, for the years ended 31 December 2024 and 2025:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Small	89,633	22.8	74,407	19.6
Medium	274,300	69.8	272,632	71.7
Large	28,807	7.4	33,173	8.7
Total sales of aluminum alloy automobile wheel	392,740	100.0	380,212	100.0

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 3.3% from approximately RMB392.0 million for the year ended 31 December 2024 to approximately RMB404.8 million for the Reporting Period, mainly due to the increase in revenue generated from the sales of aluminum alloy wheels in Japan and Canada.

Sales volume of aluminum alloy automobile wheel

Our total revenue from the sale of aluminum alloy automobile wheels increased by approximately 3.3% from approximately RMB380.2 million for the year ended 31 December 2024 to approximately RMB392.7 million for the Reporting Period, mainly due to (i) the increased orders from existing customers; and (ii) the development of new products.

Sales of other products

Our total revenue from the sale of other products for the Reporting Period increased by approximately 2.5% from approximately RMB11.8 million for the year ended 31 December 2024 to approximately RMB12.1 million for the Reporting Period, mainly due to the increase in sales price of scrap aluminum.

Sales by geographic market

The majority of our revenue is generated from overseas markets. During the Reporting Period, revenue from sales in overseas markets accounted for approximately 71.0% of total revenue. Revenue from sales in overseas markets increased by approximately 8.2% from approximately RMB265.8 million for the year ended 31 December 2024 to approximately RMB287.6 million for the Reporting Period. Our revenue from Asia remained relatively stable, decreasing slightly by approximately 0.6% from approximately RMB198.5 million for the year ended 31 December 2024 to approximately RMB197.3 million for the Reporting Period. Our revenue from America increased by approximately 12.3% from approximately RMB120.5 million for the year ended 31 December 2024 to approximately RMB135.3 million for the Reporting Period. Our revenue from Europe decreased by approximately 12.1% from approximately RMB62.0 million for the year ended 31 December 2024 to approximately RMB54.5 million for the Reporting Period, mainly due to the weak consumption market. Our revenue from Africa increased by approximately 88.1% from approximately RMB5.9 million for the year ended 31 December 2024 to approximately RMB11.1 million for the Reporting Period, mainly due to growth in business volume in regions such as Libya. Our revenue from Oceania increased by approximately 26.9% from approximately RMB5.2 million for the year ended 31 December 2024 to approximately RMB6.6 million for the Reporting Period.

Cost of Sales

Our cost of sales increased by approximately 5.3% from approximately RMB342.3 million for the year ended 31 December 2024 to approximately RMB360.3 million for the Reporting Period, which was due to the increase in the sales volume of aluminum alloy automobile wheels.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 10.3% from approximately RMB49.7 million for the year ended 31 December 2024 to approximately RMB44.6 million for the Reporting Period, primarily due to the decreased gross profit margin.

Our gross profit margin was approximately 11.0% for the Reporting Period, representing a decrease as compared to gross profit margin of approximately 12.7% for the year ended 31 December 2024, mainly because of the increase in price of raw material and competitive market in 2025.

Other Revenue

Our other revenue primarily included government grants and rentals receivable from operating leases, other than those relating to investment property. Such government grants included financial subsidies for various aspects of our operations, which were granted by local government authorities in the PRC.

Our other revenue decreased by approximately 10.5% from approximately RMB1.9 million for the year ended 31 December 2024 to approximately RMB1.7 million for the Reporting Period.

Other Net Loss

We had other net loss of approximately RMB1.0 million for the Reporting Period, as compared to other net gain of approximately RMB4.4 million for the year ended 31 December 2024. Our other net gain/loss primarily included net exchange gain/loss, which were primarily attributable to translation of our trade and other receivables and cash at bank denominated in U.S. dollar into RMB. The fluctuation was align with the exchange rate and our overseas business scale.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable, increasing slightly by approximately 1.0% from approximately RMB10.0 million for the year ended 31 December 2024 to approximately RMB10.1 million for the Reporting Period.

Administrative and Other Operating Expenses

Our administrative and other operating expenses remained relatively stable, decreasing slightly by approximately 2.4% from approximately RMB12.3 million for the year ended 31 December 2024 to approximately RMB12.0 million for the Reporting Period.

Research and Development Costs

The research and development costs increased by approximately 4.1% from approximately RMB14.5 million for the year ended 31 December 2024 to approximately RMB15.1 million for the Reporting Period, which remained relatively stable.

Net Finance Income

The Group had net finance income of approximately RMB4.1 million for the Reporting Period, compared with net finance income of approximately RMB4.7 million for the year ended 31 December 2024, representing a decrease of 12.8% mainly due to the decrease in interest rate resulting in lower finance income.

Profit Before Tax

As a result of the foregoing, our profit before tax for the Reporting Period amounted to approximately RMB12.2 million, representing a decrease of approximately 50.0% as compared to approximately RMB24.4 million for the year ended 31 December 2024.

Management Discussion and Analysis

Income Tax

Our income tax decreased by approximately 78.8% from approximately RMB5.2 million for the year ended 31 December 2024 to approximately RMB1.1 million for the Reporting Period, primarily due to the decrease of the profit before tax. Our effective tax rate decreased from approximately 21.4% for the year ended 31 December 2024 to 9.4% for the Reporting Period, mainly due to the additional research and development expenses deductions, partially offsetting by the withholding tax.

Profit for the Year

Based on the above, our profit for the year decreased by approximately 42.2% from approximately RMB19.2 million for the year ended 31 December 2024 to approximately RMB11.1 million for the Reporting Period and our net profit margin for the year decreased from approximately 4.9% for the year ended 31 December 2024 to approximately 2.7% for the Reporting Period.

Liquidity and Financial Resources

Financial Position

Our total assets increased by approximately 2.7% from approximately RMB493.6 million as of 31 December 2024 to approximately RMB506.8 million as of 31 December 2025. Total liabilities increased by approximately 2.7% from approximately RMB93.2 million as of 31 December 2024 to approximately RMB95.7 million as of 31 December 2025.

As at 31 December 2025, current assets amounted to approximately RMB427.6 million, representing an increase of approximately 7.7% from approximately RMB397.1 million as at 31 December 2024, primarily due to the increase in the inventories and loan provided to a related party (current portion). Of which, inventories were approximately RMB94.0 million (31 December 2024: approximately RMB85.9 million); trade and other receivables were approximately RMB72.0 million (31 December 2024: approximately RMB80.3 million); pledged deposits were approximately RMB17.9 million (31 December 2024: approximately RMB16.6 million); a loan provided to a related party (current portion) was approximately RMB14.6 million (31 December 2024: approximately RMB0.1 million); the income tax recoverable was RMB2.1 million (31 December 2024: approximately RMB1.3 million); and time deposits were approximately RMB121.0 million (31 December 2024: RMB40.0 million).

As at 31 December 2025, current liabilities amounted to approximately RMB85.8 million (31 December 2024: approximately RMB83.7 million); trade and other payables amounted to approximately RMB80.0 million (31 December 2024: approximately RMB78.3 million); contract liabilities amounted to approximately RMB5.2 million (31 December 2024: approximately RMB4.9 million); lease liabilities of approximately RMB0.5 million (31 December 2024: approximately RMB0.5 million). Non-current liabilities amounted to approximately RMB9.9 million (31 December 2024: approximately RMB9.5 million).

Inventories

As of 31 December 2025, our inventories amounted to approximately RMB94.0 million, representing an increase of approximately 9.4% from approximately RMB85.9 million as of 31 December 2024, mainly due to the production and procurement of the inventories for sales orders obtained.

Trade and other receivables

Our trade and other receivables remained stable at approximately RMB72.0 million as at 31 December 2025, representing an decreased of approximately 10.3% from approximately RMB80.3 million as of 31 December 2024, mainly due to improvement in collections.

Cash and Cash Equivalents

The Group continued to maintain a strong financial position. As of 31 December 2025, our cash and cash equivalents amounted to approximately RMB106.1 million, representing a decrease of approximately 38.6% from approximately RMB172.9 million as of 31 December 2024, mainly due to a portion of cash and cash equivalents have been transferred to time deposits for better economic benefit.

Management Discussion and Analysis

Funding and Treasury Policy

The Group's funding and finance policy aims to maintain stable financial position and mitigate financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Trade and other payables

Our trade and other payables remained relatively stable, increasing slightly by approximately 2.2% from approximately RMB78.3 million as of 31 December 2024 to approximately RMB80.0 million as of 31 December 2025.

Borrowings

As of 31 December 2025, the bank loans of the Group was nil (31 December 2024: nil).

Gearing Ratio

The Group's gearing ratio (which equals total debt (including bank loans and lease liabilities) divided by total equity) decreased from 1.7% as of 31 December 2024 to 1.5% as of 31 December 2025.

Capital Structure

As at the date of this Report, the issued share capital of the Company was US\$1.0 million, comprising 1,000,000,000 Shares of nominal value of US\$0.001 per Share.

Working Capital

As at 31 December 2025, our net current assets amounted to approximately RMB341.8 million (31 December 2024: approximately RMB313.4 million). Our current assets principally consist of inventories, trade and other receivables, a loan provided to a related party, income tax recoverable, time deposits, cash and cash equivalents and pledged deposits. Our current liabilities principally consist of trade and other payables, contract liabilities and lease liabilities.

Capital Expenditures

As at 31 December 2025, we incurred and settled capital expenditure, mainly comprising expenditure on property, plant and equipment and intangible assets, of approximately RMB21.8 million (31 December 2024: approximately RMB19.5 million), mainly for the construction in progress.

Capital Commitments

As at 31 December 2025, our capital commitments for purchase of property, plant and equipment amounted to approximately RMB2.7 million (31 December 2024: approximately RMB1.9 million).

Pledge of Assets

As of 31 December 2025, we had collateral deposits of approximately RMB17.9 million (31 December 2024: approximately RMB16.6 million), which mainly consist of deposits for the issuance of bank acceptance notes. The pledged deposits will be released upon settlement of the relevant bank acceptance notes by the Group.

Contingent Liabilities

During the Reporting Period, we did not have any material contingent liabilities.

Significant Investments Held

During the Reporting Period, the Group did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 31 December 2025).

Material Acquisitions and Disposals of Subsidiaries and Associates

During the Reporting Period, the Group did not have material acquisitions or disposals of subsidiaries or associates.

Future Plans for Major Investments and Capital Assets

During the Reporting Period, save as disclosed in the paragraph headed "Global Offering and the Use of Proceeds" below, the Group had no specific plans for major investments or acquisitions of major capital assets or other businesses.

RISK FACTORS AND RISK MANAGEMENT

We are exposed to various types of financial risk in the ordinary course of business, including market risk (consisting of currency risk and interest rate risk), credit risk and liquidity risk.

1. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks are primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits, pledged deposits and bills receivable is limited because the counterparties are banks, for which the Group considers its credit risk to be low. In respect of other receivables and loans provided to related parties, the Group has assessed that the expected credit loss rate for these receivables is immaterial and no loss allowance provision for these receivables was recognised during the Reporting Period. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Our exposure to credit risks is influenced mainly by the individual characteristics of each customer or debtor rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers or debtors. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mostly due from the date of revenue recognition. Normally, we do not obtain collateral from customers.

In respect of trade receivables, we measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience do not indicate significantly different loss patterns for different customer segments, the loss allowance based on ageing information which is analyzed based on the date of revenue recognition is not further distinguished between our different customer bases.

2. Liquidity Risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Management Discussion and Analysis

3. Interest Rate Risk

The Group's interest-bearing financial instruments at variable rates are the cash at bank as at the relevant period. The cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates are time deposit, lease liabilities and a loan provided to a related party that are measured at amortized cost, and the change of market interest rate does not materially expose the Group to fair value interest risk. Overall speaking, the Group's exposure to interest rate risk is not significant.

4. Currency Risk

The Group is exposed to currency risk primarily through sales which give rise to receivables and cash balances that are denominated in a currency other than the Functional Currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars. During the Reporting Period, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group manages its foreign currency risk by closely monitoring the fluctuation of foreign currency rates.

FUTURE PROSPECTS

In 2026, our focus will persist on expanding into new markets and acquiring new customers, while also maintaining proactive communication with our existing customers. With a strong sense of confidence in our management, we are optimistic about the future growth prospects of our business. Notwithstanding the uncertainties in the industry and the overall competitive business environment, the Group will continue to be committed to implementing the business strategies.

OTHER INFORMATION

Human Resources and Remuneration Policies

The number of employees of the Group was 492 as of 31 December 2025 (31 December 2024: 486). The total staff costs for the Reporting Period was approximately RMB55.9 million as compared to approximately RMB54.5 million for the year ended 31 December 2024. We did not incur equity settled Share-based expenses during the Reporting Period.

To promote employees' knowledge and technical expertise, the Group offers training programs to employees from time to time according to their job duties. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds.

Corporate Governance Practices

The Company is committed to maintaining a high level of corporate governance in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 of the Listing Rules (the "**Listing Rules**") as its own corporate governance code. The Board believes that good corporate governance could lead the Company to success and balance the interests of Shareholders, customers and employees, and the Board is therefore devoted to ongoing reviews and enhancements of the efficiency and effectiveness of compliance with such principles and practices.

During the Reporting Period and up to the date of this Report, the Company has complied with all applicable code provisions under Part 2 of the CG Code.

Management Discussion and Analysis

Model Code For Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period and up to the date of this Report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period and up to the date of this Report, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities or sold any treasury Shares. As at 31 December 2025, the Company did not hold any treasury Shares.

Events After The Reporting Period

As at the date of this Report, the Group has no important events which occurred after the end of the Reporting Period that are required to be disclosed.

Directors and Senior Management

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Xu Jingjun, aged 37, was appointed as our executive Director on 25 September 2020. Ms. Xu initially joined our Group in February 2011 and subsequently rejoined in December 2015. Ms. Xu is also the deputy chairlady of our Board.

Ms. Xu is primarily responsible for overseeing the human resources function of the Group, representing the Group in external affairs, participating in major decision making and strategic development planning processes of the Group and implementing decisions of the Board.

From September 2009 to February 2011, Ms. Xu was the manager of the export trade department of Buyang PRC. From February 2011 to September 2013, Ms. Xu was the general manager of Buyang Wheel, our wholly-owned subsidiary, responsible for overseeing the operation and management of Buyang Wheel. From January 2013 to January 2017 and from July 2013 to January 2017, Ms. Xu was the chairlady of Shandong Buyang Door Co., Ltd.* (山東步陽門業有限公司) and Sichuan Buyang Door Co., Ltd.* (四川步陽門業有限公司), respectively, both a member of Buyang Group. In December 2015, Ms. Xu re-joined our Group and was appointed as a director of Buyang Wheel. Since January 2017, Ms. Xu has also been appointed as the general manager of Buyang PRC.

Ms. Xu completed grade eleventh high school education in the PRC in July 2005 and the Zhongjiao Professional Talent Training Class* (中教高技能人才培養班), with accounting specialization, organized by the Continuing Education College of Xingzhi College Zhejiang Normal University (浙江師範大學行知學院繼續教育學院) in June 2019. Ms. Xu is also a vice president of the China Construction Metal Structure Association (中國建築金屬結構協會).

Ms. Xu is the daughter of Mr. Xu, the chairman of our Board and our non-executive Director.

Mr. Ying Yonghui, aged 49, was appointed as our executive Director on 25 September 2020. Mr. Ying joined our Group in October 2007 and is currently our chief executive officer and general manager. Mr. Ying is primarily responsible for overseeing the daily management of the Group, participating in major decision making and strategic development planning processes of the Group and implementing decisions of the Board.

Prior to joining our Group, Mr. Ying held various positions in the Buyang Group, including as a sales manager of the door manufacturing business between October 2002 and October 2004, the marketing director of the garage door manufacturing business between October 2004 and October 2005, the procurement manager of the scooter business between October 2005 and October 2006 and the deputy general manager (responsible for sales) of the automobile wheels and parts manufacturing business between October 2006 and June 2007. Subsequently, Mr. Ying joined Buyang Wheel in October 2007 as deputy general manager (responsible for sales) and has been promoted as the general manager and appointed as a director of Buyang Wheel in September 2013.

Mr. Ying graduated from Communist Party of China Yongkang Municipal Committee Party School* (中國共產黨永康市委黨校) with rural economic management specialization in July 2002 and Lishui Vocational and Technical College (麗水職業技術學院) with electromechanical integration technology specialization in July 2024 through correspondence education. Mr. Ying has been a senior economist accredited by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) since January 2025.

Ms. Hu Huijuan, aged 40, was appointed as our executive Director on 25 September 2020. Ms. Hu joined our Group in February 2010 and is currently also the international sales manager of Buyang Wheel. Ms. Hu is primarily responsible for overseeing the international sales of the Group and participating in major decision making and strategic development planning processes of the Group.

Directors and Senior Management

Prior to joining our Group, Ms. Hu worked in Maxim Label and Packaging Shanghai Co., Ltd. (上海美聲服飾輔料有限公司), a company principally engaged in clothing accessories manufacturing and sales, as sales assistant between August 2007 and May 2009. Ms. Hu joined Buyang Wheel in February 2010 and has been the international sales manager of Buyang Wheel since then. Ms. Hu has also been appointed as a director of Buyang Wheel on 20 December 2015.

Ms. Hu graduated from Zhejiang Forestry College* (浙江林學院) (currently known as Zhejiang A&F University) with a bachelor's degree in business administration (Sino-Australian cooperation) in June 2007.

Non-executive Directors

Mr. Xu Buyun, aged 62, was appointed as our Director on 14 November 2018 and was redesignated as our non-executive Director on 25 September 2020. Mr. Xu is the co-founder of our Group and also the chairman of our Board and one of our Controlling Shareholders. Mr. Xu is primarily responsible for formulating the production and investment plans of the Group, overseeing the organizational structure and management policies of the Group and leading the major decision making and strategic development planning processes of the Group.

Mr. Xu has more than 20 years of experience in the manufacturing industry. Prior to establishing our Group, Mr. Xu worked as a worker in an automobile service factory, between September 1981 and June 1992 and as the factory director of Yongkang City In-town Foundry* (永康市城中鑄造廠), responsible for overseeing its production, operation and management, between November 1992 and January 1996. In November 1995, Mr. Xu established Zhejiang Province Yongkang City Jingwang Optical Equipment Manufacturing Co., Ltd.* (浙江省永康市鏡王光學儀器製造有限公司), a company principally engaged in manufacturing and sales of optical instrument, with his brother-in-law and acted as its general manager, responsible for overseeing its production, operation and management, between February 1996 and June 1998.

In June 1998 and July 1998, Mr. Xu established Buyang PRC (then known as Yongkang City Buyun Door Co., Ltd.* (永康市步雲門業有限公司)) with his brother-in-law and Shanghai Buyang Security Door Co., Ltd.* (上海步陽防撬門有限公司) as its sole shareholder, respectively, to engage in safety door sales. Mr. Xu was appointed as the chairman of Buyang PRC in February 2001 and subsequently held various managerial roles in the Buyang Group (i.e. Buyang PRC and its subsidiaries).

In addition, Mr. Xu was the responsible officer of Yongkang City Buyun Door Co., Ltd. Distribution Center* (永康市步雲門業有限公司配貨中心) ("**Buyun Door Distribution**"), a sole proprietorship enterprise established in the PRC. The business license of Buyun Door Distribution has been revoked due to failure to complete the annual corporate filings with the relevant authority and its business registration has been struck off on 25 September 2001 due to revocation of business license. Mr. Xu has confirmed that there was no wrongful act on his part leading to the revocation of business license and the struck off and he is not aware of any actual or potential claim which had been or will be made against him as a result of the revocation of business license or the struck off.

Mr. Xu obtained senior economist qualification specialized in corporate management awarded by Jinhua City Human Resources Bureau* (金華市人事局) in November 2000 and graduated from Zhejiang College of Finance and Economics* (浙江財經學院) (currently known as Zhejiang University of Finance and Economics) specialized in business administration through completing higher education self-taught examination in June 2003.

Mr. Xu is currently a member of the 14th People's Congress of Zhejiang Province and a member of the standing committee of the 18th People's Congress of Yongkang City and was a member of the 13th People's Congress of Zhejiang Province, a member of the seventh People's Congress of Jinhua City and a member of the standing committee of the 17th People's Congress of Yongkang City. Mr. Xu was also a vice president of the China Construction Metal Structure Association (中國建築金屬結構協會) from November 2012 to December 2019, and is currently the president of Zhejiang Province Construction and Door Industry Association* (浙江省建築門業協會) and currently the president of Yongkang City Door Industry Association* (永康市門業協會).

Mr. Xu is the father of Ms. Xu, the deputy chairlady of our Board and our executive Director.

Directors and Senior Management

Mr. Zhu Ning, aged 44, was appointed as our non-executive Director on 25 September 2020. Mr. Zhu joined our Group in December 2015. Mr. Zhu is primarily responsible for participating in major decision making and strategic development planning processes of the Group.

Prior to joining our Group, Mr. Zhu worked in Zhejiang Suofu Industry and Trade Co., Ltd.* (浙江索福工貿有限公司), a safety door manufacturer, between September 2003 and December 2006 as assistant to deputy general manager. Since September 2007, Mr. Zhu has held various positions in the Buyang Group, including the business manager of the interior door manufacturing business between September 2007 and February 2009, the manager of the administration department of the property development business between February 2009 and December 2011 and has been the deputy general manager and director of administration department of Buyang PRC since January 2012. Mr. Zhu has further been appointed as the director of administrative and legal department of Buyang Wheel in January 2020 and was a supervisor of Buyang Wheel between December 2015 and March 2020.

In addition, Mr. Zhu was the legal representative, director, shareholder and manager of Yongkang City Lekesi Electronics Co., Ltd.* (永康市勒克斯電子有限公司), a company incorporated in the PRC with limited liability, whose business license has been revoked on 21 June 2018 due to suspension of business for a continuous period of more than six months and has been deregistered. As investigated and confirmed by the Yongkang City Administration for Market Regulation* (永康市市場監督管理局), the revocation resulted from the oversight of the staff of Yongkang City Lekesi Electronics Co., Ltd.* in attending the deregistration process in a timely manner and Mr. Zhu shall not be personally liable to the revocation and there does not exist any circumstance that render Mr. Zhu not suitable to be a director, supervisor or senior management under the Company Law of the People's Republic of China (《中華人民共和國公司法》).

Mr. Zhu graduated from the Southwest University of Political Science & Law with a law degree in December 2005 through completing higher education self-taught examination.

Independent Non-executive Directors

Mr. Yeung Man Simon, aged 54, was appointed as our independent non-executive Director on 28 October 2020. Mr. Yeung is primarily responsible for providing independent judgment to our Board.

Mr. Yeung has more than 28 years of experience in corporate finance, financial management and initial public offering of companies. During the period from 1997 to 2015, Mr. Yeung acted as the company secretary, financial controller as well as chief financial officer in a number of companies whose shares are listed on the Stock Exchange involving different industries. In May 2015, Mr. Yeung worked as a vice president of a subsidiary of Crown International Corporation Limited (HKEx: 727) (“**Crown International**”), responsible for business development, corporate finance, financial management and control, and was later appointed as the executive director, chief financial officer of Crown International in August 2015, redesignated as its chief executive officer in October 2016 and further appointed as its company secretary in March 2017. Mr. Yeung resigned from Crown International in March 2019. From May 2019 to September 2019, Mr. Yeung was the head of China market development department of Creative Property Services Consultants Limited, a company principally engaged in property management and a subsidiary of Creative Enterprise Holdings Limited, the shares of which were previously listed on the Main Board of the Stock Exchange.

Directors and Senior Management

From April 2021 to July 2024, Mr. Yeung was the chief financial officer and company secretary of Zhong An Intelligent Living Service Limited which is an integrated property management service provider in the PRC whose shares were listed on the Main Board of the Stock Exchange (HKEx: 2271) on 18 July 2023.

Since April 2022, Mr. Yeung has been an independent non-executive director of International Business Digital Technology Limited (previously known as Vixtel Technologies Holdings Limited) (HKEx: 1782).

Mr. Yeung graduated from the University of Georgia in the United States with the degree of Bachelor of Business Administration, major in accounting and finance in March 1997. Mr. Yeung was admitted as an associate member of the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) in April 2002 and a member of the American Institute of Certified Public Accountants in July 2001.

Mr. Chen Jingeng, aged 48, was appointed as our independent non-executive Director on 28 October 2020. Mr. Chen is primarily responsible for providing independent judgment to our Board.

Mr. Chen has over 17 years of experience in the legal service industry. From November 2007 to April 2008, Mr. Chen was a legal assistant in the Hong Kong office of Clyde & Co., a Hong Kong solicitors' firm. Since October 2008, Mr. Chen has been working in the Shenzhen office of Zhong Lun Law Firm, focusing in capital market practice, and has been admitted as partner in January 2012. Mr. Chen has worked with SSC Corporate Services Limited as Senior Legal Counsel-China since 15 March 2023. Mr. Chen is a registered lawyer in the PRC.

Mr. Chen graduated from Shanghai University of Finance and Economics and obtained a law degree, specialized in international economic laws, in June 1999. Mr. Chen was further awarded the degree of Master of Laws and the degree of Master of Arts in Legal Studies by the University of Bristol in January 2004 and June 2005, respectively.

Mr. Ren Guodong, aged 43, was appointed as our independent non-executive Director on 9 July 2024. Mr. Ren is primarily responsible for providing independent judgment to our Board.

Mr. Ren has extensive experience in the capital market. From September 2006 to December 2010, he served as a senior auditor in Ernst & Young (安永華明會計師事務所). From January 2011 to September 2021, he has been the executive director in the investment banking department of Essence Securities Co. Ltd. (安信證券股份有限公司). From October 2021 to July 2023, he served as a senior executive director in the investment banking department of Guotai Junan Securities Co. Ltd. (國泰君安證券股份有限公司). Since August 2023, he serves as the general manager in the investment department of Shanghai Tianyou Investment Management Ltd. (上海添宥投資管理有限公司). He founded Shanghai Anhongyuan Private Fund Management Co., Ltd. (上海安泓遠私募基金管理有限公司) in March 2025 and serves as the executive director and general manager.

Mr. Ren obtained a Bachelor's degree in engineering, a Master's degree in management from the Tongji University, Shanghai, China in 2003 and 2006, respectively.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Xu Yongsheng, aged 42, joined our Group in February 2011 and is currently the deputy general manager cum domestic sales manager of Buyang Wheel. Mr. Xu Yongsheng is primarily responsible for overseeing the domestic sales of the Group.

Prior to joining our Group, Mr. Xu Yongsheng worked in Shanghai Wantai Aluminum Co., Ltd.* (上海萬泰鋁業有限公司) (currently known as Shanghai Yongmaotai Automotive Technology Co., Ltd. (上海永茂泰汽車科技股份有限公司)), a company principally engaged in automobile aluminum alloy and aluminum alloy accessories development, production and sales, as business manager between December 2006 and November 2007 and Yantai Tongtai Renewable Resources Co., Ltd.* (煙台通泰再生資源有限公司), a company principally engaged in machining and sales of casting materials businesses, as manager between April 2008 and February 2009. Mr. Xu Yongsheng joined Buyang Wheel as deputy domestic sales manager in February 2011 and was later promoted as domestic sales manager in May 2014. Mr. Xu Yongsheng has further been appointed as the deputy general manager of Buyang Wheel in December 2015.

Mr. Xu Yongsheng graduated from Zhejiang University of Science and Technology with financial management specialization in June 2012.

Mr. Huang Wei, aged 39, joined our Group in February 2008 and is currently the deputy general manager cum head of technical department of Buyang Wheel. Mr. Wang is primarily responsible for overseeing the production, technical aspects and product development of the Group.

Mr. Huang joined Buyang Wheel as technician in February 2008, primarily responsible for accessories and products development, and was later promoted as the head of the technical department in March 2014. Mr. Huang has further been appointed as the deputy general manager of Buyang Wheel in December 2015.

Mr. Huang graduated from Lishui University in Zhejiang with computer assisted design and manufacturing (senior) specialization in July 2007.

Ms. Hu Meijuan, aged 56, joined our Group in February 2008 and is currently our financial controller. Ms. Hu is primarily responsible for financial strategic planning, financial and fund management and internal control matters.

Ms. Hu has over 25 years of experience in accounting. Prior to joining our Group, Ms. Hu worked as a sales accountant in Zhejiang Yongkang Jiamei Resin Wheel Co., Ltd.* (浙江永康佳美樹脂砂輪有限公司) between February 1993 and December 2000 and as an export sales accountant in Ganghai Group Co., Ltd.* (鋼海集團有限公司) between March 2001 and April 2003. From April 2003 to December 2004, Ms. Hu worked in Zhejiang Suopu Industrial Co., Ltd.* (浙江索普實業有限公司) as a finance manager and later worked in Zhejiang Guangtai Industry and Trade Co., Ltd.* (浙江廣泰工貿有限公司) as a finance manager between February 2005 and January 2008. Ms. Hu joined Buyang Wheel in February 2008 as finance manager and was later promoted as the financial controller in August 2008.

Ms. Hu graduated from Zhejiang Province China Accounting Education College* (浙江省中華會計函授學校) with accounting specialization in July 2002 and was conferred the junior accounting qualification by the Ministry of Finance of the PRC in May 1999.

Directors and Senior Management

COMPANY SECRETARY

Ms. Xu Yuelian, aged 58, has been appointed as the company secretary of our Company on 25 September 2020. Ms. Xu Yuelian is primarily responsible for handling corporate secretarial and compliance work of our Group.

Ms. Xu Yuelian has over 30 years of experience in financial accounting. Between July 1991 and December 2003, Ms. Xu Yuelian performed accounting function in various companies in the PRC. In January 2004, Ms. Xu Yuelian joined Buyang PRC as finance manager and was subsequently promoted as the treasury manager of Buyang PRC in January 2014. Ms. Xu Yuelian has also been the office manager of Buyang Wheel since September 2007 and a supervisor of Buyang Wheel between September 2007 and March 2020.

Ms. Xu Yuelian obtained accountant qualification awarded by Jinhua City Human Resources Bureau* (金華市人事局) in August 2000 and graduated from Zhejiang University of Science and Technology (浙江科技學院) with accounting specialization in June 2011.

* For identification purpose only

Directors' Report

The Board is pleased to announce the Group's Report and audited consolidated financial statements for the Reporting Period.

MAIN BUSINESS

The Company is an investment holding company. The Group is principally engaged in aluminum alloy automobile wheel manufacturing, focusing on the aftermarket, that is, the spare parts market for automobile repair and maintenance, and is committed to providing customers with high-quality aluminum alloy automobile wheel for aftermarket sales to satisfy end users modification, repair and maintenance needs. We manufacture and sell various aluminum alloy automobile wheels to our customers. The main business analysis of the Group during the Reporting Period is set out in note 3 to the consolidated financial statements.

BUSINESS REVIEW

The review of the Group's business during the Reporting Period and the discussion and analysis of the Group's performance are set out in the section headed "Chairman's Statement" on page 7 and the "Management Discussion and Analysis" section on pages 8 to 15 of this Report.

The discussion of the material relationships with its key stakeholders and the performance analysis of the Group during the Reporting Period using key financial performance indicators are set out in the sections headed "Financial Highlights" on page 6 and the "Management Discussion and Analysis" section on pages 8 to 15 of this Report.

Compliance with Laws and Regulations

Insofar as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects during the Reporting Period.

Major Risks and Uncertainties

Insofar as the Directors are aware, the financial condition, operating results, business and prospects of the Group may be affected by various risks and uncertainties. The major risks and uncertainties identified by the Group are as follows:

- Developments and changes in the automobile industry and government policies affecting demand in the aftermarket may adversely affect the sales and production of our aluminum alloy steam wheels.
- We are subject to various international trade regulations, quotas, tariffs and duties, including anti-dumping, which may adversely affect our business, financial condition and results of operations.
- We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities.
- Changes in international trade policies or imposition of barriers to trade, and the ongoing political tension between Lithuania and the PRC may have an adverse effect on our business.

- A significant portion of our revenue is derived from a limited number of our customers located both in the PRC and overseas and any decrease or termination of our sales to our major customers may have a material adverse effect on our business and financial condition.
- We are exposed to risks related to fluctuation in the price of aluminum ingot, and any substantial increase in the price of aluminum ingot could have a material adverse effect on our business, financial condition and results of operations.
- A significant portion of our raw materials were procured from a limited number of suppliers with whom we had no long-term agreements.
- We may experience labor shortages, increased staff costs or deterioration in our labor relations.
- We may be unable to obtain, retain or renew required permits, licenses, registrations or certificates for our business operations in the PRC.

FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the "Financial Highlights" section of this Report. The summary does not form part of the audited consolidated financial statements.

RESULTS

The performance of the Group during the Reporting Period is set out in the sections "Consolidated Statement of Profit or Loss and Other Comprehensive Income", "Consolidated Statement of Financial Position", "Consolidated Statement of Changes in Equity", and "Consolidated Statement of Cash Flows" in the financial statements of this Report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend in 2025 (2024: nil).

During the Reporting Period, the Company is not aware of any Shareholders who had waived or agreed to waive any rights to dividend. The Directors are not aware of any tax relief available to Shareholders as a result of holding securities of the Company. Any Shareholder who is in any doubt as to the tax implications arising from the purchase, holding, sale or trading of shares or the exercise of any rights in respect of the shares of the Company should seek expert advice.

DIVIDEND POLICY

We may distribute dividends in cash, shares or a combination of cash and shares. The Board formulates our profit distribution plan based on our operating results, cash flows, financial condition, future business prospects, statutory and regulatory restrictions on dividend payouts and other factors that the Board considers relevant. All of our Shareholders have equal rights to receive dividends and other distributions in proportion to their shareholding. The Company does not adopt a fixed dividend policy with a prescribed payout ratio. The declaration, payment and amount of dividends will be determined at the Board's sole discretion. The declaration and distribution and amount of any dividends will also be subject to compliance with the Company's Articles of Association and all applicable laws and regulations. The Directors may reassess the dividend policy from time to time.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS/RECORD DATE

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no Share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant Share certificates must be lodged for registration with the Company's Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 22 May 2026. The shareholders whose names appear on the register of members of the Company on Friday, 29 May 2026 (i.e. the record date) are entitled to attend and vote at the AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

We have developed an environmental, social and governance (“**ESG**”) policy which outlines (i) the appropriate risk governance on ESG matters; (ii) ESG risk management and monitoring; and (iii) the identification of key performance indicators, the relevant measurements and mitigating measures. We understand the supervisory responsibility of the Board on ESG matters and have assigned Mr. Ying Yonghui, one of our executive Directors to be responsible for strengthening our awareness of ESG matters, especially in the identification of ESG-related risks and establishing appropriate responses to such risks.

According to the Company's ESG policy, our senior management will manage and implement ESG matters under the leadership of the Board. We have established an environmental protection leadership team consisting of the heads of each of our major operating departments (including administration and safety departments) and major production stages (including casting stage, machining stage, painting stage and packaging stage). Each department head or production stage supervisor will assess and manage the risks associated with ESG-issues based on their specialized expertise and area of work.

During the Reporting Period, we were not subject to any material fines or other penalties that had a material adverse impact on our operations due to our failure to comply with environmental protection laws and regulations. Insofar as our Directors are aware, having made all reasonable enquiries, the Group is not facing any threatened or pending action by any government authorities in respect thereof.

During the Reporting Period, the Group has complied with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guidelines set out in Appendix C2 of the Listing Rules. Further details on the Group's ESG matters, including environmental policies and performance, are set out in the section headed “Environmental, Social and Governance Report” of this Report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's largest customer and five largest customers accounted for approximately 13.3% (2024: approximately 7.6%) and approximately 42.2% (2024: approximately 35.3%) respectively of the Group's total revenue, and the Group's largest supplier and five largest suppliers accounted for approximately 38.7% (2024: approximately 37.7%) and approximately 84.2% (2024: approximately 83.0%) respectively of the Group's total purchases.

None of the Directors, their associates or any Shareholders of the Company owning more than 5% of the Company's share capital has any interest in any of the Group's five largest customers or suppliers other than Buyang PRC that the Directors are aware of.

BANK LOANS AND OTHER LOANS

As of 31 December 2025, the bank loans of the Group was nil (31 December 2024: nil).

GLOBAL OFFERING AND THE USE OF PROCEEDS

The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK\$75.1 million (the “**Net Proceeds**”). As at 31 December 2025, the unutilized amount of the net proceeds was approximately HK\$9.9 million.

There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated 15 November 2024 (the “**Reallocation Announcement**”) and the Company will gradually utilize the net proceeds in accordance with such intended purposes.

Set out below are details of the allocation of the net proceeds, and the actual usage up to 31 December 2025.

Planned use of Net Proceeds	Percentage of total Net Proceeds	Net Proceeds from the Global Offering	Unutilized	Unutilized	Utilized	Balance of	Expected timeline of utilization
			amount of Net Proceeds as at the date of the Reallocation Announcement	amount of Net Proceeds as at 1 January 2025	amount for the Reporting Period	Net Proceeds unutilized at 31 December 2025	
	%	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Expansion of our production capacity	57.0	42.8	19.6	18.6	10.2	8.4	On or before September 2026
Construction of a new manufacturing facility, warehouse and other supporting facilities	36.2	27.2	N/A	N/A	N/A	N/A	N/A
Design, development and testing of our new molds and prototypes	6.8	5.1	14.2	8.3	6.8	1.5	On or before September 2026
General Working Capital	—	—	13.0	12.3	12.3	—	On or before September 2026
Total	100.0	75.1	46.8	39.2	29.3	9.9	

The unutilised Net Proceeds are placed in licensed banks in PRC and Hong Kong as at the date of this Report.

SUBSIDIARIES

Details of the Company’s subsidiaries are set out in note 13 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property, plant and equipment during the Reporting Period are set out in note 10 to the consolidated financial statements.

SHARE CAPITAL

The details of the changes to the share capital of the Company during the Reporting Period are set out in note 23(b) to the consolidated financial statements.

EQUITY LINKED AGREEMENT

During the Reporting Period, except for the Share Option Scheme, neither the Company nor any of its subsidiaries had entered into or subsisted at the end of the year with an equity-linked agreement.

Directors' Report

RESERVES AND DISTRIBUTABLE RESERVES

The details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in note 23(a) to the consolidated financial statements. As at the end of the Reporting Period, the Company's reserves available for distribution to Shareholders amounted to RMB195.1 million (31 December 2024: RMB196.4 million). Further details are set out in note 23 to the consolidated financial statements.

ISSUED DEBENTURES

The Group did not issue any debentures during the Reporting Period.

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

During the Reporting Period and up to the date of this Report, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities or sold any treasury Shares. As at 31 December 2025, the Company did not hold any treasury Shares.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the Reporting Period, the Company and its subsidiaries did not issue or grant any convertible securities, options, warrants or other similar rights, and there were no convertible securities, options, warrants or other similar rights, conversion rights or subscription rights issued or granted by the Company or its subsidiaries at any time before.

ISSUANCE OF BONDS

The Company or any of its subsidiaries did not issue any bonds during the Reporting Period.

DONATION

During the Reporting Period, the Group has not made charitable donations (2024: nil).

DIRECTORS AND SENIOR MANAGEMENT

As of the end of the Reporting Period and up to the date of this Report, part of the information of the Directors and senior management of the Company is as follows:

Name	Position in the Group	Appointment date
Ms. Xu Jingjun	Deputy chairlady and executive Director	25 September 2020
Mr. Ying Yonghui	Chief executive officer, general manager and executive Director	25 September 2020
Ms. Hu Huijuan	Executive Director and international sales manager of Buyang Wheel	25 September 2020
Mr. Xu Buyun	Chairman and non-executive Director	14 November 2018
Mr. Zhu Ning	Non-executive Director	25 September 2020
Mr. Yeung Man Simon	Independent non-executive Director	28 October 2020
Mr. Chen Jingeng	Independent non-executive Director	28 October 2020
Mr. Ren Guodong	Independent non-executive Director	9 July 2024
Mr. Xu Yongsheng	Deputy general manager cum domestic sales manager of Buyang Wheel	May 2014
Mr. Huang Wei	Deputy general manager cum head of technical department of Buyang Wheel	March 2014
Ms. Hu Meijuan	Financial controller	6 August 2008

Pursuant to Code Provision B.2.2 of the Corporate Governance Code and Article 84 of the Articles of Association, at each annual general meeting, one-third of the incumbent Directors (or if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) are subject to retirement by rotation and each Director is required to retire at the annual general meeting at least once every three years.

Ms. Hu Huijuan, Mr. Zhu Ning and Mr. Yeung Man Simon will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Details of the Directors who will stand for re-election at the Annual general meeting are set out in the Company's circular to be published by the Company.

Saved as disclosed above, the Company has not received any written notice of resignation or refusal to stand for election by any specified Director for reasons relating to the affairs of the Company.

Confirmation of Independence from the Independent Non-executive Directors

The Company has received confirmation of independence from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules. As at the date of this Report, the Company considers all independent non-executive Directors to be independent.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" of this Report.

Changes in Director Information

Ms. Xu Jingjun and Mr. Yeung Man Simon has been appointed as members of the Nomination Committee since 30 June 2025.

Save as disclosed above, as of the date of this Report, there were no changes to the information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Director Service Contract and Letter of Appointment

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company and the Company has issued a letter of appointment to each of the independent non-executive Directors. For the service contracts of executive Directors and non-executive Directors, the initial fixed term of executive Directors is three years, commencing from the Listing Date; non-executive Directors have no fixed term but must abide by the retirement and re-election provisions of the detailed rules. The initial fixed term of appointment of each independent non-executive Director is three years. The service contract and the letter of appointment may be terminated in accordance with their respective terms. The service contracts and letter of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered into or intends to enter into any service contract (other than a contract expiring within one year or determinable by the employer within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

Directors' Report

Remuneration Policy

Directors and senior management receive remuneration in the form of Directors' fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement plan contributions. The remuneration is based on market remuneration levels and remuneration paid by comparable companies, the performance of the Group and the performance of the individual Director or senior management. The Group will also compensate Directors and senior management for their expenses which are necessary and reasonably incurred in performing services for the Group or performing their duties in connection with the Group's business. We regularly review and determine the remuneration and compensation packages of our Directors and senior management with reference to, among other things, the market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group. A Remuneration Committee has been established to review the Group's remuneration policy and the structure of Directors and senior management of the Group.

During the Reporting Period, the remuneration of the senior management members (excluding Directors) of the Company fell into the following categories:

Remuneration Band	Number of Persons
Nil to HKD1,000,000	3

During the Reporting Period, there were no amounts paid or payable by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year. The details of the remuneration of the Directors and the five highest paid individuals are set out in notes 7 and note 8 to the consolidated financial statements.

Retirement and Employee Benefit Plans

The details of the Company's retirement and employee benefit plans are set out in note 5(b) to the consolidated financial statements. Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The only obligation of the Group with respect to the defined contribution scheme is to make the required contributions under the scheme. No forfeited contributions will be used by the Group to reduce the existing level of contributions.

Shareholdings of Directors and Controlling Shareholders in Transactions, Arrangements or Contracts of Significance

Save as disclosed in note 26(c) to the consolidated financial statements and the related party transactions disclosed therein, neither the Company nor any of its subsidiaries has entered into any transaction, arrangement or contract of significance in which the Directors and/or any of their related entities have a material interest, whether directly or indirectly, and neither the Company nor any of its subsidiaries has entered into any transactions, arrangements or contracts of significance with the Controlling Shareholder of the Company or any of its subsidiaries subsisting at the end of the Reporting Period or at any time during the Reporting Period.

Directors' Right to Acquire Shares or Debentures

At no time during the Reporting Period was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and no Director or any of his spouse or children under 18 years of age was granted any right to subscribe for equity or debt securities of the Company or any other body corporate or had exercised any such right.

Directors' Interests in Competing Business

During the Reporting Period and up to the date of this Report, none of the Directors or their respective associates (as defined in the Listing Rules) is engaged in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has any interest in such business which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Permitted Indemnity Provision

In accordance with the Articles of Association and subject to applicable laws, the Company has arranged appropriate insurance to cover all costs, charges, losses, expenses and liabilities of any director or officer arising out of or in connection with the performance and discharge of his or her duties. During the Reporting Period and up to the date of this Report, the relevant provisions of the Articles of Association and the above Directors' and Officers' liability insurance have been in force.

DISCLOSURE OF INTERESTS

Interests and Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests of each Director 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 (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the relevant provisions of the SFO), (ii) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules are as follows:

(i) Interests in the Company

Director	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding
Mr. Xu Buyun	Interest in controlled corporation ⁽²⁾	750,000,000 (L)	75%

Notes:

(1) (L) means long position.

(2) These 750,000,000 shares are held by First Oriental, which is indirectly owned as to 70.0% by Mr. Xu Buyun. Accordingly, under the SFO, Mr. Xu Buyun is deemed to be interested in all the shares held by First Oriental.

(ii) Interests in Associated Corporations

Director	Name of associated corporation/subsidiary company	Nature of interest	Number of Shares in/ registered capital of the associated corporation ⁽¹⁾	Approximate percentage
Mr. Xu Buyun	First Oriental ⁽²⁾	Interest in controlled corporation	50,000 shares (L)	100%
	TopSun ⁽²⁾	Beneficial owner Interest of spouse	35,000 shares (L) 15,000 shares (L)	100%

Directors' Report

Notes:

1. (L) means long position.
2. First Oriental is interested in 75% of the issued Shares and is wholly owned by TopSun and, accordingly, First Oriental and TopSun are the holding companies (as defined in the SFO) of the Company respectively.
3. 15,000 shares of TopSun are held by Ms. Chen Jiangyue, the spouse of Mr. Xu Buyun. Accordingly, Mr. Xu Buyun is deemed to be interested in all the shares held by Ms. Chen Jiangyue under the SFO.

Substantial Shareholders' and Other Persons' Interests or Short Positions in Shares and Underlying Shares

As at 31 December 2025, to the best knowledge of the Directors, the following persons (other than the Directors or the chief executive of the Company) have interests in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO or which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Name of shareholders	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding
Ms. Chen Jiangyue	Interest of spouse ⁽³⁾	750,000,000 (L)	75%
TopSun ⁽²⁾	Interest in controlled corporation ^{(2) (4)}	750,000,000 (L)	75%
First Oriental ⁽²⁾	Beneficial owner ^{(2) (4)}	750,000,000 (L)	75%

Notes:

1. (L) means long position.
2. The entire equity interest of First Oriental is held by TopSun, which in turn is owned as to 70% by Mr. Xu Buyun and 30% by Ms. Chen Jiangyue respectively. Accordingly, Mr. Xu Buyun and TopSun are deemed to be interested in all the shares held by First Oriental respectively under the SFO.
3. Ms. Chen Jiangyue is the spouse of Mr. Xu Buyun. Accordingly, Ms. Chen Jiangyue is deemed to be interested in all the shares in which Mr. Xu Buyun is interested under the SFO.
4. Mr. Xu Buyun, the chairman and non-executive Director, is a director of TopSun and First Oriental.

Save as disclosed above, at the end of the Reporting Period, the Directors were not aware of any person who had an interest or short position in the shares or underlying shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 336 of the SFO.

MANAGEMENT CONTRACT

No management and administration contracts were entered into or existed during the Reporting Period in respect of all or any significant part of the Company's business.

MATERIAL CONTRACT

Neither the Company nor its subsidiaries has entered into any material contracts with the Controlling Shareholder of the Company or any of its subsidiaries, nor has any material contract been entered into for the provision of services by the Controlling Shareholder or any of its subsidiaries to the Company or its subsidiaries during the Reporting Period and at any time.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

During the Reporting Period, the Controlling Shareholders of the Company has not pledged any of its shares in the Company to secure debts of the Company or to secure or otherwise support debts of the Company.

CHARGES AND PLEDGES ON GROUP ASSETS

During the Reporting Period, none of the Group's assets had been charged.

LOAN ARRANGEMENTS GRANTED BY THE GROUP TO ENTITIES

During the Reporting Period, the Group has not granted any loans to any entity required to be disclosed under Rule 13.13 of the Listing Rules.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE FROM THE COMPANY

Saved for the disclosed, during the Reporting Period, the Company has not provided any financial assistance or guarantee to its affiliates that is required to be disclosed under Rule 13.16 of the Listing Rules.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Provision of financial assistance to TopSun

On 8 May 2023, the Company entered into a loan agreement (the "**Loan Agreement**") with TopSun by having considered (i) the good financial position and the existing cash surplus of the Group and that the Company had not identified other better investment opportunities; (ii) the interest income per annum to be generated by the transactions contemplated under the Loan Agreement being more favorable than that offered by independent banks in Hong Kong for a 1-year fixed deposit; (iii) the repayment capacity of TopSun is satisfied to the Company in view of it is one of the Controlling Shareholders and the credit risk is relatively low; and (iv) Mr. Xu Buyun, the chairman of the Board, non-executive Director and one of the Controlling Shareholders, acting as a guarantor for the Loan Agreement agreed to provide personal guarantee to the Company, which further minimizes the risks. Pursuant to the Loan Agreement, the Company agreed to grant to TopSun a secured loan of HK\$16,000,000 (the "**Loan**") with a fixed term of 3 years from the date of drawdown of the loan. The interest rate is 6% per annum, which shall accrue from day to day and be calculated on a basis of actual number of days elapsed over a year of 365 days. TopSun shall pay the interest on the Loan quarterly in arrears with the first interest repayment date on 8 May 2024. The Group finances the Loan with its internal resources.

As at 31 December 2025, the gross loan provided to TopSun amounted to RMB14,596,000 including the principal of HK\$16,000,000 (equivalent to approximately RMB14,451,000) and corresponding interests receivable of HK\$160,000 (equivalent to approximately RMB145,000).

For the details of the Loan Agreement, please refer to the announcement of the Company dated 8 May 2023.

Directors' Report

Saved for the above, the Group did not enter into any non-exempt one-off connected transactions or continuing connected transactions during the Reporting Period. Details of related party transactions entered into by the Group in the ordinary course of business are set out in note 27(c) to the consolidated financial statements. Save as disclosed in note 27(c) to the consolidated financial statements, none of these related party transactions constitutes a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules, or is a connected transaction or continuing connected transaction for which the Company is exempt from the reporting requirements under the Listing Rules.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by a written resolution of the Shareholders passed on 18 November 2022. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The Share Option Scheme is a share award scheme for the purpose of recognizing and rewarding Eligible Participants (as defined below) for the contributions they have made or may have made to the Group. The Share Option Scheme will provide an opportunity for Eligible Participants to have a personal interest in the Company for the purpose of (i) providing incentives for Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attracting and retaining Eligible Participants or otherwise maintaining an ongoing business relationship with Eligible Participants whose contributions have been or will be beneficial to the long-term development of the Group.

The Board may, at its sole discretion, grant options to the following persons ("**Eligible Participants**"), for the number of New Shares to be determined by the Board: (i) any full-time or part-time employee, executive or officer of the Company or any of its subsidiaries; (ii) any Director (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; (iii) any advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries; and (iv) other persons who, in the sole discretion of the Board, will contribute or have contributed to the Group, the assessment criteria are: (aa) contribution to the development and performance of the Group; (bb) quality of work performed for the Group; (cc) performance initiative and commitment to responsibilities; and (dd) length of service or contribution to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company (including shares in respect of which options have been granted, whether exercised or outstanding) shall not in aggregate exceed 10% of the total number of shares in issue, being 100,000,000 shares (the "**Scheme Limit**"), excluding for this purpose the maximum number of shares in respect of which options may be granted under the Share Option Scheme (or any other share option scheme of the Company) which has lapsed. The Share Option Scheme limit represents 10% of the total number of shares of the Company in issue as at the date of this Report.

The total number of shares in issue and issuable upon exercise of options granted to each eligible participant under the Share Option Scheme and any other share option scheme of the Company during any 12-month period up to the date of grant (including exercised and outstanding options and shares subject to options granted and accepted under the Share Option Scheme and any other share option scheme of the Company but subsequently cancelled) shall not exceed 1% of the shares in issue as at the date of grant.

Options may be exercised in accordance with the terms of the Share Option Scheme at any time after the date on which the options are deemed to have been granted and accepted and before the expiry of ten years from that date. The exercise period of the options will be determined by the Board at its sole discretion, but shall not exceed ten years from the date of grant of the options. Any option granted under the Share Option Scheme may be exercised by the grantee subject to the achievement of certain performance targets as may be specified by the Board for the time being. No share option may be granted more than ten years after the Listing Date. Unless terminated earlier by the Company in general meeting or by the Board, the Share Option Scheme shall be effective and valid for a period of ten years from the Listing Date. The remaining life of the Share Option Scheme is approximately six years and eight months.

The exercise price of the shares in respect of any particular share option granted under the Share Option Scheme will be determined at the sole discretion of the Board, provided that such price will not be lower than the highest of (i) the closing price of the shares as quoted on the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for trading in securities; (ii) the average closing price of the shares as quoted on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Acceptance of an offer to grant an option must take place within seven days from and including the date on which such offer is made. The options shall be deemed to have been granted and accepted by the grantee and become effective upon receipt by the Company on or before the relevant acceptance date of the documents constituting the acceptance of the options duly signed by the Grantee together with a remittance of HK\$1.00 in favour of the Company as the consideration for the grant of the Options.

Details of the principal terms of the Share Option Scheme are set out in the section headed "Appendix IV – Statutory and General Information" of the Prospectus. As at the date of this Report, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme is 100,000,000, representing 10% of the issued shares of the Company. No share options have been granted, exercised, outstanding, cancelled or lapsed during the Reporting Period.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the applicable laws of the Cayman Islands (the place of incorporation of the Company).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the Reporting Period and up to the date of this Report, not less than 25% of the issued share capital of the Company is held by members of the public, which is in compliance with the requirements of the Stock Exchange and the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including a review of the annual financial information for the Reporting Period. The Audit Committee has reviewed and discussed the Group's annual results for the Reporting Period and the audited financial results for the year ended 31 December 2025 prepared in accordance with the HKFRS.

AUDITOR

KPMG has been appointed as auditors of the Company for the Reporting Period. KPMG will retire from office and be eligible to offer themselves for re-election. A resolution for the re-appointment of KPMG as auditors of the Company will be proposed at the Annual General Meeting.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" of this Report.

Directors' Report

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Group did not engage in any material legal proceedings or arbitrations. Insofar as the Directors are aware, there are no material legal proceedings or claims pending which may be faced by the Group.

SUBSEQUENT EVENTS

After the Reporting Period, the Group has no material subsequent events.

By the order of the Board of Directors

Mr. Xu Buyun

Chairman and Non-executive Director

Hong Kong, 27 March 2026

The Board is pleased to report to the Shareholders on the corporate governance report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high level of corporate governance in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Appendix C1 of the Listing Rules as its own corporate governance code. The Board believes that good corporate governance could lead the Company to success and balance the interests of Shareholders, customers and employees, and the Board is therefore devoted to ongoing reviews and enhancements of the efficiency and effectiveness of compliance with such principles and practices.

During the Reporting Period and up to the date of this Report, the Company has complied with all applicable code provisions under Part 2 of the Corporate Governance Code and adopted most of the best practices contained therein.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the business and performance. The Board has delegated to the senior management of the Group to be responsible for the daily management and operation of the Group.

To oversee specific aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees the responsibilities set out in their respective terms of reference. All Directors are required to perform their duties in good faith, in compliance with applicable laws and regulations, and at all times in the interests of the Company and its Shareholders. The Directors shall ensure that they can give sufficient time and attention to the affairs of the Company. The Company has arranged appropriate liability insurance for legal proceedings against the Directors and will review the coverage of this insurance annually.

Board Composition

As at the date of this Report, the Board consists of 8 Directors, including 3 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors, as set out below:

Executive Directors

Ms. Xu Jingjun
Mr. Ying Yonghui
Ms. Hu Huijuan

Non-executive Directors

Mr. Xu Buyun
Mr. Zhu Ning

Independent non-executive Directors

Mr. Yeung Man Simon
Mr. Chen Jingeng
Mr. Ren Guodong

The biographies of the Directors are set out in the section headed "Directors and Senior Management" of this Report.

Corporate Governance Report

The Board considers that the composition of the Board provides a strong independent element with a balance of skills, experience and diversity of perspectives appropriate to the Company's business needs. During the Reporting Period and up to the date of this Report, the Board has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one being an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and appoint independent non-executive Directors who represent at least one-third of the Board. In addition, each independent non-executive Director has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers them all to be independent as at the date of this Report.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this Report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any Directors or the chief executive.

All Directors (including independent Non-executive Directors) bring a wide spectrum of valuable business experience, knowledge and expertise to the Board to enable it to function efficiently and effectively. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

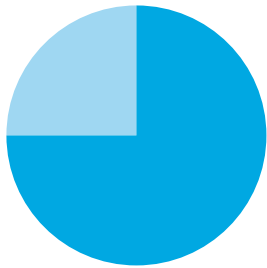
In view of the provisions of the Corporate Governance Code requiring Directors to disclose the number and nature of offices held in listed companies or organizations and other significant commitments, as well as their identities and length of service with the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Board Diversity Policy

To enhance the effectiveness of the Board and maintain high standards of corporate governance, we have adopted a Board Diversity Policy which sets out the objective and approach to achieving and maintaining Board diversity. We believe this is closely related to the sustainable growth of our business. According to the Board Diversity Policy, the selection of Board members will take into account a series of diversity criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The final decision will be based on the overall merit and contributions the candidate brings to the Board.

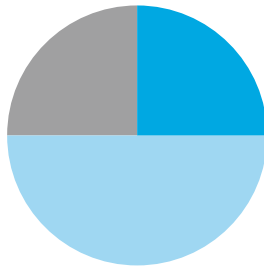
The Nomination Committee is responsible for reviewing Board diversity. The Nomination Committee will review its Board Diversity Policy from time to time, expand and review measurable objectives to ensure the continued effectiveness of the policy, and to monitor and evaluate the implementation of the Board Diversity Policy. At least once a year, the Nomination Committee will review the Board Diversity Policy and other diversity objectives to ensure the overall effectiveness of the Board is maintained. Additionally, at least once a year, the Nomination Committee shall also assess the Company's diversity status, including the gender balance of the Board and the Company's progress towards achieving its diversity goals. The Nomination Committee will discuss any revisions that may be necessary and make recommendations to the Board for approval. We will continue to disclose the implementation of the Board Diversity Policy in our annual Corporate Governance Report.

Gender



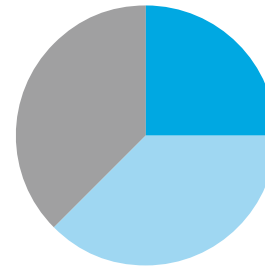
Men: 6
Ladies: 2

Age



Under 40 years old: 1
40–50 years old: 5
Over 50 years old: 2

Highest Education Level



Master: 2
Bachelor: 3
Other levels: 3

The eight Directors of our Company cumulatively possess a wide variety of knowledge, skills and experience, including in areas of accounting, asset management, consumer goods and the machinery industry. They obtained degrees in various areas, including rural economic management, investment economics, business administration and law. We have three independent non-executive Directors with diverse industry backgrounds, accounting for one-third of the Board members. We have also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the management levels. The Nomination Committee and the Board considered that the current composition of Board is sufficiently diverse and the Board has not set any measurable targets. We will continue to employ merit-based appointments in line with our Board Diversity Policy.

In order to build a pipeline of potential successors for the Board to increase gender diversity on the Board in the upcoming years, the Group will also proactively provide training to members of its senior management to create an inclusive workplace and may also work with human resources firms to identify potential successors to the Board.

In 2025, the Company officially released the “Employee Diversity Policy” and improved the relevant systems and implementation processes as supporting measures, continuously promoting the implementation of the employment philosophy of diversity, equality and inclusion. As at 31 December 2025, the gender ratio in the Group’s workforce (including senior management) was 81% male: 19% female, achieving a balanced gender diversity. The Board considers that the current gender diversity is satisfactory. The Group will continue to focus on training talent in different gender and providing long-term development opportunities for different gender, improve its human resources management system to actively attract talents to join the Group and build an efficient and elite team to sustain the Group’s sustainable development.

Training and Continuous Professional Development

Each newly appointed Director will be provided with necessary induction and information to ensure that they have an appropriate level of understanding of the Company’s operations, business, and their responsibilities under the relevant statutes, laws, rules and regulations. The Company also regularly arranges seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company’s performance, status and prospects of the Company to facilitate the discharge of their duties by the Board as a whole and by each of the Directors.

The Company encourages Directors to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has also updated and provided Directors with written training materials in relation to their roles, functions and responsibilities from time to time.

Corporate Governance Report

During the Reporting Period, all Directors have received training on Director duties and responsibilities, corporate governance and regulatory updates, and relevant reading materials (including compliance manuals/legal and regulatory updates and seminar handouts) have been provided to Directors for their reference and study. Going forward, the Directors will participate in continuous professional development to develop and refresh their knowledge and skills. This ensures that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2025, Directors' participation in continuous professional training is as follows:

Directors	Type(s) of Training ^{Note}
Executive Directors	
Ms. Xu Jingjun	A and B
Mr. Ying Yonghui	A and B
Ms. Hu Huijuan	A and B
Non-executive Directors	
Mr. Xu Buyun	A and B
Mr. Zhu Ning	A and B
Independent non-executive Directors	
Mr. Yeung Man Simon	A and B
Mr. Chen Jingeng	A and B
Mr. Ren Guodong	A and B

Notes:

Types of Training

- A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Chairperson and Chief Executive Officer

During the Reporting Period, the chairman of the Company is Mr. Xu Buyun, while the chief executive officer is Mr. Ying Yonghui. The responsibility of the chairman is to preside over and govern the Board. The objective is to create an environment which allows its overall effective performance, meaningful contribution from each individual Director, in particular, to facilitate the effective contribution of non-executive Directors and ensure constructive relations between executive and non-executive Directors, and to ensure that the Board performs its duties, including discussing all important and appropriate issues in a timely manner. The chief executive officer is responsible for managing and supervising the day-to-day business activities of the Group.

Independent Non-executive Directors

The Board complies with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors (accounting for one-third of the Board members, one of whom possessing appropriate professional qualifications or accounting or related financial management expertise). The Board considers that the independent non-executive Directors can (a) participate in Board meetings to provide independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; (b) take the lead where potential conflicts of interests arise; (c) serve on the audit, remuneration, nomination and other committees; and (d) scrutinise the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting, so as to safeguard the interests of the Company and its Shareholders.

Independent non-executive directors shall also make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

The Company has received written annual confirmation of independence from each of the independent non-executive Directors in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Board Independence Evaluation Mechanism

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

Appointment and Re-election of Directors

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company and the Company has issued a letter of appointment to each of the independent non-executive Directors. For the service contracts of the Directors: the initial fixed term for executive Directors is three years commencing from the Listing Date; non-executive Directors have no fixed term but must abide by the retirement and re-election provisions of the Articles and the Listing Rules; and the initial fixed term of appointment of each independent non-executive Director is three years. The service agreements and the letters of appointment may be terminated in accordance with their respective terms or renewed in accordance with the Articles of Association and applicable Listing Rules.

Save as disclosed above, none of the Directors has entered into or has proposed to enter into any service contracts (other than a contract expiring within one year or determinable by the employer within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

Pursuant to Article 84 of the Articles of Association, at each annual general meeting one-third of the Directors then in office (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and each Director shall be subject to retirement at least once every three years at an annual general meeting.

The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election.

Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Subject to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Corporate Governance Report

Pursuant to Article 84 of the Articles of Association, Mr. Ying Yonghui, Mr. Xu Buyun, and Mr. Chen Jingeng were re-elected as an executive Director, a non-executive Director and an independent non-executive Director, respectively, at the annual general meeting held on 29 May 2025. According to Article 83(3) of the Articles of Association, Mr. Ren Guodong was re-elected as an independent non-executive Director, at the annual general meeting held on 29 May 2025.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment, re-appointment and succession planning of Directors.

Board and Board Committees' Meetings and Attendance

The Company adopts the practice of holding regular Board meetings in accordance with the Corporate Governance Code of at least four times a year on approximately a quarterly basis. Notices, agendas and related Board documents will be sent to Directors or Board Committees members in due course before the meeting to ensure that they have sufficient time to review the relevant documents and make adequate preparations for the meeting, and that all Directors can participate meaningfully and effectively in Board meetings. If Directors or Board Committees members are unable to attend the meeting, they will be informed of the matters to be discussed and given an opportunity to inform the chairman of their views prior to the meeting. The Chairman shall ensure that all Directors are properly briefed on issues arising at Board meetings and the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Board and the Board Committees are provided with sufficient resources to perform their duties. Minutes of meetings shall be kept by the Company Secretary and copies shall be circulated among all Directors for reference and records.

At least 14 days' notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors at least 3 days before the date of the Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings and have access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed. Management has an obligation to supply the Board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfill their duties properly, Directors may not, in all circumstances, be able to rely purely on information provided voluntarily by management and they may need to make further enquiries. Where any Director requires more information than is volunteered by management, that Director should make further enquiries where necessary. Minutes of Board meetings and Board Committees meetings record in detail matters considered and decisions reached by the Board and Board Committees including any questions raised by Directors. Draft minutes of each Board meeting and Board Committees meeting will be sent to Directors for their comments within a reasonable time after the date of the meeting. Minutes of Board meetings are available for inspection by Directors.

The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with Shareholders of the Company and other stakeholders as outlined in this Report.

If a substantial Shareholders or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction shall be present at that Board meeting.

GENERAL MEETINGS

An annual general meeting was held by the Company on 29 May 2025.

The attendance of each Director at the meetings during the Reporting Period is set out below.

Director name	Attendance at meetings/Number of meetings				
	Board of Directors	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting
Ms. Xu Jingjun	5/5	N/A ⁽¹⁾	1/1	—	1/1
Mr. Ying Yonghui	5/5	—	—	—	1/1
Ms. Hu Huijuan	5/5	—	—	—	1/1
Mr. Xu Buyun	5/5	1/1	—	—	1/1
Mr. Zhu Ning	5/5	—	—	—	1/1
Mr. Yeung Man Simon	5/5	N/A ⁽¹⁾	—	3/3	1/1
Mr. Chen Jingeng	5/5	1/1	1/1	3/3	1/1
Mr. Ren Guodong	5/5	1/1	1/1	3/3	1/1

Note:

(1) Ms. Xu Jingjun and Mr. Yeung Man Simon were appointed as members of the Nomination Committee on 30 June 2025.

The Corporate Governance Code states that the Chairman shall hold at least annual meetings with independent non-executive Directors without the presence of other Directors. During the Reporting Period, the Chairman held one meeting with the independent non-executive Directors, without the presence of other Directors.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period and up to the date of this Report. During the Reporting Period and up to the date of this Report, there has been no breach of the required standards set out in the Corporate Governance Code.

Delegation by the Board

The Board reserves the right to make decisions on all major matters of the Company, including: approval and supervision of all policy matters, overall strategy and budget, internal control and risk management systems, major transactions (especially those that may involve conflict of interest), financial information, appointment of Directors and other significant financial and operational matters. Directors may recourse to seek independent professional advice in discharging their duties at the Company's expense, and they may also seek independent advice with the Company's senior management.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are regularly reviewed by the Board. Management must obtain the approval of the Board before entering into any material transaction.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the Corporate Governance Code.

Corporate Governance Report

The Board recognizes that corporate governance is a shared responsibility of the Directors and that corporate governance functions include:

- (a) to develop and review the Company's corporate governance policies and practices, and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

The Board has reviewed the Company's policies and practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code and written employee guidelines, and the Company's compliance with the Corporate Governance Code and its disclosure in this Corporate Governance Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently consists of three members, namely Mr. Yeung Man Simon, Mr. Chen Jingeng, and Mr. Ren Guodong, all of whom are independent non-executive Directors. The Audit Committee is chaired by Mr. Yeung Man Simon, an independent non-executive Director with appropriate professional qualifications.

The terms of reference of the Audit Committee are in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 of the Listing Rules. The main duties of the Audit Committee are (i) to supervise the business dealings and relationship with the Company's external auditors; (ii) to review the Company's financial statements; (iii) to review the Group's financial reporting procedures and supervision and audit procedures; (iv) overseeing the Group's risk management and internal control systems and corporate governance; and (v) overseeing any continuing connected transactions of the Group.

The meetings of the Audit Committee shall be held at least twice a year and when necessary. During the Reporting Period, the Audit Committee has held three meetings to discuss and consider, including but not limited to, the following matters:

- reviewed the final financial year results of the Company and its subsidiaries, and the audit report prepared by the Auditor on accounting matters and significant findings in the audit process for the year ended 31 December 2024;
- reviewed the results announcements and the financial statements for the year ended 31 December 2024 and for the six months ended 30 June 2025 respectively;
- reviewed the financial reporting system, compliance procedures, internal controls (including the adequacy of the Company's resources in accounting and financial reporting functions, staff qualifications and experience, training courses and related budgets), risk management system, reviewing the annual cap of existing continuing connected transactions, and procedures and reappointment of Auditors; and
- the Board has not deviated from any recommendations made by the Audit Committee regarding the selection, appointment, resignation or removal of Auditors.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. During the Reporting Period to the date of this Report, the Audit Committee also met with the auditors once in the absence of the executive Directors.

Nomination Committee

The Nomination Committee currently consists of five members, including one executive Director, namely Ms. Xu Jingjun, one non-executive Director, namely Mr. Xu Buyun, and three independent non-executive Directors, namely Mr. Chen Jingeng, Mr. Ren Guodong and Mr. Yeung Man Simon. The Nomination Committee is chaired by Mr. Xu Buyun.

The terms of reference of the Nomination Committee are in compliance with the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 of the Listing Rules. The main duties of our Nomination Committee are (i) to regularly review the structure, size and composition of the Board; (ii) to identify qualified candidates to join the Board; (iii) to assess the independence of the Directors; and (iv) make recommendations to the Board on the appointment, reappointment, and succession planning of Directors and the chief executive officer. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Director Nomination Policy

The Company has adopted a nomination policy (the “**Nomination Policy**”) which sets out guidelines to the Nomination Committee regarding the method of selection, appointment and re-appointment of Directors. The Nomination Committee will review the Director Nomination Policy as appropriate to ensure its effectiveness.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process as set out in the Nomination Policy:

- identify suitably qualified Director candidates in accordance with the Listing Rules, the Company’s Articles of Association and other applicable laws and regulations.
- the Nomination Committee is required to review annually the structure, size and composition of the Board, assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board in order to refine the Company’s corporate strategy.
- the Nomination Committee will consider the following factors when evaluating candidates: integrity and reputation, educational background, professional qualifications and work experience (including part-time jobs), whether they have the necessary skills and experience, whether they have sufficient time and energy to deal with the affairs of the Company, whether they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure, whether the candidates meets the requirement of independence under Rule 3.13 of the Listing Rules, and any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.
- support the regular evaluation of the performance of the Board.

The nomination process includes the following procedures:

- The Nomination Committee shall hold a committee meeting and invite Board members to nominate candidates, if any, for consideration by the Nomination Committee prior to the meeting. The Nomination Committee may also nominate candidates not nominated by members of the Board.
- For the appointment of any Director candidate, the Nomination Committee shall conduct adequate due diligence on the candidate and make a recommendation for the Board’s consideration.
- If necessary, the Nomination Committee shall seek independent professional advice to perform its duties at the expense of the Company.

Corporate Governance Report

- For the re-appointment of any existing member of the Board, the Nomination Committee shall submit a recommendation for the Board's consideration.
- All Directors (including those appointed for a specified term) are subject to retirement by rotation at least once every three years.
- If an independent non-executive Director has been in office for more than nine years, his re-appointment shall be reviewed and approved by Shareholders in the form of an independent resolution. The Shareholders' document accompanying the resolution should state the reasons why the Board (or the Nomination Committee) considers that the Director remains independent and should be re-elected, including the factors considered, the process by which the Board (or the Nomination Committee) made the decision, and the content of the discussion.
- If all independent non-executive Directors on the Board have served for more than nine years, the Company shall
 - (i) disclose the name and tenure of office of each continuing independent non-executive director in the circular to Shareholders and/or explanatory statement to Shareholders accompanying the notice of annual general meeting; and
 - (ii) appoint a new independent non-executive Director at the next annual general meeting.
- For the procedures for Shareholders to nominate Director candidates, please refer to the "Procedures for Shareholders to Nominate Persons for Appointment as Directors" on the Company's website.
- The Board has the final decision on all matters concerning the recommendation of candidates for election or reappointment of Directors at the general meeting.

When recommending candidates to the Board, the Nomination Committee will consider the merits of the candidates based on objective criteria and will give due consideration to the benefits of diversity on the Board.

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the Reporting Period, the Nomination Committee has held one meeting to discuss and consider reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors, reviewing the nomination policy, diversity policy of the Board, and considering re-appointment of retiring Directors.

Remuneration Committee

The Remuneration Committee currently consists of three members, including two independent non-executive Directors, namely Ms. Chen Jingeng and Mr. Ren Guodong, and one executive Director, namely Ms. Xu Jingjun. The Remuneration Committee is chaired by Mr. Chen Jingeng.

The terms of reference of the Remuneration Committee are in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 of the Listing Rules. The main responsibilities of the Remuneration Committee are (i) to develop a transparent remuneration policy; (ii) to review and approve the proposed management remuneration proposals; and (iii) to make recommendations to the Board on the policy and structure of remuneration for all directors and senior management of the Group with reference to their performance; (iv) to review and approve other relevant appointment arrangements, such as remuneration and compensation arrangements such as relating to the dismissal or removal of Directors and senior management; and (v) reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the Reporting Period, the Remuneration Committee held one meeting to discuss and consider recommending to the Board the remuneration package of individual executive Directors and senior management in 2025, review the remuneration of non-executive Directors, consider and make recommendation to the Board on key terms of the new Director's letter of appointment entered with the newly appointed independent non-executive Director and review and recommend to the Board the remuneration policy and structure for all Directors and senior management of the Company.

Remuneration of Directors and Senior Management

During the Reporting Period, the total remuneration payable to Directors (including fees, salaries, bonuses, allowances, benefits in kind and contributions to pension plans) was approximately RMB2.4 million.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. Directors' remuneration is determined by reference to salaries paid by comparable companies, Directors' time commitment and responsibilities and the performance of the Group. The following sets out the details of remuneration by band for the senior management (excluding Directors) of the Company during the Reporting Period (whose biographies are set out in the section headed "Directors and Senior Management" of this Report):

Salary range (RMB)	Number of Persons
Nil to RMB1,000,000	3

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING ON THE FINANCIAL STATEMENTS

The Directors are aware of their responsibilities for the preparation of financial statements of the Company for the Reporting Period which give a true and fair view of the affairs of the Company and the Group and of the results and cash flows of the Group. The management has provided the Board with such explanations and information as are necessary to enable the Board to make an informed assessment of the financial statements of the Company for submission to the Board for approval. Monthly updates on the performance, position and prospects of the Company have been provided to all members of the Board.

The Directors are not aware of any material uncertainty relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The auditor's statement on their reporting responsibilities on the Company's consolidated financial statements is set out in the "Independent Auditor's Report" section of this Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a complete and effective internal control and risk management system to protect the Company's assets and Shareholders' interests, and is responsible for reviewing the effectiveness of the Company's internal control and risk management system every year to ensure that the internal control and risk management systems are in place. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

We have established a comprehensive risk management and internal control process through which we address risks associated with all aspects of the manufacturing process. We have developed a set of operational risk analysis and response measures to properly identify, classify and analyze various risks in order to avoid, reduce and respond to risks.

Corporate Governance Report

Each department of the Company is responsible for preparing its own risk report by considering various factors such as legal compliance, culture, technology, competition, market and economic conditions. We will regularly review the risk reports submitted by each department, follow up their implementation and evaluate the effectiveness of countermeasures taken to address such risks. In addition, the Board's annual review cover (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes in its business and the external environment; (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess control of the Company and the effectiveness of risk management; (d) significant control failings or weaknesses that have been identified during the period, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (e) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

The Company has adopted or expects to adopt a series of changes related to internal control policies, plans and procedures in order to strengthen our risk management and internal control capabilities and prevent the occurrence of noncompliance incidents. Such measures include:

- engage external legal counsel to advance compliance with the relevant requirements of the Listing Rules as and when necessary;
- regular training provided by external legal counsel to Directors and senior management on the subject of compliance with relevant Listing Rules and applicable Chinese laws and regulations from time to time; and
- an Audit Committee is established consisting of three independent non-executive Directors to oversee our risk management and internal control systems, and to review the Company's financial statements from the perspective of compliance with applicable rules and regulations.

For the year ended 31 December 2025, the Board has reviewed the effectiveness of the Group's internal control and risk management system, and considers that such system to be effective and adequate.

During the year ended 31 December 2025, the Company has taken various measures to ensure the effective implementation of its internal control and risk management system, including (i) establishing an Audit Committee to review and supervise our financial reporting process and internal control systems; (ii) adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects relating to risk management and information disclosure; (iii) organise training courses for our Directors and senior management; (iv) regularly conduct internal training on applicable laws and regulations for our employees and management to ensure understanding and compliance with all aspects of employee conduct in daily business operations; and (v) received a confirmation letter from the management on the effectiveness of the Company's risk management and internal control systems.

The Company has adopted other internal rules and policies (including procedures for handling inside information) in accordance with the SFO and the Listing Rules to ensure the confidentiality of handling inside information and to publish relevant disclosures to the public as soon as practicable. For information that is unlikely to remain confidential, the Company will make appropriate disclosures in a timely manner to ensure that the rights and interests of investors and stakeholders are effectively protected.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Company has developed its disclosure policy which provides a general guide to the Company's Directors, executive officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Company has also established policies and systems that promote and support anti-corruption law and regulations.

In conclusion, the Company believes that its internal control and risk management systems are adequate and effective.

DISCLOSURE POLICY

The Company has adopted other internal rules and policies including disclosure policy procedures and providing comprehensive guidelines for the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to inquiries. The Company has implemented monitoring procedures to ensure that unauthorized access to and use of internal information is strictly prohibited.

DIVIDEND POLICY

We may distribute dividends in cash, shares or a combination of cash and shares. The Board formulates our profit distribution plan based on our operating results, cash flow, financial condition, future business prospects, statutory and regulatory restrictions on dividend payouts and other factors that the Board considers relevant. All of our Shareholders have equal rights to receive dividends and other distributions in proportion to their shareholding. The Company does not adopt a fixed dividend policy with a prescribed payout ratio. The declaration, payment and amount of dividends will be determined at our discretion. The declaration and distribution and amount of any dividends will also be subject to compliance with the Company's Articles of Association and all applicable laws and regulations. The Directors may reassess this dividend policy from time to time.

AUDITOR REMUNERATION

During the Reporting Period, the auditor's remuneration for audit and non-audit services provided to the Group were RMB1.4 million and RMB0.66 million respectively.

COMPANY SECRETARY

The company secretary reports to the chairman of the Board on Board/committee matters and to the Chief Executive Officer on administrative matters. Directors have access to joint company secretaries to ensure Board procedures are followed. The appointment and removal of the company secretary is a matter for the Board as a whole. Ms. Xu Yuelian is responsible for advising the Board on corporate governance matters and is responsible for ensuring compliance with Board policies and procedures and applicable laws, rules and regulations.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and the applicable laws of Hong Kong, the Company also appointed Ms. Cheung Yuet Fan (Director of Corporate Secretarial Services of Tricor Services Limited (a global corporate professional services provider and a member of Vistra Group)) as another joint company secretary to assist Ms. Xu Yuelian in performing her duties as company secretary. Ms. Cheung Yuet Fan's primary contact with the Company is Ms. Xu Yuelian. During the Reporting Period, each of Ms. Xu Yuelian and Ms. Cheung Yuet Fan has taken not less than 15 hours of relevant professional training.

On 9 December 2025, the Stock Exchange confirmed that Ms. Xu Yuelian fulfilled the eligibility requirements under Rule 3.28 of the Listing Rules to act as the company secretary of the Company. Ms. Cheung Yuet Fan resigned as the joint company secretary of the Company on 15 December 2025. Following the resignation of Ms. Cheung Yuet Fan, Ms. Xu Yuelian continues to serve as the sole company secretary of the Company. Ms. Cheung has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is critical to strengthen investor relations and enhance investors' understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information that will enable Shareholders and investors to make informed investment decisions.

The annual general meeting provides an opportunity for constructive communication between the Company and its Shareholders. The chairman of the Company and the chairmen of the Board Committees or their authorized representatives will attend the annual general meeting to answer Shareholders' questions. The auditors will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, accounting policies and auditors' independence.

In order to facilitate effective communication, the Company adopts a Shareholder communication policy aimed at establishing a two-way relationship and communication channel between the Company and Shareholders to ensure that Shareholders' opinions and concerns are properly responded to, and maintains the Company's website at <http://www.bywheel.com> which publishes the latest information on the Company's business operations and developments, financial information, corporate governance practices and other information, for public inspection. This policy is regularly reviewed on an annual basis to ensure that it is properly and effectively implemented. The Company communicates with investors and responds to investors' concerns through various channels including general meeting and results presentation conferences. Therefore, upon annual review, the management is of the view that the communication policy is effectively managed.

SHAREHOLDERS' RIGHTS

To protect the interests and rights of Shareholders, separate resolutions will be proposed for voting on each substantively different issue at the annual general meeting, including the election of individual Directors. All resolutions proposed at annual general meetings will be voted by poll in accordance with the Listing Rules, and the voting results will be published on the websites of the Company and the Stock Exchange in a timely manner after each annual general meeting.

Extraordinary General Meeting and Shareholder Proposals

Pursuant to Article 58 of the Articles of Association of the Company, the Board may convene an extraordinary general meeting at any time it deems fit. Any Shareholder or Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company on the basis of one vote per share shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in one place only, being the place of the main meeting, provided that the Company shall reimburse the requisitionist(s) for all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to proceed to convene the meeting.

Procedures in Relation to Raising Enquiry and Concerns with the Board

Shareholders of the Company may submit any inquiries to the Board in writing. The Company generally does not deal with verbal or anonymous inquiries.

Shareholders who wish to make inquiries about the Company to the Board may do so by sending their inquiries to No. 8 Buyang Road, Xicheng Jiedao, Yongkang City, Zhejiang Province, PRC, Tel. (0579-87270871) or email (byw@buyanggroup.com).

For the avoidance of doubt, Shareholders must submit the original duly signed written request, notice or statement, or enquiry (as the case may be) to the address above, and provide their full names, contact details and identification in order to give effect to such requisition, notice or statement, or enquiry. Shareholders' information may be disclosed as required by law.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there has been no change in the above amended and restated Articles of Association.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Report is the fourth Environmental, Social and Governance Report (referred to as “**this Report**”) issued by Buyang International Holding Inc (referred to as the “**Group**”, “**Buyang International**” or “**we**”). This Report sets out the Group’s concept of sustainable development, and presents to its stakeholders the sustainable development policies and measures implemented by the Group, as well as the progress and performance during the year, so as to enhance their understanding and confidence on the Group.

REPORTING SCOPE

This Report complements the 2025 Annual Report of the Group and reports its environmental, social and governance performance during the financial year between 1 January 2025 and 31 December 2025 (the “**Year**”). Part of the content can be traced back to the previous year or extended to the disclosure date of this Report. For details of corporate governance, please refer to the relevant chapters of the 2025 Annual Report of the Group.

The coverage of this Report is consistent with that of the 2025 Annual Report of the Group, and the Group will regularly review the scope of this Report to provide investors and other stakeholders with more accurate and comprehensive information.

REPORTING STANDARDS

This Report complies with the Environmental, Social and Governance Reporting Code (the “**ESG Code**”) set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and takes the four reporting principles contained therein, namely Materiality, Quantification, Balance and Consistency, as the basis for the preparation of this Report. A complete index is attached to the last chapter of this Report so that readers can read this Report according to the ESG Code. Unless otherwise specified, all currencies involved in this Report are measured in CNY.

Reporting principles	Application in this Report
Materiality	The Group strengthens stakeholder engagement, and identifies and determines important ESG issues that have a greater impact on the Group’s business, and makes key disclosures in this Report.
Quantification	The Group records, estimates and discloses quantitative data and, where practicable, makes comparisons with past performance.
Balance	This Report is presented in an impartial manner to ensure that the disclosures truly reflect the Group’s achievements, challenges and solutions in terms of ESG.
Consistency	The Group uses consistent statistical methods where feasible, so that ESG data can be meaningfully compared in the future. If there are any changes that may affect the comparison with previous reports, the Group will make explanations to the corresponding content in this Report.

CONFIRMATION AND APPROVAL

The information set out in this Report comes from the Group’s official internal documents, statistical data and management and operational data collected in accordance with the Group’s systems. This Report has been confirmed and approved by the Board on March 27, 2026.

PUBLICATION INTERVAL

This Report is published on an annual basis and is released concurrently with the annual report of the Group.

Environmental, Social and Governance Report

RELEASING FORMAT

This Report has been prepared in both Chinese and English. Where the English content conflicts with the Chinese content, the Chinese one shall prevail. This Report is available on the website of the Stock Exchange (www.hkexnews.hk) and the Investor Relations section of the website of the Group (<http://www.bywheel.com/>).

OPINIONS AND FEEDBACK

Opinions from stakeholders will help the Group establish better sustainable development governance and strategies in the future. If you have any comments or suggestions on the content of this Report, please contact the Group by email (qilun@buyangroup.com).

STATEMENT OF THE BOARD

Buyang International is well aware of the importance of good corporate governance, and always adheres to the requirements of the ESG guidelines of the Hong Kong Stock Exchange. The Group builds an ESG management structure involving supervisory, management and executive levels, and continuously improves its own ESG governance structure and its implementation system and incorporates ESG governance factors into all aspects of its major decision-making and operational practices.

ESG governance role of the Board: The Board of the Group is the highest responsible and decision-making body for ESG matters, and bears the ultimate responsibility for ESG matters of the Group. With the assistance of operational departments, it supervises the commitments, implementation and performance related to the ESG matters, and is responsible for identifying and managing major ESG risks and opportunities, authorizing each operational department to implement relevant policies and measures, and holding meetings in due course to discuss and consider relevant ESG issues.

ESG management principles and strategies of the Board: The Group attaches great importance to the possible significant impact of ESG risks on the Group. The Group updates and replaces its ESG issues every year based on changes in the external environment, policies, industry hot topics, capital market perceptions and the Group's development strategies, in combination with any identified ESG risks and opportunities, and carries out stakeholder surveys and in-depth assessments to evaluate the importance of issues, so as to identify the priority of ESG issues and specify the focus of the Group's ESG governance.

Goals, indicators and review progress: The Group has established an ESG goal management mechanism, and regularly reviews and reports the progress of relevant goals through meetings, ESG Report disclosures and other forms. The progress and results of ESG-related tasks of Buyang International in 2025 have been disclosed in this Report, and this Report has been reviewed and approved by the Board on March 27, 2026. The Board and all of Directors of Buyang International guarantee that the contents of this Report do not have any false or misleading statements or major omissions, and are responsible for the truthiness, accuracy and completeness of its contents.

Environmental, Social and Governance Report

ESG GOVERNANCE

ESG Governance Structure

The Group is committed to promoting corporate social responsibility and sustainable development and integrating them into its business operations. The Board believes that other than being responsible for the interests of its Shareholders and maximizing profits, the Group must also assume responsibility for the society in order to achieve a cohesive and sustainable relationship between the Group, the economy and the society. Accordingly, the Group has established an ESG policy which outlines, among others, the risk governance on ESG matters, ESG risk management and monitoring, and key performance indicators, as well as relevant measures.

The Group understands the supervisory responsibility of the Board on ESG matters and has assigned Mr. Ying Yonghui, one of the executive Directors to be responsible for strengthening awareness of ESG matters, especially in the identification of ESG-related risks and establishing appropriate responses to such risks. Pursuant to the ESG policy, the senior management will manage and implement ESG matters under the leadership of the Board. The Group has established an environmental protection leadership group comprised of the heads of each of its major operating departments including the administrative department and safety department, and supervisors for its major manufacturing phases including the casting phase, machining phase, painting phase and packaging phase. Each department head or supervisor of the manufacturing phase will evaluate and manage the risks related to ESG matters based on their dedicated professional and working fields.

During the reporting period, the Group's Board of Directors and Senior Management convened four on-site meetings dedicated to ESG matters, achieving an average attendance rate of 95% among its 15 committee members:

- Annual ESG Strategy Review: March 31, 2025
- ESG Risks & Opportunities Assessment: June 30, 2025
- Sustainable Development Goals Progress Review: September 29, 2025
- Annual ESG Performance Review: December 29, 2025

Guided by our Group's core vision to "become a leading R&D and manufacturing enterprise in the aluminum alloy automotive wheel industry and a socially responsible company," we are committed to responsible manufacturing. We have integrated ESG standards throughout our operations, developing a green, safe, and compliant manufacturing framework. During the reporting period, the Group focused on the following areas in carrying out its work throughout the year:

- Strategic Leadership: Strengthened the ESG governance structure, clearly defining Board, ESG Committee, and management responsibilities to ensure ESG integration into our overall strategy.
- Risk Management: Implemented regular mechanisms for ESG risk identification and assessment, with a focus on climate change, supply chain ESG compliance, and employee safety and health.
- Target Management: Established and continuously monitored annual key ESG targets, including carbon reduction, renewable energy adoption rates, and employee training coverage.
- Capacity Building: Fostered ESG capability enhancement for the Board and management through specialized training and knowledge-sharing initiatives.

ESG Risk Identification and Management

We list the concerns identified and actions taken in respect of the Group's ESG aspects such as emissions, resource use, climate change, employment, health and safety, development and training, labour standards, supply chain management, product responsibility and anti-corruption in 2025 in tabular form.

Environmental, Social and Governance Report

Stakeholder Communication

Stakeholders¹ represent the stakeholder group that is most affected by business operations of the Group and can most affect its corporate development. The Group maintains active, transparent and stable communication with its stakeholders to obtain their feedback in a timely manner, and continuously deepens the understanding of their expectations and demands, and continuously improves the performance of sustainable development, business strategies and measures of the Group.

List of Stakeholder Communication and Issues of Buyang International

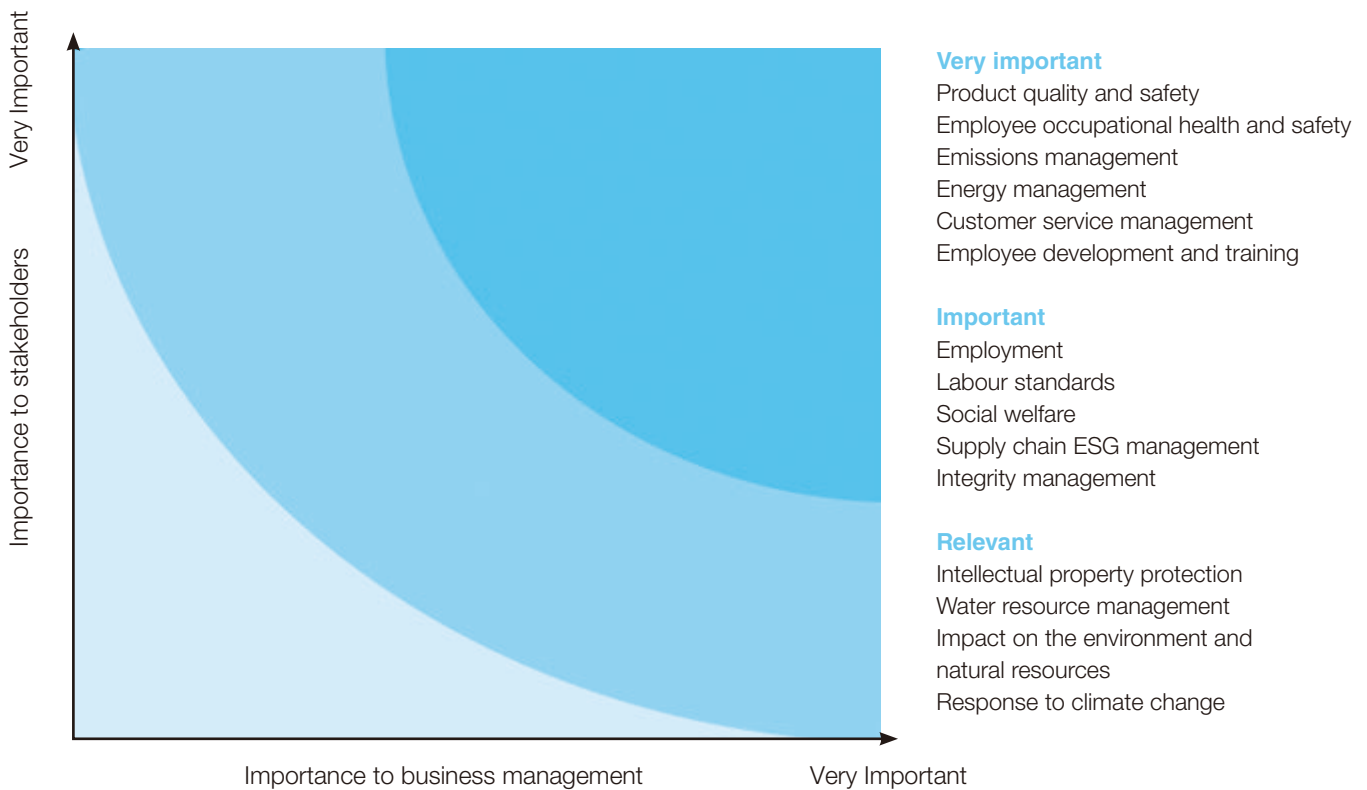
Stakeholder Group	Concerning Issues	Communication Methods
Employees	<ul style="list-style-type: none"> • Employment system • Employee rights and benefits • Occupational health and safety • Development and training • Diversity and equal opportunity 	<ul style="list-style-type: none"> • Employee opinion surveys • Intranet communication announcement • Company activities • Regular meetings and emails • Internal training
Shareholders/investors	<ul style="list-style-type: none"> • Profits of the Group • Risk and crisis management • Green energy opportunities • Anti-corruption 	<ul style="list-style-type: none"> • Annual general meetings • Company website • Announcements, annual and interim reports • Investor meetings
Customers	<ul style="list-style-type: none"> • Product safety • Power supply stability • Customer service 	<ul style="list-style-type: none"> • Regular visits • Telephone contact • Technical support
Regulatory authorities	<ul style="list-style-type: none"> • Green energy opportunities • Greenhouse gas emissions • Climate change • Innovation management 	<ul style="list-style-type: none"> • Government and industry conferences
Suppliers	<ul style="list-style-type: none"> • Supply chain management 	<ul style="list-style-type: none"> • Regular site visits • Supplier meetings • Review and evaluation
Community	<ul style="list-style-type: none"> • Community investment 	<ul style="list-style-type: none"> • Community investment projects • Volunteer public welfare activities

¹ "Stakeholders", also known as "interested parties", refer to groups and individuals who have a significant impact on the business of the Group or will be affected by the business of the Group, including internal board of directors, management and general employees, as well as external shareholders/investors, business partners, customers, government and regulatory agencies, banks and community groups.

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Materiality Assessment

In addition to the above-mentioned communication methods, the Group assessed the importance of ESG issues from the two dimensions of “importance to stakeholders” and “importance to business management” based on its own development direction and industry characteristics. Assessment results of ESG issues were divided into three categories, namely “very important”, “important” and “relevant”, as shown in the chart below.



Importance Matrix of ESG Issues of Buyang International in 2025

Looking ahead, the Group will continue to strengthen communication with its stakeholders and understand their opinions on sustainable development through regular and irregular stakeholder communication activities in order to improve its sustainable development policies and measures.

Environmental Protection

The Group strictly complies with laws and regulations including the *Environmental Protection Law of the People’s Republic of China* and the *Environmental Impact Assessment Law of the People’s Republic of China*, and has established management systems such as the “Environmental Governance Management System” and the “Environmental and Occupational Health & Safety Management Manual” based on its practical conditions, to further strengthen management and prevent environmental pollutions. We have formulated a management system, “Environmental Protection Responsibility System”, which clarifies the environmental protection responsibilities of managers at all levels and departments, and implements environmental protection. As of the end of Reporting Period, the Group passed the ISO14001 environmental management system certification and obtained the BSCI social responsibility audit system certification.

The Group has installed environmental protection equipment in its manufacturing process to minimize the impact of pollution from operations. The discharged pollutants and disposal methods are in compliance with national discharge standards or disposal requirements. Over time, as national and local standards for the discharge of pollutants in waste water and in waste gas may become more stringent, we may need to increase part of the investment to install and run treatment facilities for waste gas, waste water, or dispose of hazardous wastes, for which we are fully prepared. The Group’s environmental

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strategic goal is to strive for zero pollution, and its environmental management has reached the advanced level in the industry in China.

In 2025, the Group did not suffer any major environmental incidents or administrative penalties.

Energy and Resources Consumption

We strictly observe the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China* and related laws and regulations, and integrate the requirement of ISO14001 into our management. Our primary energy and resource consumption in our production process includes power usage, natural gas consumption and water consumption. In 2025, the Group incorporated indicators such as electricity consumption and greenhouse gas emissions into performance evaluations, linking them to the compensation of relevant department management.

We take a series of actions during the production process, to save energy consumption:

- Reduce our power and natural gas consumption by adopting heat recycling in our casting and smelting phase;
- Recycle our furnaces and use heat storage systems instead of using air compressors, in order to reduce our consumption of power and natural gas;
- Recycle the water used in our steam heating tank to reduce the natural gas used in our painting phase;
- Hot water from heat treatment is reused to the pre-treatment water tank in the heating and painting workshop to reduce the use of natural gas for heating;
- Centralized production of heat treatment coating is adopted to reduce energy consumption.

Additionally, to further conserve natural gas, the Group officially commissioned a new type of melting furnace in March 2025. The new melting furnace has been put into operation, and the daily natural gas consumption will decrease by approximately 300 cubic meters compared to previous levels according to our estimates, equivalent to an annual reduction of greenhouse gas emissions of 200 tonnes of carbon dioxide equivalent.

The water used by the Group is mainly provided by the municipal water supply network. The Group sources water in compliance with all applicable national and regional policies, ensuring no adverse impact on local surface water or groundwater. We strictly follow the relevant laws and regulations on water resources while continuously enhancing our comprehensive water management system. Additionally, we conduct employee training programs focused on water conservation.

Water Usage Efficiency Target

- Total water consumption of the Group in 2025: not exceeding 105,000 m³

Progress in 2025

- Actual total water consumption of the Group in 2025: 104,501.00 m³

In January 2025, we deployed advanced helium leak detection equipment to replace the original airtightness testing machines, which will contribute to our water conservation efforts.

We will continue to explore potential energy-saving and water-saving solutions within our production process, strive to reduce the use of energy and resources, and improve the efficiency of energy and resource usage. We will continuously improve the staff's awareness of environmental protection and resource conservation through publicity and training.

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Emissions Management

The Group strictly abides by laws and regulations related to pollutant discharge. Our strategic goal in terms of environment is to strive for zero pollution, and its environmental management has reached the advanced level in the industry in China. To this end, we continue to invest in waste gas management, waste treatment and wastewater management to treat or dispose of pollutants in compliance with regulations, and strive to improve the level of environmental management.

Following the national proposal of “dual-carbon” goals, the Group has actively responded by integrating energy conservation, emission reduction and carbon neutrality into its development strategy.

The Group not only prioritizes technological upgrades of equipment but also advocates for employees to implement energy-saving and emission-reduction practices. For instance, appropriate extension of material feeding time is being considered to reduce frequent furnace shutdowns and startups that cause temperature drops and subsequent increases in natural gas combustion. Moving forward, we will continuously optimize operations throughout the long-term development to achieve positive environmental-social-governance interactions and sustainable progress.

Exhaust gas management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, and other relevant laws and regulations, and adheres to compliant discharge standards. In the production process, our exhaust gas mainly comes from sulfur dioxide, nitrogen oxide and volatile organic compounds produced during the smelting and painting curing process in the foundry and painting workshop, as well as the dust generated during the painting process.

There are seven chimneys in operation in the production area of the Group. We check our exhaust gas emission density and volume data following local regulatory requirements, which is conducted monthly by a qualified third-party company. The data are directly uploaded by the third party to the regulatory authority “National Emission Permit Management Information Platform”, from which we are regularly informed that emissions do not exceed the standard. We have applied for and obtained an emission permit for exhaust gas from the local regulatory authority, pursuant to which our emissions of sulfur dioxide, nitrogen oxides and volatile organic compounds should not exceed 1.68 tonnes, 16.48 tonnes and 0.812 tonnes per year, respectively. For dust, the Group is equipped with dust removal and collection devices, which are recycled by the original manufacturer or a qualified third party.

Waste disposal

The Group strictly abides by relevant laws and regulations such as the *Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China* and the *Measures for the Administration of Hazardous Waste Business Permits (Decree No. 408 of the State Council)*, and the waste generated during operation includes hazardous waste and non-hazardous waste. Hazardous waste mainly includes aluminum slag produced in the casting process, and non-hazardous waste mainly includes general waste (such as waste carton boxes) and domestic waste.

For hazardous waste, the aluminum slag generated in the casting process of the Group has been included in the *National Hazardous Waste List* since 2021. According to relevant regulatory requirements, we dispose of it through a qualified third party (and regularly check whether the qualification of the third party is still valid). We have formulated the “Hazardous Waste Management System”, which clarifies the transfer processes and relevant requirements for transfer sheets in respect of the Group’s hazardous waste to implement the hazardous waste management tasks. Relevant transfers and disposals are recorded in the transfer sheets and are also reflected in the “National Solid Waste and Chemicals Management Information System”.

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For general waste, it is mainly damaged carton boxes generated from the internal logistics process of the Group, which are used as the inner lining of the products sold to prevent collisions and damages during the sales and transportation process. For domestic waste, we pile it in the garbage dump of our factory area, and the local environmental sanitation bureau will clear and dispose of it.

Sewage management

The Group strictly abides by relevant laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*. The sewage generated by the Group includes industrial sewage and domestic sewage. The Group's industrial sewage and domestic sewage are discharged into the sewage treatment station and then discharged into the municipal pipe network after treatment. The terminal discharge outlet of industrial sewage has been included in the online monitoring of the local supervision department. The Group has formulated environmental management goals: various environmental protection indicators meet national standards, and industrial sewage discharges comply with standards.

Packaging materials management

The packaging materials of the Group's products are mainly cardboard boxes. We integrate the concept of green environmental protection into the use of packaging materials, and are committed to promoting the recycling of packaging materials through our own actions, so as to continuously reduce unnecessary waste in our operation process.

Environment and Natural Resources

Our operations have a relatively little impact on the natural environment in general, including:

In terms of the use of raw materials, it does not involve the direct exploitation of natural resources, and has signed the "Letter of Commitment to Non-Use of Conflict Minerals" with aluminum ingot suppliers;

During the production process, waste gas and waste water are discharged. For details, please refer to "Exhaust gas management" and "Sewage management". None of them have caused material and adverse effects on the environment and natural resources.

Response to Climate Change

At present, abnormal climate phenomena such as sea level rise caused by global warming continue to attract the attention of the whole society, which puts forward higher requirements for enterprises to respond to climate change and promote the pace of low-carbon development. As a responsible enterprise, we are aware of the importance and urgency of reducing greenhouse gas emissions.

Governance

The Board of the Group is responsible for appointing directors to oversee relevant matters, with a focus on supervising environmental protection issues. The administrative department of the Group, appointed by the Board, is tasked with implementing related work. During execution, the administrative department adheres to documents and directives issued by the ecological and environmental authority to conduct self-inspection and rectification. For areas identified as non-compliant or substandard during the process, clear delineation will be implemented, and designated personnel will be assigned to rectification. Additionally, the administrative department ensures that identified issues are promptly and effectively communicated to the ecological and environmental authority, enabling timely tracking of rectification progress and further guidance and supervision.

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Strategy

Climate-related risks include risks related to the low-carbon economic transition (hereinafter referred to as “**transitional risk**”) and risks related to the physical impact of climate change (hereinafter referred to as “**physical risk**”), among which the transitional risk can be divided into policy and legal risks, technical risk, market risk, reputation risk, while the physical risk includes acute risk (such as typhoon, flood and other extreme weather) and chronic risk (climate pattern change such as persistent high temperature).

In terms of physical risks, as far as acute physical risks are concerned, the Group’s products are mainly exported, and most of the products need to be transported by sea. The largest impact is that during the process of shipment, extreme weather may cause loss of goods and delay of cargo ships during transportation. Our products are produced in indoor factories with good conditions. In addition to affecting labour management (safety, absenteeism), extreme weather such as typhoon, heavy rain and high temperature in the factory location has a relatively little impact on our production. In addition, extreme weather may cause water and power outages, or affect the supply of raw materials, which in turn may affect our production schedule. As far as chronic physical risks are concerned, rising temperatures may have a certain negative impact on labour productivity, and may also increase the Group’s expenses for maintaining production facilities in good condition.

In terms of transitional risks, with the deepening awareness of climate change from the society and the implementation of relevant policies such as the national carbon peak and carbon neutrality goals, regulatory authorities have increasingly stringent requirements on the carbon emissions of the Group, which may lead to a gradually increasing pressure on energy conservation and emission reduction, and an increase of our investment in environmental protection equipment and facilities. We will actively respond to the relevant national policies on carbon emissions, and gradually adapt to the requirements of carbon emission reduction in our production and operation processes. Our aluminum alloy automobile wheels are mainly used in subcompact, compact, mid-sized and large cars, as well as sports utility vehicles and pickup trucks. The national incentive policies for new energy vehicles will have an impact on the demand for vehicle upgrades, and further expand the overall size of the automotive market. We started to closely monitor the demand for spare parts of new energy vehicles, and are committed to reducing the weight of spare parts under the premise of ensuring safety, so as to help reduce the weight of the vehicle, thereby improving the battery life of new energy vehicles. Benefiting from our early entry into the market and technological advantages, the proportion of our products adapted to new energy vehicles is constantly increasing. We will continue to pay attention to industry policies, grasp the development opportunities of the new energy vehicle market, and make due contributions to the low-carbon development of the whole society.

Risk Management

We have assessed the risks of climate change and integrated various aspects of such risks into the daily management of all departments. Overall, the operational and financial impacts of climate change on the Group are limited. However, we will maintain continuous monitoring and review the impact of climate change on the Group at least annually. Concurrently, we will continue to implement energy-saving and emission-reduction measures and strive to reduce the total amount of greenhouse gas emissions in order to minimize the risks associated with climate policies and regulatory changes.

Metrics and Targets

The Group places high priority on greenhouse gas emission reduction and has identified energy consumption (including electricity, natural gas and diesel) as well as Scope 1 and Scope 2 greenhouse gas emissions as key climate change metrics. The greenhouse gas emissions accounting of the Group follows the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission.

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We regularly review energy consumption and associated greenhouse gas emissions. However, quantified targets have not yet been established due to production expansion. Energy conservation and consumption reduction not only align with the national “carbon peaking and carbon neutrality” goals but also correspond to the operational efficiency of the Group, serving as a core theme consistently upheld in its long-term strategy. All management personnel and frontline operators of the Group fully recognize this imperative and are currently preparing for future quantified target-setting through baseline data accumulation and energy-efficient retrofitting of production equipment.

EMPLOYEE CARE

The Group adheres to the talent strategy of “Unity, Harmony and Common Development”. Excellent talents are the driver and foundation for our future sustainable growth and technological innovation. The Group respects the wisdom, labour and creativity of its employees, and regards them as its “partners” and important stakeholders. In order to adapt to the rapid growth of the Group’s business, we will attract quality talents to serve us with a good working environment, humanized corporate culture, broad personal career growth space and attractive remuneration packages.

The Group regularly organizes dual-way communication meetings, and the workshops will appoint employee representatives to report problems to the middle and senior management of the Group, including quality enhancement, production optimization and livelihood improvements, and the Group will try its best to solve them. For issues requiring extended resolution, the Group will actively encourage all employees to collaborate in exploring solutions.

During the reporting period, the Group successfully organized diverse recreational activities for employees, including the 23rd Buyang Cultural Festival, a mini-marathon, and tug-of-war competitions. These initiatives prioritized employee wellness and aimed to inspire greater enthusiasm in both work and personal life.



23rd Buyang Cultural Festival



Employees participating in the mini-marathon

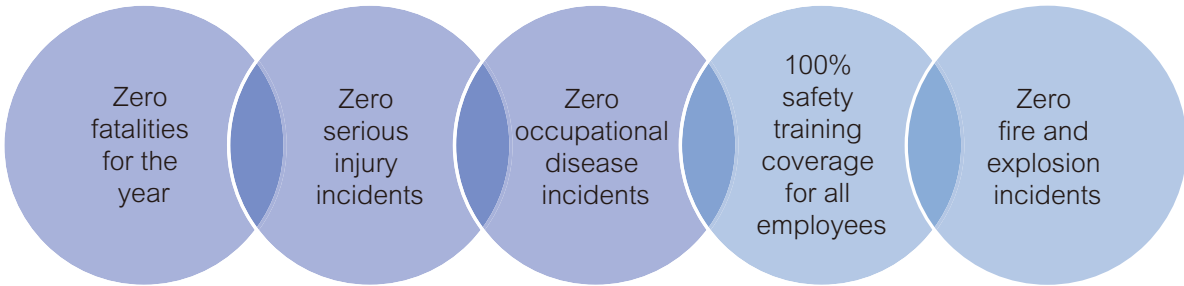
Health and Safety

The Group pays close attention to the safety and health of every employee. We strictly abide by relevant laws and regulations such as the *Safety Production Law of the People’s Republic of China*, the *Fire Protection Law of the People’s Republic of China* and the *Law on Occupational Disease Prevention and Control of the People’s Republic of China*, and have adopted a series of measures to fully ensure the health and safety of its employees. The Group has passed OHSAS18001 and ISO45001 occupational health and safety management system certification, and formulated the “Environmental and Occupational Health and Safety Management Manual” to standardize its occupational health and safety management activities.

The Group has set up a safety leading team. In the production process, fire safety, production safety, environmental safety and occupational health and safety are all managed and controlled by members of the safety leading team. The safety leading team is responsible for rectifying potential safety hazards, collecting feedback from employees on occupational health and safety risk factors, and following up and implementing them in a timely manner.

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The Group's Safety Production Objectives



The Group engages a third-party organization to conduct safety inspections on the factory areas every year, monitor the occupational health and safety factors (such as noise) involved in the positions of employees, and carry out annual occupational disease medical examinations for employees. We conduct occupational health and safety training for employees, including the necessity of wearing protection supplies and the protection of their own health and safety. In 2025, we organized 12 training activities on production safety, fire safety and personal safety, covering employees in painting workshops, processing workshops and painting workshops.

In 2025, the Group conducted occupational health examinations for relevant positions, with over 110 employees participating. Through professional and detailed inspections and assessments, no occupational contraindications or disease cases were identified among all participants, indicating favorable overall results.

In 2025, the Group maintained full compliance with occupational health and safety regulations that have a significant impact on us, with zero material violations. No work-related fatalities occurred, and work injuries resulted in only 60 lost hours.



Fire safety competition

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Employment

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Individual Income Tax Law of the People's Republic of China* and other relevant laws and regulations to protect the legitimate rights and interests of our employees, pay their salaries, social insurance, and housing funds fully and in a timely manner. We have formulated the "Human Resource Management System", which includes the "Recruitment Management System", "Performance Appraisal Management System", "Remuneration and Incentive Management System" and "Promotion and Resignation Management System", to standardize employee management. The Group respects differences and encourages diversity. In terms of recruitment, promotion, training, remuneration and benefits, candidates or employees will not be discriminated against or treated differently because of age, gender, physical or mental health, marital status, family status, race, skin color, nationality, religion, political affiliation and sexual orientation and other factors. As of the end of the Reporting Period, the Group has 96 female employees, accounting for 19.43% of the total employees, among which 25 female employees in the management positions, accounting for 26.59% of the total employees; 12 ethnic minority employees, accounting for 12.76% of the total employees.

In terms of employment, we adopt multi-channel recruitment methods such as internal promotion and external recruitment, implement fair employment opportunities, and resolutely eliminate child labour and forced labour. The Group strictly controls the recruitment process. By checking the original identity card of the employee and registering his/her entry status on the government website in a timely manner, the age of the employee is strictly verified to avoid the occurrence of child labour. The human resources department conducts spot checks of employee entry materials during internal audits from time to time. Once misuse of child labour is discovered, it will be corrected immediately, and employment will be terminated. Relevant personnel will be held accountable internally, and it will be externally reported to the regulatory institution. The Group fully respects employees' freedom of employment, and prohibits detaining employees' valid certificates, collecting deposits, forcing labour or defaulting on labour remuneration. The Group advocates dedication to work, and informs the working hours of the corresponding positions before enrollment. After enrollment, any adjustment to working hours due to production needs or job changes shall only be made upon the consent of employees. Upon their consent, employees who are required to work overtime due to production needs shall be given overtime pay or arranged to take days off. In addition, the Group strictly follows the written labour contract to clarify the rights and obligations of both parties. If violations are found, they shall be dealt with in a timely manner in accordance with laws and regulations. During the Reporting Period, no incidents of child labour or forced labour occurred.

In terms of employee remuneration and resignation, we provide employees with relatively competitive remuneration, and make the remuneration among employees of different job sequences, different departments and different positions within the Group relatively fair and reasonable. We further improve the existing incentive mechanism, establish a just, fair and open assessment system, and stimulate the management innovation ability of managers and the technological innovation ability of technical personnel. We standardize the management of employee resignation, safeguard the legitimate rights and interests of both the Company and employees, and understand the improvement suggestions of employees who voluntarily resign from the Group.

In terms of working hours and holidays, we implement a standard working hour system. However, due to the production characteristics of the Group, certain positions require 24-hour uninterrupted operation. In view of this, we implement a three-shift system (applicants will be notified when being recruited), and the shifts of employees in relevant positions will be uniformly arranged by the production scheduling department, and the shifts will be changed every two weeks, which avoid the adverse effect of long-term night shifts on the health of employees. In addition, employees are entitled to night shift allowances. According to the national and local regulations, we guarantee the rights of employees to rest and take vacations, and resolutely prevent any forced labour.

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We provide employees with housing subsidies, meal subsidies and other employee benefits. The Group will arrange a dual-way communication meeting with its employees, and the workshops will appoint employee representatives to report problems to the middle and senior management of the Group, including problems that need to be improved in various aspects such as quality, output and life, and the Group will try its best to solve them. We conduct annual employee satisfaction surveys and analyze the results through statistical sampling. This enables us to proactively address employee concerns and continuously enhance satisfaction levels. Our survey scores consistently exceed an average of 89 points.

Since 2020, the Group has organized the “Summer Migratory Bird Class” for consecutive years to create conditions for reunion during the summer vacation for non-local employees who have no time to take care of their children in person on weekdays, and to provide unified care and nursery services when employees go to work during daytime, allowing parents to work without any worries.

In 2025, the Group did not have any employment-related violations of laws and regulations that had a significant impact on the Group, nor did it employ any child labour, forced labour or have other violations of laws and regulations related to labour standards.

Development and Training

Guided by its “People-Oriented, Sustainable Development” philosophy, the Group continuously enhances talent development. We employ effective mechanisms to attract, retain, and nurture talent, ensuring our talent strategy supports capacity expansion and overall development and guaranteeing the Group’s long-term growth. We have formulated the “Human Resource Management System”, which includes the “Promotion and Resignation Management System” and “Training Management System”, clarifying the promotion and resignation process of the Group, as well as the employee training system and training requirements.

In terms of employee promotion, we promote employees with potential for development through internal promotion, provide directional development and training, and establish a talent pool for the Company. The Group’s employee promotion standards mainly include character, ability and attitude. In the case of vacancies due to employee resignation, excellent performance of employees or proactive recommendation by managers of various departments after discovering outstanding employees, the Group will provide corresponding job promotion arrangements according to the actual situation.

The training system of the Group consists of the following four systems:

- Professional ethics, quality cultivation and corporate culture education and training system;
- New employee induction training system;
- Work skills and techniques training system for fundamental employees;
- Management skills training system for senior, middle and junior managers.

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Practical training



Vocational skills certification examination

Certain positions in the Group, such as forklift workers and electric welders, require operating certificates. In view of this, we have established a ledger of relevant employee certificates to ensure that the certificates held by employees are within the validity period. In addition to the types of work that require certificates to be employed by laws and regulations, the Group places high priority on vocational skills enhancement and actively organizes vocational skills certification examinations. The training and implementation of these examinations are guided on-site throughout the process by professional instructors from the Yongkang Municipal Technology Association. During the preparation and execution of examinations, the administrative office of the Group coordinates all matters to ensure smooth delivery of training and examinations.

Category of professional certification	Number of participants in training	Number of employees who passed professional certification	Pass rate
Coating worker	187	172	91.9%

The human resources department of the Group evaluates the effect of each training and prepares training evaluation reports to continuously improve and enhance the quality of subsequent training work.

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OPERATING RESPONSIBILITIES

Anti-corruption

The Group strictly abides by laws and regulations such as the *Anti-Corruption Law of the People's Republic of China*, *Anti-Monopoly Law of the People's Republic of China* and *Anti-Unfair Competition Law of the People's Republic of China*, and has formulated management systems such as the "Administrative Measures for Anti-fraud and Reporting and Complaints". As of the end of Reporting Period, the Group has not had any corruption incidents, nor has there been any serious violations of relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering.

The Group advocates a corporate culture of honesty and integrity, and promotes honesty and integrity internally through various forms such as employee handbooks and rules and regulations training. In addition, anti-fraud training and integrity and moral education are provided to new employees after they join the Group. The Group's administrative department has set up and announced a corruption reporting telephone (15058659007), an email (2561907@qq.com) and a mailbox (correspondence address: No. 8 Buyang Road, Xicheng Jiedao, Yongkang City, Zhejiang Province, PRC) for the public. The person in charge of the reporting procedure is the general manager. After the investigation is initiated, it will be handed over to the administration department for proper investigation, and the whistleblower's information will be kept strictly confidential in accordance with the principle of confidentiality. For employees who are confirmed to have fraudulent behavior, the Group will impose corresponding administrative disciplinary actions in accordance with relevant regulations. If the behavior violates the laws, it will be transferred to the judicial authority for handling in accordance with the laws.

In 2025, the Group conducted anti-corruption training for Directors and all employees, covering anti-bribery or kickbacks, anti-appropriation, embezzlement or peculation of company property, and prevention of leakage of company confidential information and technical secrets. The training coverage rate reached 100%.

Product Liability

The Group regards product quality as its life, takes "manufacturing quality products with quality manufacturing" as its brand mission, and strives for excellence in product quality. As of the end of 2025, the Group has not experienced any major violations related to the health and safety of its products, customer privacy protection and intellectual property rights, and there has been no recall of any products sold or delivered due to safety and health reasons, or any major computer system or network security incidents. The Group does not involve in advertising and labeling matters in the course of business.

Product Quality Management

The Group strictly abides by the *Product Quality Law of the People's Republic of China*, *Product Safety Law (Lithuania)* and other laws and regulations, formulates quality control clauses, and specifies the overall quality control framework, variable adjustment, defect occurrence points and treatment. Through strict quality control, inspection and testing in every aspect of its production processes, a high performance and reliability of its products can be guaranteed. The Group has achieved IATF 16949: 2016 Automotive Quality Management System certification. In compliance with this standard, we have established detailed product quality inspection procedures. The quality inspection department of the Group is responsible for managing product quality comprehensively, including quality control of raw materials, casting, heat treatment, painting and packaging, and management of testing equipment. The quality inspection department conducts quality inspections on products after each process. A full inspection is carried out in major processes of automobile wheel production such as air tightness and dynamic balancing, while random inspections are conducted in respect of other processes:

- Raw material control: Random testing is carried out on chemical composition, temperature and density of aluminum alloy ingots to ensure that the production conditions are met;
- Casting phase: X-ray inspection, overall appearance inspection and deformation inspection are conducted on rough casts of automobile wheel with structural defects to ensure that the internal structure of the rough cast is intact;

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- Heat treatment phase: Heating tolerance evaluation of automobile wheel is carried out, and a hardness test is conducted after heat treatment to ensure that the automobile wheel meets the relevant physical properties;
- Machining phase: Air tightness test, dynamic balancing test, run-out test and dimension test are carried out on the automobile wheel to ensure that it has no air leakage, has balanced motion and weight distribution and its overall shape conforms to the technical perimeter setting;
- Painting phase: Baking temperature test, coating test, general appearance test and color difference test are carried out before and after painting to ensure that the coating meets the thickness and color requirements, and the overall appearance of the automobile wheel is consistent and flawless;
- Packaging phase: Final product inspection is conducted to ensure that the packaging is complete and the transportation information is correct;
- Testing equipment: It has modern testing equipment including X-ray detectors, coordinate measuring machines, salt spray cabinets and comprehensive impact testers, and strictly regulates the operating specifications of quality inspectors to ensure the accuracy of testing results.

In terms of quality monitoring, the Group strictly implements relevant monitoring work in accordance with the “Process Instruction Book”, including giving timely feedback to quality personnel on problems encountered during the inspection process and making evaluation and conclusion in internal meetings; regularly conducting quality control and defect prevention training to all production employees. When a specific defect occurs in the product, a temporary troubleshooting meeting will be held to deal with the defect problem and sort out relevant data for filing. Technical director or quality supervisor organizes a calibration meeting for all monitoring personnel every quarter to avoid unsatisfactory implementation of monitoring standards.

Our customers are all automobile manufacturers and distributors, and we do not sell any products to individual consumers directly. Despite our scientific and strict quality control, it is still impossible to avoid product returns after delivery. The reason for return is usually due to size issues or surface quality issues caused by transportation. Due to the particularity of the materials used in our products, the returned goods can be recycled. Therefore, while properly handling customer’s needs, we conduct recycling on basis of regular metal matching tests on the materials used in our products to save resources and reduce costs as much as possible.

Industry Exchanges

During the Reporting Period, we actively participated in industry peer exchanges and learning activities, including visits to renowned enterprises such as Jinfeng and Wanfeng. Additionally, organized by the Jinhua Automotive and Motorcycle Parts Association, we conducted in-depth visits to multiple original equipment manufacturers. These activities not only broadened our horizons but also fostered exchanges and cooperation with industry peers, injecting new vitality into the sustainable development of the Group.

Customer Service Management

Customer satisfaction is the highest service tenet of the Group. The Group attaches great importance to maintaining a good cooperative relationship with its customers. In order to provide customers with fair and transparent product information, the Group regularly sends product information to its customers and invites them to visit various exhibitions and conferences every year. Besides, in order to take into account the transparency of product information for overseas customers, the Group will also publish product information on the national website of the relevant sales platform.

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When customers give feedback or complaints about the products sold by the Group, the sales department will immediately identify whether it is related to quality. If it is related to quality, the sales department will obtain photo evidence from the customer and submit it to the quality department, and actively cooperate with the customer to verify quality problems and complete returns approval, product return, re-delivery or compensation. If it is not related to quality, such as delivery date, service or issues not related to the Group, we will patiently listen to customer opinions, explain to the customer in a timely manner, and actively assist the customer to solve problems. In 2025, the Group did not receive any complaints regarding external influences, and there were 27 cases of quality problems involving compensation, with an overall impact exceeded RMB63,000. In addition, the Group carried out a customer satisfaction survey and determined that product appearance, accessory quality and product development cycle will be further strengthened and improved in the future.

During the reporting period, the Group improved the customer rapid feedback mechanism. Our service goal is to process customer information within 24 hours, communicate effectively with customers in the shortest time, understand their needs, and provide them with quality services. In addition, follow-up will be carried out on key customers and potential customers to improve services and enhance their satisfaction. During the reporting period, the Group's customer satisfaction rate reached over 96 points.

Customer Complaint Process



Information Security and Privacy Management

The Group attaches great importance to the security management of corporate information and customer information, strictly abides by laws and regulations such as the *Network Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China* and *Network Security Review Measures*, and has formulated management systems such as "Information Data Security Management System", "Data Management System" and "Network and Information Security Guarantee Measures", involving data backup and information security, use and management of hardware and software. The technology department is the highest management unit for privacy and data security of the Group.

The host of the website of the Group adopts a third-party server, and the server provider provides safe and reliable firewall and host software and hardware security services. The Group's network system strictly distinguishes the functions of internal network and external network. The website system administrator sets the access rights of shared database information, corresponding passwords and instructions, and strictly manages the authority of operators in accordance with their job responsibilities. For sensitive information including customer and supplier information, the technology department will monitor the data in real time, set access and download permissions, and record all access. In special cases, access or download can only be made upon application and authorization.

The Group has formulated the "Confidentiality Management System", which stipulates confidentiality matters, confidentiality measures, responsibilities and penalties. The Group has entered into "confidentiality agreements" with the management and employees in special positions to define the content and scope of confidentiality. Once there is a security incident related to website operation, information security and information leakage, reporting, investigation and remedies of the incident will be carried out in accordance with the "Leakage Incident Reporting and Investigation Management System".

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The Group has formulated the “External Liaison Policy”, which defines specific handling procedures for all departments and workshops when receiving relevant laws, regulations and superior documents. For legal and regulatory requirements, compliance must be ensured through existing management systems of the Group. The administrative department is solely responsible for receiving superior documents, which are subsequently reported to the general manager for approval or forwarded to relevant departments for processing.

In 2025, the Group did not identify any major violations related to data or information leaks.

Intellectual Property Protection

The Group strictly complies with laws and regulations including the *Trademark Law of the People’s Republic of China*, the *Patent Law of the People’s Republic of China*, the *Intellectual Property Law of the People’s Republic of China*, and has formulated the “Intellectual Property Protection Measures” involving three phases, namely before R&D and after R&D and upon its completion, and has established corresponding measures in respect of infringement. The Group’s intellectual property rights involve trademarks and patents, which are managed by the legal department, and third-party agencies are engaged to cooperate in the protection of our intellectual property rights.

As of the end of 2025, the Group obtained 111 patents. Except for 12 invention patents and 11 utility model patents, the others are all design patents. After market research, the business department feeds back to the technology department for planning and application. Because of the nature of our products, upgrade or iteration will be required after one or two years. For invention patents, we engage a third-party agency to search for patents before the commencement of formal research and development.

Supply Chain Management

The suppliers of the Group include suppliers of raw materials, coating, packaging materials, accessories, consumables and office supplies. The Group has formulated management systems such as the Supplier Management System, Procurement Process Management System and Trade Payables Management System. The Group recognizes that the sustainable development of the supply chain is the common responsibility of all constituent units, so it is committed to driving or assisting the ESG development and code of conduct of suppliers.

The Group requires all suppliers to provide business license qualifications, checks through the National Enterprise Credit Information Publicity System at the time of access and during the cooperation period, and regularly assesses the quality of delivery. In addition, for suppliers of raw materials and coatings, in the supplier admission and evaluation stages, in addition to requiring suppliers to provide relevant business license qualifications and inspecting their service quality, the Group also focuses on the inspection of their environmental protection and safety, for example, verifying suppliers’ ISO 14001 Environmental Management System certification. For suppliers such as coatings and paint manufacturers, we additionally require third-party environmental monitoring reports and certification reports, and establish a filing management system. During the cooperation period, we monitor suppliers’ implementation of environmental protection by regularly requiring them to provide updated monitoring and certification reports and irregular inspections.

At the stage of signing contracts with suppliers, the Group will make reference to recommendations of the Global Foreign Trade Association (“**amfori BSCI**”) and enter into the “Special Implementation Terms for Business Partners” with its suppliers, requiring them to sign documents such as the Letter of Commitment to Social Responsibility and Letter of Commitment to Business Ethics, to promote the continuous improvement of suppliers’ social responsibility management. In addition, the Group also enters into the Commitment to Non-Use of Conflict Minerals with aluminum ingot suppliers, and the Safety Agreement for Transportation of Hazardous Chemicals with transportation service providers, urging suppliers to continuously improve their environmental and social management.

Environmental, Social and Governance Report

The Group also emphasizes promoting ESG principles throughout its supply chain. Suppliers of primary materials, such as aluminum ingots, must provide product carbon footprint certificates.

As of the end of 2025, the distribution of the Group's suppliers is shown in the table below.

Number of Suppliers by Region	2025
Zhejiang Province	95
Rest of Mainland China	63
Total	158

Community Building

The Group has always adhered to the corporate value of "sincerity and people-oriented". While continuously enhancing its own innovation capabilities and expanding and improving its businesses, the Group does not forget to give back to the society. We pay close attention to the needs of the local community and provide emergency rescue in case of any sudden natural disasters. For example, the catastrophic flood in Yongkang City in 2020 caused water and sludge to flood old houses in the local village. The Group extended a helping hand as soon as possible. The management led the employees to help, remove the sludge, and rescue objects. In addition, the Group has organized employees to donate at the end and beginning of years, and the raised money will be used for social welfare undertakings. It also hopes to share the concept of social responsibility with its employees through such activities, and encourage more people to participate in giving back to the society.

Environmental, Social and Governance Report

OVERVIEW OF KPIS

Environmental Performance

Environmental KPIS	Unit ²	2025	2024
A1.3 Total hazardous waste			
Total hazardous waste	tonnes	1,448.30	1,270.00
Hazardous waste intensity (calculated by revenue)	tonnes/RMB10,000	0.036	0.033
Total non-hazardous waste	tonnes	3,011.00	/
Non-hazardous waste intensity (calculated by revenue)	tonnes/RMB10,000	0.075	/
A2.1 Energy consumption			
Natural gas	m ³	4,341,071.00	4,316,544.00
Diesel	tonnes	22.61	37.00
Electricity purchased	kWh	14,789,660.00	12,209,840.00
Total energy consumption	MWh	62,035.95	59,361.31
Energy intensity (calculated by revenue)	MWh/RMB10,000	1.54	1.53
A2.2 Total water consumption			
Total water consumption	m ³	104,501.00	94,196.00
Water consumption intensity	m ³ /RMB10,000	2.59	2.42
A2.5 Total amount of packaging materials used for finished products			
Packaging materials consumption	piece	1,897,501	1,797,827
Consumption intensity of packaging materials (calculated by revenue)	piece/RMB10,000	47.00	46.21
D-IV Metrics and Targets			
Greenhouse gas emissions			
Scope 1 greenhouse gas emissions ³	tonnes of carbon dioxide equivalent	9,386.32	9,573.07
Scope 2 greenhouse gas emissions ⁴	tonnes of carbon dioxide equivalent	7,847.39	6,551.80
Total greenhouse gas emissions	tonnes of carbon dioxide equivalent	17,233.71	16,124.87
Greenhouse gas emission intensity (calculated by revenue)	tonnes of carbon dioxide equivalent/RMB10,000	0.43	0.41
Scope 3 greenhouse gas emissions ⁵	tonnes of carbon dioxide equivalent	48,015.64	/

² Since the Group's products are mainly automobile wheels of different sizes, it is not meaningful to calculate the intensity per automobile wheel. It is more reasonable for the relevant intensity data to be based on the revenue corresponding to the product (that is, per RMB10,000).

³ Scope 1 greenhouse gas emissions have been calculated in accordance with Appendix 4 of the "China Energy Statistical Yearbook 2020", the GHG Protocol, and the "Energy Statistics Work Manual" (published by the Energy Department of the National Bureau of Statistics in 2010).

⁴ Scope 2 greenhouse gas emissions are calculated utilizing the average CO₂ emission factor for China's regional power grids, as specified in the "Announcement on the Publication of Carbon Dioxide Emission Factors for Electricity for the Year 2023" issued by the Ministry of Ecology and Environment of the People's Republic of China.

⁵ Scope 3 greenhouse gas emissions solely encompass Category 1 (purchased goods and services), integrating the Group's principal raw materials. These emissions are quantified based on the product carbon footprint data, which is provided by the suppliers of these principal raw materials and certified by a third party, along with the annual procurement volume.

Environmental, Social and Governance Report

Social Performance

Employee category		Number of employees (persons)	Turnover rate of employees (%)	Number of employees (persons)	Turnover rate of employees (%)
		2025	2025	2024	2024
By gender	Male	398	9%	392	37.24%
	Female	96	8%	94	24.47%
By employment	Full time	494	9%	486	34.77%
	Part time	0	0%	0	/
By age	25 years old and below	35	23%	39	84.62%
	25–34 years old	107	12%	112	44.64%
	35–44 years old	137	4%	125	24.80%
	45–54 years old	157	7%	158	21.52%
	55–64 years old	58	10%	51	29.41%
By geographical regions	Northeast and North China	2	0%	2	0%
	East and Central China	215	2.79%	212	20.28%
	South China	1	0%	1	0%
	Southwest and Northwest Inland				
	Regions of China	276	11.79%	271	46.49%
Total		494	/	486	/

Employee training		2025		2024	
		Percentage of trained employees (%) ⁶	Average duration of training (hours) ⁷	Percentage of trained employees (%)	Average duration of training (hours)
By gender	Male	99%	80.00	100%	58.00
	Female	100%	65.00	100%	48.00
By employment type	Senior management	100%	36.00	100%	36.00
	Middle management	100%	40.00	100%	40.00
	General employees	100%	79.00	100%	56.00

Occupational health and safety performance	Unit	2025	2024	2023
Number of work-related fatalities	persons	0	0	0
Proportion of work-related fatalities	%	0	0	0
Workday lost due to work injuries	hours	60	/	/

⁶ The percentage of trained employees is calculated by dividing the number of people trained by the number of employees in the same category.

⁷ Average hours are calculated by dividing the number of training hours for such employment category by the number of employees in the same category.

Environmental, Social and Governance Report

APPENDIX

REPORT CONTENT INDEX

Aspect	Content	Location in this Report	
Part B: Mandatory Disclosure Requirements			
	Governance Structure	Statement of the Board	
	Reporting Principles	About This Report	
	Reporting Boundary	About This Report	
Part C: “Comply or Explain” Provisions			
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management	
	A1.1	The types of emissions and respective emissions data.	Environmental Performance
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection

Environmental, Social and Governance Report

Aspect	Content	Location in this Report
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Energy and Resources Consumption
	A2.1 Direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy and Resources Consumption
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Energy and Resources Consumption
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
	A3.1 Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Social Performance
	B1.2 Employee turnover rate by gender, age group and geographical region.	Social Performance

Environmental, Social and Governance Report

Aspect	Content	Location in this Report	
B2 Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and Safety	
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance
	B2.2	Lost days due to work injury.	Social Performance
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Development and Training	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance
	B3.2	The average training hours completed per employee by gender and employee category.	Social Performance
B4 Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	Employment	
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employment

Environmental, Social and Governance Report

Aspect	Content	Location in this Report
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1 Number of suppliers by geographical region.	Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Liability
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Liability
	B6.2 Number of products and service related complaints received and how they are dealt with.	Product Liability
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Liability
	B6.4 Description of quality assurance process and recall procedures.	Product Liability
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Liability

Environmental, Social and Governance Report

Aspect	Content	Location in this Report	
B7 Anticorruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.</p>	Anti-corruption	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8 Community Investment	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests.</p>	Community Building	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Building
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Building
Part D: Climate-related Disclosures			
D-I Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities	Response to Climate Change	
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Response to Climate Change	
D-II Strategy	Climate-related risks and opportunities	Response to Climate Change	
	Business model and value chain	Response to Climate Change	
	Strategy and decision-making	Note 1	
	Financial position, financial performance and cash flows	Note 2	
	Climate resilience	Note 2	

Environmental, Social and Governance Report

Aspect	Content	Location in this Report
D-III Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	Response to Climate Change
	The processes used to identify, assess, prioritise and monitor climate-related opportunities	Response to Climate Change
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Response to Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions	Response to Climate Change
	Climate-related transition risks	Note 2
	Climate-related physical risks	Note 2
	Climate-related opportunities	Note 2
	Capital deployment	Note 3
	Internal carbon prices	Note 3
	Remuneration	Energy and Resources Consumption
	Climate-related targets	Note 3

Note 1: Based on a preliminary analysis, the Group has concluded that the impact of climate change on its business operations is not material. At present, no transformation plans have been initiated, nor have emission reduction targets been set. These actions will be taken when the appropriate conditions are met and will be included in subsequent disclosures.

Note 2: Based on a preliminary analysis, the Group has determined that the financial implications of climate change are not significant for its operations. Currently, systematic scenario analysis and financial quantification related to climate change adaptation have not been conducted. These activities will be carried out in a timely manner when conditions are favorable and will be incorporated into the disclosures.

Note 3: The Group has not yet undertaken any work concerning the capital allocation for climate-related risks and opportunities, internal carbon pricing, the integration of climate-related factors into compensation policies, or the establishment of climate-related goals. These tasks will be initiated when conditions are suitable and will be disclosed in the report.



Independent auditor's report to the shareholders of Buyang International Holding Inc

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Buyang International Holding Inc ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 82 to 134, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

KEY AUDIT MATTER *(Continued)*

Revenue recognition from sales of aluminium alloy wheels

Refer to Note 3 to the consolidated financial statements and the accounting policies in Note 1(r)(i).

The Key Audit Matter

The principal activities of the Group are the manufacture and sales of a broad range of aluminium alloy wheels for automobiles.

The Group generated total revenue of RMB404.8 million for the year ended 31 December 2025. Among which, revenue from the sales of aluminium alloy wheels is RMB392.7 million for the year ended 31 December 2025.

Management evaluates the terms of individual contract to determine the Group's performance obligations and appropriate timing of revenue recognition. Revenue from sales of aluminium alloy wheels is recognised when the control over the underlying products is transferred to customers. For overseas sales, it is generally recognised at the point of time when goods are loaded on board of shipping vessels, which is the date indicated in the bill of lading. For domestic sales, it is generally recognised at the point of time when the products leave the Group's own warehouses or are delivered to the customers' designated warehouses in accordance with the terms of the sales contracts.

We identified the recognition of revenue from sales of aluminium alloy wheels as a key audit matter because revenue is one of the key performance indicators of the Group and is, therefore, subject to an inherent risk of manipulation by management to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Group's profit for the year.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue from sales of aluminium alloy wheels included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- inspecting customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;
- comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and bill of lading (for overseas sales) or goods delivery notes with customers' acknowledgement of receipt and acceptance of the goods (for domestic sales), to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies;
- comparing, on a sample basis, revenue transactions recorded before and after the financial year end date with bill of lading (for overseas sales) or goods delivery notes with customers' acknowledgement of receipt and acceptance of the goods (for domestic sales) to assess whether the revenue had been recognised in the appropriate financial year; and
- inspecting underlying documentation for manual journal entries relating to revenue recognised during the year which met specific risk-based criteria.

Independent Auditor's Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yue Tat Wai (practising certificate number: P06438).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in Renminbi (“RMB”))

	Note	2025 RMB'000	2024 RMB'000
Revenue	3	404,827	391,981
Cost of sales		(360,274)	(342,267)
Gross profit		44,553	49,714
Other revenue	4(a)	1,722	1,897
Other net (loss)/gain	4(b)	(994)	4,352
Selling and distribution expenses		(10,111)	(9,972)
Administrative and other operating expenses		(12,049)	(12,334)
Research and development costs		(15,146)	(14,463)
Impairment reversal on trade receivables	24(a)	87	537
Profit from operations		8,062	19,731
Finance income		4,501	5,065
Finance costs		(356)	(385)
Net finance income	5(a)	4,145	4,680
Profit before taxation	5	12,207	24,411
Income tax	6	(1,143)	(5,231)
Profit for the year		11,064	19,180
Other comprehensive income for the year (after tax and reclassification adjustments)			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange difference on translation of financial statements of the Company		(2,457)	2,163
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of the Company's subsidiaries outside Chinese mainland		2,043	(1,775)
Other comprehensive income for the year		(414)	388
Total comprehensive income for the year		10,650	19,568
Earnings per share			
Basic and diluted (RMB)	9	0.01	0.02

The notes on pages 88 to 134 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	10	62,713	63,959
Right-of-use assets	11	14,484	15,215
Intangible assets		—	7
Deferred tax assets	22(b)	1,322	1,244
A loan provided to a related party	12	—	14,817
Prepayments		698	1,317
		79,217	96,559
Current assets			
Inventories	14	94,041	85,877
Trade and other receivables	15	72,008	80,262
A loan provided to a related party	12	14,596	148
Income tax recoverable	22(a)	2,062	1,258
Time deposits	16(a)	120,968	40,030
Pledged deposits	16(b)	17,877	16,588
Cash and cash equivalents	17(a)	106,058	172,901
		427,610	397,064
Current liabilities			
Trade and other payables	18	80,046	78,315
Contract liabilities	19	5,211	4,867
Lease liabilities	20	532	501
		85,789	83,683
Net current assets		341,821	313,381
Total assets less current liabilities		421,038	409,940

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	20	5,616	6,148
Deferred income	21	1,025	1,266
Deferred tax liabilities	22(b)	3,292	2,071
		9,933	9,485
NET ASSETS			
		411,105	400,455
CAPITAL AND RESERVES			
Share capital	23(b)	6,952	6,952
Reserves	23(d)	404,153	393,503
TOTAL EQUITY			
		411,105	400,455

Approved and authorised for issue by the board of directors on 27 March 2026.

)	
Xu Buyun)	
)	Directors
Xu Jingjun)	
)	

The notes on pages 88 to 134 form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

(Expressed in RMB)

		Attributable to equity shareholders of the Company						
		The People's Republic of China (the "PRC")						
Note	Share capital RMB'000 (Note 23(b))	Share premium RMB'000 (Note 23(d)(i))	Capital reserve RMB'000 (Note 23(d)(ii))	statutory reserve RMB'000 (Note 23(d)(iii))	Exchange reserve RMB'000 (Note 23(d)(iv))	Retained profits RMB'000	Total equity RMB'000	
Balance at 1 January 2024	6,952	198,080	(45,000)	30,073	(5,016)	195,798	380,887	
Changes in equity for 2024:								
Profit for the year	—	—	—	—	—	19,180	19,180	
Other comprehensive income for the year	—	—	—	—	388	—	388	
Total comprehensive income	—	—	—	—	388	19,180	19,568	
Appropriation of statutory reserve	23(d)(iii)	—	—	2,301	—	(2,301)	—	
Balance at 31 December 2024	6,952	198,080	(45,000)	32,374	(4,628)	212,677	400,455	

The notes on pages 88 to 134 form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

(Expressed in RMB)

		Attributable to equity shareholders of the Company						
Note	Share capital	Share premium	Capital reserve	PRC statutory reserve	Exchange reserve	Retained profits	Total equity	
	RMB'000 (Note 23(b))	RMB'000 (Note 23(d)(i))	RMB'000 (Note 23(d)(ii))	RMB'000 (Note 23(d)(iii))	RMB'000 (Note 23(d)(iv))	RMB'000	RMB'000	
Balance at 1 January 2025	6,952	198,080	(45,000)	32,374	(4,628)	212,677	400,455	
Changes in equity for 2025:								
Profit for the year	–	–	–	–	–	11,064	11,064	
Other comprehensive income for the year	–	–	–	–	(414)	–	(414)	
Total comprehensive income	–	–	–	–	(414)	11,064	10,650	
Appropriation of statutory reserve	–	–	–	1,357	–	(1,357)	–	
Balance at 31 December 2025	6,952	198,080	(45,000)	33,731	(5,042)	222,384	411,105	

The notes on pages 88 to 134 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	17(b)	31,747	32,936
PRC corporate income tax paid		(804)	(5,994)
Net cash generated from operating activities		30,943	26,942
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		(21,842)	(19,507)
Payment for purchase of time deposits		(160,162)	(140,000)
Proceeds from disposal of time deposits		80,030	100,000
Proceeds from disposal of property, plant and equipment		712	496
Interest received		3,695	5,473
Net cash used in investing activities		(97,567)	(53,538)
Financing activities			
Dividends paid to equity shareholders of the Company		—	(27,187)
Capital element of lease rentals paid	17(c)	(501)	(472)
Interest element of lease rentals paid	17(c)	(356)	(385)
Net cash used in financing activities		(857)	(28,044)
Net decrease in cash and cash equivalents		(67,481)	(54,640)
Cash and cash equivalents at the beginning of the year		172,901	223,729
Effect of foreign exchange rate changes		638	3,812
Cash and cash equivalents at the end of the year	17(a)	106,058	172,901

The notes on pages 88 to 134 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements of Buyang International Holding Inc (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The Company was incorporated in the Cayman Islands on 14 November 2018 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 Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2022 (the “**Listing**”). The Group is principally engaged in the research and development, design, manufacturing and sales of a broad range of aluminium alloy wheels for automobiles.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “**Functional Currency**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), rounded to the nearest thousand, except when otherwise indicated, which is the functional currency of the Group’s subsidiaries established in Chinese mainland. The functional currency of the Company and the Company’s subsidiaries outside Chinese mainland are Hong Kong Dollars (“**HKD**”). The Group translates the financial statements of the Company and the Company’s subsidiaries outside Chinese mainland from HKD into RMB.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

(i) **New and amended HKFRSs**

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(t)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful life
Machinery equipment	3–10 years
Electronic and other equipment	5 years
Motor vehicles	5–8 years
Moulds	3 years

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents properties under construction and machinery equipment pending installation and is stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less impairment losses (see Note 1(h)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

(f) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group are stated at cost (the acquisition date fair value) less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Estimated useful life
Software	3 years

Both the period and method of amortisation are reviewed annually and adjusted if appropriate.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Lease assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use assets recognised when a lease is capitalised are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(e) and 1(h)(ii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value; and
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Lease assets (Continued)

(i) As a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 1(r)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 1(g)(i), then the Group classifies the sub-lease as an operating lease.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (“ECL”s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, a loan provided to a related party); and
- lease receivables.

Other financial assets measured at fair value, including equity instruments designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12 month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- right-of-use assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to disposal, or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, costs include direct labour and appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 1(r)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 1(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 1(r)(iii)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 1(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) (see Note 1(h)(i)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 1(t)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other revenue

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other revenue recognition policies are as follows:

(i) Sale of goods

Revenue from sales of aluminium alloy wheels is recognised when the control over the underlying products is transferred to customers. For domestic sales, it is generally recognised at the point of time when the products leave the Group's own warehouses or are delivered to the customers' designated warehouses in accordance with the terms of the sales contracts. For overseas sales, it is generally recognised at the point of time when goods are loaded on board of shipping vessels, which is the date indicated in the bill of lading. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

(ii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other revenue (Continued)

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as other revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Government grants related to assets are initially recognised as deferred income and then recognised in profit or loss as other revenue on a systematic basis over the useful life of the asset.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities.

The results of operations with functional currency other than RMB are translated into RMB at the monthly weighted average exchange rates for the year. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of these financial statements are as follows:

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

(b) Impairment of trade and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the manufacturing and sales of a broad range of aluminium alloy wheels for automobiles. The Group's revenue from contracts with customers were recognised at point in time for the reporting period.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2025	2024
	RMB'000	RMB'000
Sales of aluminium alloy wheels	392,740	380,212
Sales of others	12,087	11,769
	404,827	391,981

Disaggregation of revenue from contracts with customers by continent of delivery is disclosed in Note 3(b)(i).

(ii) The Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are as follows. Details of concentrations of credit risk of the Group are set out in Note 24(a).

	2025	2024
	RMB'000	RMB'000
Customer I	53,981	*
Customer II	42,577	*

* Represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective year.

(iii) **Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.**

For sales contracts of goods with original expected duration of less than one year, the Group has elected not to disclose information about the remaining performance obligations.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by geography. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no segment information is presented.

Geographical information

(i) Revenue from external customers by continent of delivery

	2025 RMB'000	2024 RMB'000
Asia	197,318	198,492
Europe	54,500	61,998
America	135,337	120,454
Africa	11,065	5,851
Oceania	6,607	5,186
	404,827	391,981

(ii) Non-current asset

The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the assets is provided.

4 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	2025 RMB'000	2024 RMB'000
Government grants	1,139	1,260
Rentals receivable from operating leases, other than those relating to investment property (Note 26(c))	550	550
Others	33	87
	1,722	1,897

(b) Other net (loss)/gain

	2025 RMB'000	2024 RMB'000
Net (loss)/gain on disposal of property, plant and equipment	(322)	88
Net foreign exchange (loss)/gain	(672)	4,264
	(994)	4,352

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance income

	2025 RMB'000	2024 RMB'000
Interest income on bank deposits	(3,621)	(4,189)
Interest income on a loan to a related party	(880)	(876)
Interest on lease liabilities (Note 11)	356	385
	<hr/>	
Net finance income	(4,145)	(4,680)

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	52,564	51,810
Contributions to defined contribution scheme (Note)	3,331	2,728
	<hr/>	
	55,895	54,538

Note: The Group's subsidiaries in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated based on certain percentages of the prevailing average salary as agreed by the local municipal government to the schemes to fund the retirement benefits of the employees. The Group has no other material obligation for the payment of retirement benefits beyond the contributions described above.

(c) Other items

	2025 RMB'000	2024 RMB'000
Cost of inventories ((i) & Note 14(b))	360,274	342,267
Depreciation		
— Property, plant and equipment	12,738	12,014
— Right-of-use assets	731	731
Amortisation of intangible assets	7	76
Impairment reversal on trade receivables (Note 24(a))	(87)	(537)
Research and development costs (ii)	15,146	14,463
Auditors' remuneration		
— Audit services related to the Group	1,400	1,400
— Other audit related services and non-audit services	660	660

(i) Cost of inventories include RMB53,131,000 relating to staff costs and depreciation expenses for the year ended 31 December 2025 (2024: RMB52,008,000), which amounts are also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

(ii) Research and development costs include RMB7,063,000 relating to staff costs and depreciation expenses for the year ended 31 December 2025 (2024: RMB6,512,000), which amounts are also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents

	2025 RMB'000	2024 RMB'000
Current tax		
PRC corporate income tax	—	2,672
	—	2,672
Deferred tax		
Origination and reversal of temporary differences (Note 22(b)(i))	(78)	488
Withholding tax on the profits of the Group's PRC subsidiaries (Note (iv) & Note 22(b)(i))	1,221	2,071
	1,143	2,559
	1,143	5,231

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) The applicable profits tax rate of the Group's subsidiary incorporated in Hong Kong was 16.5%. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2025.
- (iii) The Group's PRC subsidiary in Chinese mainland is subject to PRC income tax at 25%. According to the relevant PRC income tax law, certain research and development costs of PRC subsidiaries in Chinese mainland are qualified for 100% additional deduction for tax purpose.
- (iv) According to the Implementation Rules of the Corporate Income tax Law of the PRC, the Company's subsidiaries in Chinese mainland are levied a 10% withholding tax on dividends declared to their foreign investment holding company arising from profit earned subsequent to 1 January 2008. Buyang (Hong Kong) Limited, a subsidiary of the Company, is subject to PRC dividend withholding tax at 10% on dividends receivables from the PRC subsidiaries in Chinese mainland.

As at 31 December 2025, deferred tax liabilities of RMB3,292,000 were recognised in respect of the 10% PRC dividend withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries in Chinese mainland (31 December 2024: RMB2,071,000).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX (Continued)

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	12,207	24,411
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	3,371	6,532
Effect of additional deduction on research and development costs*	(3,487)	(3,418)
Withholding tax (Note 6(a)(iv))	1,221	2,071
Tax effect of non-deductible expenses, net of non-taxable income	38	46
Actual tax expense	1,143	5,231

* According to the relevant PRC income tax law, certain research and development costs of PRC subsidiaries are qualified for 100% (2024: 100%) additional deduction for tax purpose.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025				Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	
Executive directors					
Xu Jingjun	—	664	247	10	921
Ying Yonghui	—	123	350	10	483
Hu Huijuan	—	63	435	10	508
Non-executive directors					
Zhu Ning	—	122	62	10	194
Xu Buyun	—	—	—	—	—
Independent non-executive directors					
Yeung Man Simon	110	—	—	—	110
Chen Jingeng	110	—	—	—	110
Ren Guodong	110	—	—	—	110
Total	330	972	1,094	40	2,436

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS (Continued)

	2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Xu Jingjun	—	674	247	9	930
Ying Yonghui	—	121	340	9	470
Hu Huijuan	—	64	352	9	425
Non-executive directors					
Zhu Ning	—	120	62	9	191
Xu Buyun	—	—	—	—	—
Independent non-executive directors					
Yeung Man Simon	110	—	—	—	110
Chen Jingeng	110	—	—	—	110
Fu Yi (resigned on July 7, 2024)	55	—	—	—	55
Ren Guodong (appointed on July 7, 2024)	55	—	—	—	55
Total	330	979	1,001	36	2,346

8 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors, whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the remaining highest two (2024: two) individuals of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	162	160
Discretionary bonuses	447	474
Retirement scheme contributions	10	9
	619	643

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK\$ nil to HK\$1,000,000	2	2

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB11,064,000 (2024: RMB19,180,000) and the weighted average of 1,000,000,000 ordinary shares (2024: 1,000,000,000 ordinary shares) in issue during the year ended 31 December 2025.

There were no dilutive potential shares outstanding for the years ended 31 December 2025 and 2024 and therefore the diluted earnings per share are same as the basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Machinery equipment RMB'000	Moulds RMB'000	Electronic and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2024	116,892	64,238	2,133	732	—	183,995
Additions	—	—	—	—	20,810	20,810
Transfers from construction in progress	10,098	10,705	7	—	(20,810)	—
Disposals	(6,251)	—	(151)	—	—	(6,402)
At 31 December 2024 and 1 January 2025	120,739	74,943	1,989	732	—	198,403
Additions	—	—	—	—	12,444	12,444
Transfers from construction in progress	6,114	6,133	6	191	(12,444)	—
Disposals	(4,555)	(2,110)	(74)	(211)	—	(6,950)
At 31 December 2025	122,298	78,966	1,921	712	—	203,897
Accumulated depreciation:						
At 1 January 2024	(74,735)	(51,253)	(1,801)	(692)	—	(128,481)
Charge for the year	(6,306)	(5,631)	(76)	(1)	—	(12,014)
Written back on disposals	5,907	—	144	—	—	6,051
At 31 December 2024 and 1 January 2025	(75,134)	(56,884)	(1,733)	(693)	—	(134,444)
Charge for the year	(6,439)	(6,212)	(74)	(13)	—	(12,738)
Written back on disposals	3,729	1,999	70	200	—	5,998
At 31 December 2025	(77,844)	(61,097)	(1,737)	(506)	—	(141,184)
Net book value:						
At 31 December 2025	44,454	17,869	184	206	—	62,713
At 31 December 2024	45,605	18,059	256	39	—	63,959

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost in the PRC, with remaining lease term of:		
– between 10 and 50 years (Note (i))	9,840	10,056
Other properties leased for own use, carried at depreciated cost (Note (ii))	4,644	5,159
	14,484	15,215

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold land	216	216
– Other properties leased for own use	515	515
	731	731
Interest on lease liabilities (Note 5(a))	356	385

During the years end 31 December 2025 and 2024, additions to right-of-use assets were nil.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 17(d) and 20, respectively.

(i) Ownership interests in leasehold land held for own use

The Group acquired land use rights in Zhejiang province in 2021 and the land use rights is depreciated over 50 years from the commencement of the lease period.

On 20 November 2023, the Group signed a lease agreement with Buyang Group Co., Ltd. to temporarily lease out the land use rights for improvement of asset utilisation. The lease payment including value-added tax is RMB600,000 per year. Considering the business purpose and no fixed lease term of the lease agreement, management treats the land use rights as owner-occupied property held for future development and subsequent use.

(ii) Other properties leased for own use

The Group has obtained the right to use the leasehold land and premises as its office and business operation through tenancy agreements. The leases typically run for an initial period of 20 years.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

12 A LOAN PROVIDED TO A RELATED PARTY

	31 December 2025 RMB'000	31 December 2024 RMB'000
A fixed-rate loan receivables	14,451	14,817
Accrued interest receivables	145	148
	14,596	14,965
Analysed as:		
— Non-current	—	14,817
— Current	14,596	148
	14,596	14,965

On 8 May 2023, the Company lent a three-year loan to Topsun Investment Holding Company Limited of HKD16,000,000 with an annual interest rate of 6%, guaranteed by controlling shareholder Mr. Xu Buyun.

As at 31 December 2025, the gross loan provided to Topsun Investment Holding Company Limited amounted to RMB14,596,000 including the principal of HKD16,000,000 (equivalent to approximately RMB14,451,000) and corresponding interests receivable of HKD160,000 (equivalent to approximately RMB145,000).

13 INTEREST IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place and date of establishment/ incorporation	Particulars of issued and paid-up capital/registered capital	Proportion of ownership interest		Principal Country of operation	Principal activities and legal status
			Held by the Company	Held by a subsidiary		
Zhejiang Buyang Auto Wheel Co., Ltd. ("Buyang Wheel") 浙江步陽汽輪有限公司*	The PRC 3 September 2007	RMB139,810,000/ RMB190,000,000	—	100%	The PRC	Manufacturing and sales of wheels, limited liability company

* The English translation of the Company name is for reference only. The official name of this company is in Chinese.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2025	2024
	RMB'000	RMB'000
Raw materials	16,409	16,856
Work in progress	17,604	14,077
Finished goods	59,243	54,388
Others	785	556
	94,041	85,877

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss are as follows:

	2025	2024
	RMB'000	RMB'000
Carrying amount of inventories sold	359,654	341,659
Write-down of inventories	620	608
	360,274	342,267

15 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025	2024
		RMB'000	RMB'000
Trade receivables			
— Third parties		60,965	68,947
Bills receivable		5,738	3,966
Less: Loss allowance for trade and bills receivable	24(a)	(640)	(727)
Financial assets measured at amortised cost		66,063	72,186
Value-added tax recoverable and others		1,241	1,208
Prepayment		4,704	6,868
		72,008	80,262

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis of trade and bills receivables

As of the end of the reporting period, the ageing analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowance, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	61,320	65,076
Over 3 months but within 6 months	4,572	6,538
Over 6 months but within 12 months	171	572
	66,063	72,186

Further details on the Group's credit risk management policy and credit risk arising from trade receivables are set out in Note 24(a).

16 TIME DEPOSITS AND PLEDGED DEPOSITS

(a) Time deposits

	2025	2024
	RMB'000	RMB'000
Time deposits held at the bank with original maturity over three months but within one year	120,968	40,030

As at 31 December 2025, the time deposits held at the bank with original maturity over three months but within one year have annual interest rates of 1.10%-1.80% (31 December 2024: 1.35%).

(b) Pledged deposits

	2025	2024
	RMB'000	RMB'000
Guarantee deposits for issuance of bank acceptance notes	17,877	16,588

The pledged deposits will be released upon the settlement of the relevant bank acceptance notes by the Group.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank	123,934	189,488
Cash in hand	1	1
	123,935	189,489
Less: Pledged deposits (Note 16(b))	(17,877)	(16,588)
	106,058	172,901

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		12,207	24,411
Adjustments for:			
Depreciation:			
— Property, plant and equipment	10	12,738	12,014
— Right-of-use assets	11	731	731
Amortisation of intangible assets		7	76
Write-down of inventories	14	620	608
Finance costs	5(a)	356	385
Interest income	5(a)	(4,501)	(5,065)
Net loss/(gain) on disposal of property, plant and equipment	4(b)	322	(88)
Impairment reversal on trade receivables	5(c)	(87)	(537)
Operating profit before changes in working capital		22,393	32,535
(Increase)/decrease in inventories		(8,784)	5,311
Decrease/(increase) in trade and other receivables		9,038	(2,421)
Increase in pledged deposits		(1,289)	(1,576)
Increase in trade and other payables		10,286	1,407
Increase/(decrease) in contract liabilities		344	(2,079)
Decrease in deferred income		(241)	(241)
Cash generated from operations		31,747	32,936

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW (Continued)

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities RMB'000 Note 20	Total RMB'000
At 1 January 2024	7,121	7,121
Changes from financing cash flows:		
Capital element of lease rentals paid	(472)	(472)
Interest element of lease rentals paid	(385)	(385)
Total changes from financing cash flows	(857)	(857)
Other change:		
Interest expense (Note 5(a))	385	385
Total other change	385	385
At 31 December 2024 and 1 January 2025	6,649	6,649
Changes from financing cash flows:		
Capital element of lease rentals paid	(501)	(501)
Interest element of lease rentals paid	(356)	(356)
Total changes from financing cash flows	(857)	(857)
Other change:		
Interest expense (Note 5(a))	356	356
Total other change	356	356
At 31 December 2025	6,148	6,148

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within financing cash flows	857	857

18 TRADE AND OTHER PAYABLES

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Trade payables			
— Third parties		34,644	26,070
— Related parties	26(d)	1,078	978
Bills payable		17,877	16,588
		53,599	43,636
Other payables and accruals		14,857	23,142
Financial liabilities measured at amortised cost		68,456	66,778
Accrued payroll and other benefits		11,191	11,154
Other taxes and charges payable		399	383
		80,046	78,315

The amounts due to related parties are unsecured and interest-free. Details of the amounts due to related parties are set out in Note 26(d).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	37,169	30,936
Over 3 months but within 6 months	15,812	12,159
Over 6 months but within 12 months	112	177
Over 12 months	506	364
	53,599	43,636

19 CONTRACT LIABILITIES

	2025	2024
	RMB'000	RMB'000
Sales of aluminium alloy wheels	5,211	4,867

Movements in contract liabilities were as follows:

	2025	2024
	RMB'000	RMB'000
At 1 January	4,867	6,946
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(4,867)	(6,946)
Increase in contract liabilities as a result of receipts in advances	5,211	4,867
At 31 December	5,211	4,867

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	532	501
After 1 year but within 2 years	565	532
After 2 years but within 5 years	1,736	1,800
After 5 years	3,315	3,816
	5,616	6,148
	6,148	6,649

21 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	1,025	1,266

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025	2024
	RMB'000	RMB'000
At 1 January	(1,258)	2,064
Charged to profit or loss	—	2,672
Payments during the year	(804)	(5,994)
	<hr/>	<hr/>
At the end of the year	(2,062)	(1,258)

Income tax (recoverable)/payable in the consolidated statement of financial position represents:

	2025	2024
	RMB'000	RMB'000
Income tax recoverable	(2,062)	(1,258)
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Impairment loss on trade receivables RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Inventory provision RMB'000	Deferred income RMB'000	Withholding tax on profits retained by the Group's PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2024	773	(1,418)	1,780	220	377	—	1,732
(Charged)/credited to profit or loss	(591)	128	(117)	152	(60)	(2,071)	(2,559)
At 31 December 2024	182	(1,290)	1,663	372	317	(2,071)	(827)
(Charged)/credited to profit or loss	(21)	129	(125)	155	(60)	(1,221)	(1,143)
At 31 December 2025	161	(1,161)	1,538	527	257	(3,292)	(1,970)

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

(ii) Reconciliation to the consolidated statement of financial position:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	1,322	1,244
Net deferred tax liabilities in the consolidated statement of financial position	(3,292)	(2,071)
	(1,970)	(827)

(c) Deferred tax assets and liabilities not recognised

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Reserves of PRC subsidiaries in Chinese mainland not expected to be distributed outside of the PRC in the foreseeable future (i)	(225,802)	(224,445)

- (i) Pursuant to Enterprise Income Tax Law in the PRC and its related regulations, the Group is subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from its PRC subsidiaries in Chinese mainland in respect of their profits generated and on distribution of the PRC statutory reserve upon liquidation.

As at 31 December 2025, temporary differences relating to the reserves of the Company's PRC subsidiaries in Chinese mainland amounted to RMB225,802,000 (31 December 2024: RMB224,445,000), comprised retained earnings of RMB192,071,000 (31 December 2024: RMB192,071,000) and the PRC statutory reserve of RMB33,731,000 (31 December 2024: RMB32,374,000).

The Company controls the dividend policy of these subsidiaries and it was determined that it was probable that these reserves would not be distributed in the foreseeable future. The Company has no plan to liquidate these subsidiaries in the foreseeable future. As a result, no deferred tax liability was recognised for the above mentioned temporary differences of the reserves of the Company's PRC subsidiaries in Chinese mainland.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000 (Note 23(b))	Share premium RMB'000 (Note 23(d)(i))	Exchange reserve RMB'000 (Note 23(d)(iv))	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2024	6,952	198,080	479	58	205,569
Changes in equity for 2024:					
Loss for the year	—	—	—	(1,692)	(1,692)
Other comprehensive income for the year	—	—	4,471	—	4,471
Total comprehensive income	—	—	4,471	(1,692)	2,779
Balance at 31 December 2024 and 1 January 2025	6,952	198,080	4,950	(1,634)	208,348
Changes in equity for 2025:					
Loss for the year	—	—	—	(1,276)	(1,276)
Other comprehensive income for the year	—	—	(5,116)	—	(5,116)
Total comprehensive income	—	—	(5,116)	(1,276)	(6,392)
Balance at 31 December 2025	6,952	198,080	(166)	(2,910)	201,956

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

Authorised share capital

	2025		2024	
	No. of shares (‘000)	Amount US\$’000	No. of shares (‘000)	Amount US\$’000
Authorised:				
Ordinary shares of US\$0.001 each	2,000,000	2,000	2,000,000	2,000

Issued share capital

	2025			2024		
	No. of shares (‘000)	Amount HKD’000	Amount RMB’000	No. of shares (‘000)	Amount HKD’000	Amount RMB’000
Ordinary shares, issued and fully paid:						
At 1 January and 31 December	1,000,000	7,777	6,952	1,000,000	7,777	6,952

(c) Dividends

- (i) The directors of the Company has resolved not to declare any dividend attributable to the year ended 31 December 2025 (31 December 2024: Nil).

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid-up shares of the Company.

(ii) Capital reserve

Capital reserve represents the excess of consideration paid by the Group over the paid-in capital of Buyang Wheel pursuant to a reorganisation.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) PRC statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which is incorporated in Chinese mainland. The PRC statutory reserve is established until the reserve balance reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, the PRC statutory reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements for operations outside of Chinese mainland. The reserve is handled with in accordance with the accounting policies set out in Note 1(s).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the years ended 31 December 2025 and 2024.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The debt-to-asset ratios as at 31 December 2025 and 2024 were as follows:

	2025	2024
	RMB'000	RMB'000
Total liabilities	95,722	93,168
Total assets	506,827	493,623
Debt to asset ratios	18.89%	18.87%

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits, pledged deposits and bills receivable is limited because the counterparties are banks, which the Group considers to represent low credit risk. In respect of other receivables and loans provided to related parties, the Group has assessed that the expected credit loss rate for these receivables is immaterial and no loss allowance provision for these receivables was recognised during the reporting period. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The Group's exposure to credit risks is influenced mainly by the individual characteristics of each customer or debtor rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers or debtors. As at 31 December 2025, 9.11% (2024: 6.43%) of trade receivables were due from the Group's largest customer and 38.09% (2024: 30.59%) of trade receivables were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mostly due from the date of revenue recognition. Normally, the Group does not obtain collateral from customers.

The Group does not provide any guarantees which would expose the Group to credit risk.

Notes to the Consolidated Financial Statements

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

In respect of trade receivables, the Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on ageing information which is analysed base on the date of revenue recognition is not further distinguished between the Group's different customer bases.

The following tables provides information about the Group's exposure to credit risk and ECLs for trade receivables by using a provision matrix as at 31 December 2025:

	At 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 3 months	0.14%	59,027	82
Over 3 months but within 6 months	1.71%	1,231	21
Over 6 months but within 12 months	36.57%	268	98
Over 12 months	100.00%	439	439
		60,965	640
		At 31 December 2024	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 3 months	0.20%	63,714	129
Over 3 months but within 6 months	1.79%	4,137	74
Over 6 months but within 12 months	17.93%	697	125
Over 12 months	100.00%	399	399
		68,947	727

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Expected loss rates are based on actual loss experience over the past one year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance in respect of trade receivables measured at amortised cost during the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
At the beginning of the year	727	3,091
Impairment reversal recognised	(87)	(537)
Amounts written-off	—	(1,827)
	<hr/>	<hr/>
At the end of the year	640	727

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay.

	At 31 December 2025				Total RMB'000	Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Trade and other payables	68,456	—	—	—	68,456	68,456
Lease liabilities	857	857	2,571	3,428	7,713	6,148
Contractual undiscounted cash outflow	69,313	857	2,571	3,428	76,169	74,604

	At 31 December 2024				Total RMB'000	Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Trade and other payables	66,778	—	—	—	66,778	66,778
Lease liabilities	857	857	2,571	4,285	8,570	6,649
Contractual undiscounted cash outflow	67,635	857	2,571	4,285	75,348	73,427

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(Expressed in RMB unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest-bearing financial instruments at variable rates are the cash at bank as at the end of the reporting period. The cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates are time deposit, lease liabilities and a loan provided to a related party that are measured at amortised cost, and the change of market interest rate does not materially expose the Group to fair value interest risk. Overall speaking, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is exposed to currency risk primarily through sales which give rise to receivables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars ("USD").

(i) Exposure to currency risk

The following table details the Group's exposure as at 31 December 2025 and 2024 to currency risk arising from the recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of exposure are shown in RMB, translated using the spot rate at the year end date.

Differences resulting from the translation of the financial statements of the Group's subsidiaries with functional currency other than RMB into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB'000)	
	2025	2024
	USD	USD
The functional currency is RMB:		
Trade and other receivables	47,251	48,576
Cash and cash equivalents	29,261	13,638
	76,512	62,214
The functional currency is HKD:		
Cash and cash equivalents	265	278
	265	278
Net exposure arising from recognised assets and liabilities	76,777	62,492

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(Expressed in RMB unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/(decrease) in foreign exchange rates %	Increase/(decrease) on profit after tax and retained profits RMB'000	Increase/(decrease) in foreign exchange rates %	Increase/(decrease) on profit after tax and retained profits RMB'000
USD	5%	2,880	5%	2,343
	-5%	(2,880)	-5%	(2,343)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group subsidiaries' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at 31 December 2025 and 2024, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of entities whose functional currency is not RMB. The analysis is performed on the same basis for 2024.

(e) Fair value measurement

As at 31 December 2025 and 2024, the Group did not have the financial instruments carried at fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

25 COMMITMENTS

Capital commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Purchase of property, plant and equipment:		
Contracted for	2,700	1,913

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	2,405	2,304
Contributions to defined contribution retirement plans	38	34
	2,443	2,338

Total remuneration is included in "staff costs" (see Note 5(b)).

(b) Name of and relationship with related parties

During the reporting period, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Mr. Xu Buyun 徐步雲先生	Controlling shareholder of the Company
Mrs. Chen Jiangyue 陳江月女士	Mr. Xu Buyun's close family member and controlling shareholder of the Company
First Oriental Limited (" First Oriental ")	Shareholder of the Company, controlled by Mr. Xu Buyun and Mrs. Chen Jiangyue
Buyang Group Co., Ltd. and its subsidiaries (" Buyang PRC ") 步陽集團有限公司及其附屬公司*	Corporate Controlled by Mr. Xu Buyun
Topsun Investment Holding Company Limited	Ultimate parent company of the Group

* The English translation of the Company name is for reference only. The official names of these companies are in Chinese.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties during the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Interest income from:		
— Topsun Investment Holding Company Limited (Note12)	880	876
Fuel expenses and utilities to:		
— Buyang PRC	11,308	9,429
Rental income from:		
— Buyang PRC	550	550
Interest on lease liabilities:		
— Buyang PRC	356	385

(d) Significant related party balances

	2025 RMB'000	2024 RMB'000
A loan provided to a related party:		
Topsun Investment Holding Company Limited (Note12)	14,596	14,965
Amounts due to:		
Buyang PRC		
— Trade nature (Note 18)	1,078	978
Lease liabilities due to:		
— Buyang PRC (Note 20)	6,148	6,649

Amounts due from/to related party are unsecured and interest-free, while a loan provided to a related party is with an annual interest rate of 6%.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
Non-current assets		
A loan provided to a related party	—	14,817
Interest in a subsidiary	105,185	107,842
	105,185	122,659
Current assets		
Trade and other receivables	81,513	83,573
A loan provided to a related party	14,596	148
Cash and cash equivalents	7,687	8,959
	103,796	92,680
Current liabilities		
Trade and other payables	7,025	6,991
	7,025	6,991
Net current assets	96,771	85,689
Total assets less current liabilities	201,956	208,348
NET ASSETS	201,956	208,348
CAPITAL AND RESERVES		
Share capital	6,952	6,952
Reserves	195,005	201,396
TOTAL EQUITY	201,956	208,348

* Trade and other receivables of the Company are mainly non-trade receivables due from its subsidiary, which are unsecured and interest-free.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the ultimate controlling party of the Group to be Mr. Xu Buyun and Mrs. Chen Jiangyue.

At 31 December 2025, the directors consider the immediate parent of the Group to be First Oriental Limited. This entity does not produce financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments</i> : <i>disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments</i> : <i>disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.