

BRILLIANCE
CHINA AUTOMOTIVE
HOLDINGS LIMITED

(華晨中國汽車控股有限公司)*

(Incorporated in Bermuda with limited liability)

Stock Code : 1114

Brilliance Auto

華 晨 汽 車

Annual Report
2025



**for identification purposes only*

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Corporate Information

BOARD OF DIRECTORS

Mr. Zhang Yue (*chairman and chief executive officer*)
Mr. Zhang Wei
Mr. Guo Hongbo
Mr. Song Jian*
Mr. Jiang Bo*
Mr. Dong Yang*
Dr. Lam Kit Lan, Cynthia*

* *independent non-executive director*

AUTHORISED REPRESENTATIVE

Mr. Zhang Yue
Ms. Lam Yee Wah Eva

COMPANY SECRETARY

Ms. Lam Yee Wah Eva

REGISTERED OFFICE

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3303, 33rd Floor
The Henderson
2 Murray Road, Central
Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited
11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited,
Hong Kong Branch

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS TO THE COMPANY

Appleby
Loeb & Loeb LLP
Slaughter and May

INVESTOR RELATIONS

Weber Shandwick
38th Floor, PCCW Tower
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

The main board of The Stock Exchange of Hong Kong Limited: 1114

Five Year Financial Summary

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Amounts in thousands except for earnings per share)

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Statement of Profit or Loss Data:					
Revenue	1,181,922	1,095,949	1,121,454	1,130,725	2,141,946
Profit before Income Tax (Expense) Credit	2,308,523	4,519,902	8,262,811	7,142,772	10,459,611
Income Tax (Expense) Credit	(446,314)	(1,474,278)	(526,360)	4,058	(18,817)
Profit for the Year	1,862,209	3,045,624	7,736,451	7,146,830	10,440,794
Attributable to:					
Equity Holders of the Company	1,985,686	3,101,075	7,734,993	7,146,895	11,960,525
Non-controlling Interests	(123,477)	(55,451)	1,458	(65)	(1,519,731)
	1,862,209	3,045,624	7,736,451	7,146,830	10,440,794
Basic Earnings per Share	RMB0.39357	RMB0.61465	RMB1.53312	RMB1.41655	RMB2.37064
Diluted Earnings per Share	RMB0.39357	RMB0.61465	RMB1.53312	RMB1.41655	RMB2.37064

Statement of Financial Position Data:

Non-current Assets	15,831,452	15,686,102	19,851,940	21,698,019	44,993,801
Current Assets	7,748,710	13,419,613	35,302,680	33,728,585	4,957,194
Current Liabilities	(1,474,766)	(1,835,649)	(3,178,664)	(3,114,199)	(8,613,068)
Non-current Liabilities	(165,450)	(172,185)	(84,821)	(95,578)	(163,588)
Non-controlling Interests	(913,426)	(1,036,903)	(773,031)	(771,573)	1,154,360
Shareholders' Equity	21,026,520	26,060,978	51,118,104	51,445,254	42,328,699

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”), I hereby present the annual results of Brilliance China Automotive Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31st December, 2025.

This year, the global automotive industry underwent profound transformation driven by electrification, intelligence and sustainability, while China’s economy maintained a steady and high-quality recovery trajectory. Faced with intensifying market competition and evolving industry dynamics, the Group adhered to its strategic vision, forged ahead with resilience, and achieved remarkable progress in business operations, technological innovation and strategic layout – laying a solid foundation for long-term sustainable development.

In 2025, China’s economy maintained stable growth, with full-year Gross Domestic Product (GDP) growth meeting the expected target, providing a strong macroeconomic backdrop for the automotive industry. The industry continued its structural upgrade, shifting from “scale expansion” to “quality improvement”. According to data released by the China Association of Automobile Manufacturers, China’s total vehicle production and sales remained above 34.4 million units, consolidating its position as the world’s largest automotive market for the 17th consecutive year. This milestone not only demonstrates the resilience and vitality of China’s automotive industry but also reflects the strong domestic consumer demand for high-quality mobility solutions. As the core driving force of the industry, the passenger vehicle market continued to play a leading role, accounting for approximately 88% of total vehicle sales. A notable trend was the accelerated popularization of smart, connected and electrified products – consumers are no longer satisfied with basic mobility needs, but increasingly pursue Advanced Driver-Assistance Systems (ADAS), immersive in-car interaction experiences and seamless connectivity. The New Energy Vehicle (“**NEV**”) segment maintained its robust growth momentum, with annual sales exceeding 16.49 million units, a year-on-year increase of approximately 28.2%, and its penetration rate in the passenger vehicle market rising to around 47.9%. This not only reflects the success of China’s energy transition strategy, but also marks the NEV sector’s transition from a “niche market” to a “mainstream market”.

Chairman’s Statement (Cont’d)

Within the NEV segment, Battery Electric Vehicles (“**BEVs**”) remained the dominant force, while Plug-in Hybrid Electric Vehicles gained increasing traction among consumers seeking a balance between electric driving experience and long-distance travel convenience. Notably, consumer demand in the Chinese market has become more rational and diversified. In addition to smart and electrified features, consumers’ attention to vehicle safety performance and brand reputation has continued to rise, with the completeness of safety configurations, brand market recognition and after-sales service quality becoming core factors influencing consumers’ purchasing decisions. Technological breakthroughs in high-voltage fast-charging platforms, battery energy density and intelligent control systems, coupled with the continuous improvement of the charging infrastructure network and stable policy support, have effectively alleviated consumers’ concerns about range anxiety and charging convenience, further promoting the popularization of NEVs. Meanwhile, the premium passenger vehicle market underwent structural adjustments: traditional premium models faced increasing competitive pressure, while those with leading electrification and intelligence capabilities, comprehensive safety configurations and profound brand heritage maintained strong growth, reflecting consumers’ growing emphasis on technology, product experience, brand value and safety performance.

Despite the positive overall industry trends, the automotive industry in 2025 also faced significant challenges – intensified market competition led to price wars and pressure on gross margins; fluctuations in raw material prices and supply chain uncertainties posed operational challenges; and the accelerated pace of technological iteration placed higher requirements on enterprises’ R&D capabilities and innovation speed. In response, the Group proactively adapted to market changes, optimized operational efficiency, strengthened technological innovation and deepened strategic cooperation, turning challenges into opportunities for high-quality development.

As a core pillar of the Group’s business, BMW Brilliance Automotive Ltd. (“**BBA**”) maintained stable and high-quality operations in 2025, adhering to the BMW Group’s global strategy while deeply integrating into the Chinese market. Guided by the brand essence of “Sheer Driving Pleasure”, BBA continuously optimized its product portfolio, covering both internal combustion engine models and pure electric models, to meet the diverse and personalized needs of Chinese consumers, especially aligning with consumers’ core demands for safety performance and brand value.

Chairman's Statement (Cont'd)

Throughout the year, BBA deepened its cooperation with the BMW Group ecosystem, leveraged global technological resources to enhance its local R&D and production capabilities, further advanced its “local for local” strategy, and continuously consolidated and expanded its local supplier network. This not only improved the stability and flexibility of the supply chain, but also promoted the high-quality development of the local automotive industry chain.

As the BMW Group's largest single production base worldwide, the Shenyang production base continued to lead the industry in smart manufacturing and green production. This year, the base accelerated the application of artificial intelligence, digital quality control and renewable energy technologies, launched a geothermal heating project to reduce carbon emissions, and made remarkable progress in building a “green, intelligent and efficient” production system.

A key highlight of BBA's development in 2025 was the accelerated preparation for the Neue Klasse model, which is scheduled to be launched in 2026. As a core supporting project for the Neue Klasse, the RMB10 billion Sixth-Generation Battery Project has been fully completed and put into trial operation, with production capacity for high-performance round cells that will significantly enhance the performance and driving range of future electric models. Meanwhile, the BMW iFactory strategy was fully implemented at the Shenyang production base, integrating data science, artificial intelligence and virtualization technologies to optimize production processes, improve product quality and reduce energy consumption, laying a solid foundation for BBA's long-term development in the electrification era.

2025 was a crucial year for the business recovery and development of Jinbei (Shenyang) Automotive Co., Ltd. (“JSA”). After a period of preparation and adjustment, JSA fully resumed operations and production in 2025, marking an important turning point in its recovery journey. The technical upgrading and transformation of the production line was successfully completed at the end of April 2025. The factory area was renovated and upgraded into a first-class commercial vehicle factory with flexibility and automation, winning the title of Advanced Intelligent Factory in Liaoning Province and successfully passing the ISO9001 quality management system certification. The new R&D center was completed, realizing an integrated R&D process of “design-prototype-verification”.

In terms of production resumption, fuel models such as Haise, Haise King and Grand Haise were successfully put into production sequentially from May to October 2025. In the second quarter of this year, the production line completed comprehensive upgrading and full-capacity commissioning on the basis of the earlier technical transformation, laying a solid foundation for large-scale production.

Chairman’s Statement (Cont’d)

The Jiyun product series, co-developed with Zhejiang Geely Farizon New Energy Commercial Vehicles Group Co., Ltd. (“**Geely Farizon**”), was put into mass production and launched on the market, receiving positive feedback from consumers with its advanced technology, reliable performance and comprehensive safety configurations, which are well aligned with prevailing market demand for safety and brand. To further deepen cooperation and expand business layout, JSA and Geely Farizon established a joint venture in April 2025, focusing on the R&D and production of new energy commercial vehicles, helping JSA seize the development opportunities in the commercial vehicle electrification market. At the same time, JSA gradually restarted its classic models such as Haise, Haise King and Grand Haise, as well as their corresponding electric versions, continuously optimizing production processes and improving product quality and safety configurations to meet market demand.

On the marketing front, JSA actively reconstructed its domestic dealer network, having restored or newly established 82 first-level network dealers, 124 Jinbei service stations and 74 Jiyun service stations, redefined the visual identity, and presented a renewed and upgraded Jinbei brand to customers. In terms of overseas sales channels, JSA achieved a transformation from complete vehicle export to KD (Knocked Down) cooperation, promoting international production through technological empowerment. The first KD vehicle of the Vietnam KD project rolled off the production line on 5th September, 2025. The Haise KD model cooperating with Jinbei Royal Egypt Auto Trading Company will be produced locally in 2026. The first exclusive Jinbei store in Egypt was officially put into operation in October 2025. Further, a strategic cooperation was signed with Toyota Tsusho, entering the Saudi market to achieve global channel sharing. All these lay a solid foundation for the sustained recovery of its commercial vehicle business.

Brilliance-BEA Auto Finance Co., Ltd. (“**BBAFC**”), the Group’s automotive financial services subsidiary, continued to implement its business diversification strategy in 2025, aiming to reduce concentration risk and enhance business resilience. This year, BBAFC further expanded its cooperation scope, establishing partnerships with more high-growth NEV manufacturers and prioritizing partners with strong brand reputation and comprehensive safety credentials. This not only enriched its customer base, but also reduced reliance on individual brand partners, achieving a more balanced and diversified asset structure.

Chairman’s Statement (Cont’d)

Faced with the challenges of intensified industry competition, rising customer acquisition costs and complex market environment, BBAFC actively upgraded its risk control system, leveraging digital technology to improve risk identification and management capabilities, ensuring the stability of asset quality. Although short-term margin pressure persisted due to market factors, BBAFC maintained stable operations throughout the year, providing strong financial support for the Group’s automotive sales and achieving positive results in balancing development and risk control.

The Group’s components business continued to focus on transformation and upgrading in 2025, focusing on technological innovation and product optimization to enhance its core competitiveness and market influence, and better meet the requirements of vehicle manufacturers for safety performance and product quality. Ningbo Yumin Machinery Industrial Co., Ltd. (“**Ningbo Yumin**”) accelerated its product transformation and upgrading, focusing on expanding the aluminum alloy lightweight industry chain – which is an important direction for the automotive industry to achieve energy conservation and emission reduction, and can also improve vehicle safety performance. During the year, Ningbo Yumin continued to focus on product transformation and upgrading and the expansion of the aluminum alloy lightweight industry chain. New key orders include high-end supporting projects such as sunroof rails for the all-new BMW X5 model (code G78) of BBA, sunroof rails for the Beijing Benz GLE model (code T167), and curtain rail series products for Mercedes-Benz’s new electric VAN.EA platform models. The company successfully developed 2 new customers during the year, further consolidating its leading position in the high-end automotive components market.

Mianyang Brilliance Ruian Automotive Components Co., Ltd. (“**Mianyang Ruian**”), a wholly-owned subsidiary of the Company, adopted the development strategy of “project-driven + new customer development”, and its monthly sales exceeded 300,000 units for the first time in March 2025, setting a new monthly record. Faced with fierce market competition and customer cost reduction requirements, Mianyang Ruian actively optimized production processes and reduced production costs, while adhering to quality standards to ensure product safety and reliability. It strived to maintain its existing market share while actively expanding new orders from core customers, ensuring the stable development of its business.

Chairman’s Statement (Cont’d)

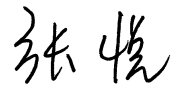
Recognizing the strategic importance of high technology in the automotive industry’s transformation, the Group actively explored high-tech investment opportunities in 2025, focusing on the intelligent cockpit segment – a core link in automotive intelligence and key to enhancing safety, user experience and brand competitiveness. Following the December 2024 joint venture announcement with TCL Hengshi Tianrui Investment (Ningbo) Co., Ltd. (“TCL”), the two parties officially established Yuxin Zhixing Technology (Shenyang) Co., Ltd. (“Yuxin”) on 21st April, 2025, with a total investment of RMB1.4 billion, focusing on R&D and production of high-end intelligent cockpit products with safe interaction design. In 2025, Yuxin focused on product delivery and business expansion: its rear-seat smart control screen entered mass production at ZEEKR in September 2025, with new nomination from Dongfeng Voyah. Its new Shenyang factory, built to top international standards, started construction in late March, completed main structure in August, and launched trial production in late December 2025, achieving “same-year construction and production”. TCL’s technological advantages complement the Group’s manufacturing capabilities. Through this joint venture, the Group enhances in-vehicle cockpit technology, meets consumer demand for safety and brand, diversifies its investment portfolio, and seizes opportunities from automotive intelligent transformation.

Looking back on 2025, it was a year of challenges and achievements for the Group. In the complex and volatile market environment, the Group adhered to its strategic direction and made steady progress in various businesses: BBA maintained stable operations and accelerated its electrification transformation, continuously aligning with consumers’ demand for safety and brand; JSA achieved full recovery and regained development momentum; the components business continued to upgrade and enhance its competitiveness; and the strategic layout in the intelligent cockpit field made important progress. These achievements are the result of the joint efforts of all shareholders, business partners, management teams and employees.

Chairman's Statement (Cont'd)

Looking ahead, the global automotive industry will continue to be in a period of profound transformation, with electrification and intelligence as the core driving forces and sustainable development as a defining trend, while Chinese consumers' attention to safety and brand will continue to deepen. The Group will adhere to the concept of high-quality development, focus on core businesses, and continuously enhance its comprehensive competitiveness. We will continue to support BBA's Neue Klasse project and the large-scale application of the Sixth-Generation Battery, promote the sustained recovery and development of JSA's commercial vehicle business, accelerate the transformation and upgrading of the components business towards lightweight and intelligence, promote the construction and operation of the intelligent cockpit joint venture with TCL, further strengthen product safety standards and brand equity, and create greater value for shareholders, business partners and society.

Last but not least, I would like to sincerely thank our shareholders, business partners, management teams, and employees for their continued support and dedication to the Group.



Zhang Yue

Chairman

27th March, 2026

Report of Directors

The directors of the Company present this report together with the audited financial statements of the Group for the year ended 31st December, 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of BMW vehicles and components in the People's Republic of China (the "PRC") through its major associate, BBA, the manufacture and sale of non-BMW vehicles and automotive components through its subsidiaries, JSA, Ningbo Yumin and Mianyang Ruian, and the provision of auto financing service through its subsidiary, BBAFC. The principal activities of the Company's subsidiaries are set out in note 39 to the financial statements.

JSA (formerly known as "Renault Brilliance Jinbei Automotive Company Limited ("RBJAC")) is the Company's major operating subsidiary that manufactures and sells minibuses, multi-purpose vehicles ("MPVs") and automotive components in the PRC. Following the completion of the restructuring of RBJAC in May 2024 (in which the Group contributed approximately RMB1.34 billion to the administrator in cash) and the Group's further cash capital contribution of RMB500 million to JSA in July 2025, the Group's effective holding in JSA has increased to approximately 87.3364% of its paid-up registered capital. JSA's financial results have been consolidated into the Group's financial statements since the completion of its restructuring.

In May 1998, the Company acquired indirect interests in two automotive components suppliers in the PRC: a 51% equity interest in Ningbo Yumin, which primarily engaged in the production of automobile window molding, stripping and other auto components; and a 50% equity interest in Mianyang Xincheng Engine Co., Ltd. ("Mianyang Xincheng"), which primarily engaged in the development, manufacturing and sale of light-duty gasoline and diesel engines for use in passenger vehicles and light commercial vehicles ("LCVs"). In October 1998, June 2000 and July 2000, the Company established Shenyang XingYuanDong Automobile Component Co., Ltd. ("Xing Yuan Dong"), Ningbo Brilliance Ruixing Auto Components Co., Ltd. ("Ningbo Ruixing") and Mianyang Ruian, respectively, as its wholly-owned subsidiaries to centralise and consolidate the sourcing of auto parts and components for RBJAC. In 2001, in order to maintain their eligibility for preferential tax treatment from the PRC government, all three companies began manufacturing automotive components as well. Subsequently in 2004, the Company acquired the remaining 49% equity interest in Ningbo Yumin which became a wholly-owned subsidiary of the Company on 25th November, 2004. Since 2022, Xing Yuan Dong has made a major strategic adjustment and completely ceased its auto parts production business. After halting auto parts production, Xing Yuan Dong has been actively transforming and is committed to becoming an investment platform focused on the auto parts sector and other related areas of the automotive industry.

In December 2001, the Company acquired a 100% equity interest in Shenyang Brilliance Dongxing Automotive Component Co., Ltd. ("Dongxing Automotive"), a foreign-invested manufacturer of automotive components in the PRC.

On 18th April, 2002, Shenyang Brilliance Jindong Development Co., Ltd. ("Shenyang Jindong") was established for the purpose of trading automotive components in the PRC. This wholly-owned subsidiary of the Company commenced the liquidation process on 26th July, 2022. The Company considers that the Group has lost control over Shenyang Jindong on 26th July, 2022.

BBA was established between the Group and the BMW Group in 2003 as a sino-foreign equity joint venture owned as to 50% by Shenyang JinBei Automotive Industry Holdings Co., Ltd. ("SJAI") and as to 50% by BMW Holding B.V. ("BMW") for the production and sale of BMW-designed and branded sedans in the PRC. In April 2018, the PRC government announced that foreign ownership restrictions in the Chinese auto sector would be relaxed and the Chinese market for passenger vehicles would be opened in 2022. Against these developments and background, on 10th October, 2018, the Company agreed with BMW on a new ownership structure of BBA by transferring a 25% stake from the Group to the BMW Group, together with other new products and strategic investments in BBA as well as the extension of the joint venture term to the year 2040, subject to fulfilment of several conditions. The disposal of BBA was completed in February 2022. The Company continues to indirectly hold 25% equity interest in BBA, which is currently an associate of the Company.

As at the date of this report, BBA is holding 42%, 42%, 42% and 100% interests in BMW Automotive Finance (China) Co., Ltd. (an auto finance company), Herald International Financial Leasing Co., Ltd. (an auto finance company), BMW (China) Insurance Broker Co., Ltd. (an auto insurance broker) and Ling Yue Digital Information Technology Company Limited (a data processing and software application services company), respectively.

Report of Directors (Cont'd)

In June 2003, the Company established Shenyang ChenFa Automobile Component Co., Ltd. (“**Shenyang ChenFa**”), a wholly foreign-owned enterprise in the PRC, for the development, manufacture and sale of engine components in China. In December 2011, the Company completed the disposal of 75% equity interests in Shenyang ChenFa to an independent third party. Currently, Shenyang ChenFa is directly held as to 25% by the Company.

On 16th April, 2004, Shanghai Hidea Auto Design Co., Ltd. (“**Shanghai Hidea**”) was established for the design of automobiles. Currently, Shanghai Hidea is beneficially owned as to 100% by the Company.

On 13th December, 2004, the Company, together with RBJAC (now known as JSA), established Shenyang Brilliance Power Train Machinery Co., Ltd. (“**Brilliance Power**”) which principally engages in the manufacture and sale of power trains in China. In October 2009, RBJAC (now known as JSA) transferred its entire interests in Brilliance Power to Huachen Automotive Group Holdings Company Limited (“**Huachen**”). As a result, the Company’s beneficial interests in Brilliance Power decreased from 75.01% to 49%. As announced by the Company on 21st June, 2022, to facilitate the restructuring plan for Huachen and a number of its related companies including Brilliance Power (the “**Huachen Restructuring Plan**”), the Company, being a minority shareholder in Brilliance Power, will be required to transfer the remaining 49% equity interest held in Brilliance Power to Huachen at nil consideration if the Huachen Restructuring Plan was approved by the creditors of Huachen and by the Shenyang Intermediate People’s Court. The Huachen Restructuring Plan was finally approved by the creditors of Huachen and the Shenyang Intermediate People’s Court on 31st July, 2023 and 2nd August, 2023, respectively. Consequently, the Company has ceased to hold any equity interest in Brilliance Power, which was registered with the registration authority on 26th January, 2025.

On 13th March, 2013, the shares of Xinchon China Power Holdings Limited (“**Power Xinchon**”) were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with 313,400,000 new shares subscribed by the public at an offer price of HK\$2.23 per share. Subsequently, as a result of the partial exercise of an over-allotment option to issue an addition 33,808,000 shares of Power Xinchon in April 2013, the indirect shareholding of the Company in Power Xinchon decreased from 42.54% to 31.07%. Currently, the Company is indirectly holding 31.20% equity interest in Power Xinchon, while Power Xinchon is in turn indirectly holding the entire equity interest of Mianyang Xinchon.

On 7th April, 2015, BBAFC, the Company’s auto finance joint venture in China together with Bank of East Asia and CaixaBank, S.A., received final approval to commence business in the PRC. BBAFC is a multi-brand service provider, and is owned as to 55% by the Company, 22.5% by Bank of East Asia and 22.5% by CaixaBank, S.A.. BBAFC has continued to expand its business cooperation with carefully selected NEV partners in China like Xpeng, Li Auto and Xiaomi.

On 31st December, 2024, SJAI entered into a strategic joint venture agreement with TCL to establish a joint venture named Yuxin, with completion of the closing on 21st April, 2025, to engage in the development and manufacturing of intelligent cockpit and display assemblies business in the PRC. The Group is currently holding a 50% equity interest in Yuxin with an investment cost of RMB700 million in cash. Yuxin’s first intelligent cockpit and display products have been officially mass-produced in the second half of 2025.

Particulars of the Company’s subsidiaries, associates and joint venture are set out in notes 39, 15 and 16, respectively to the financial statements.

Report of Directors (Cont'd)

REVENUE AND CONTRIBUTION

The Group's revenue and contribution to profit from operations for the year ended 31st December, 2025, analysed by product category, are as follows:

	Manufacture and sale of non-BMW vehicles and automotive components RMB'000	Provision of auto financing service RMB'000	Manufacture and sale of BMW vehicles and components through BBA RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales	1,035,454	146,468	165,556,000	(165,556,000)	1,181,922
Segment results	(129,860)	(58,501)	10,388,077	(10,388,077)	(188,361)
Unallocated costs net of unallocated income					(125,940)
Interest income					124,176
Finance costs					(5,541)
Share of results of					
– Associates					2,566,256
– A joint venture					(62,067)
Profit before income tax expense					2,308,523

FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2025 are set out in the financial statements of the Group on pages 115 and 116.

BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacture and sale of non-BMW vehicles and automotive components, and the provision of auto financing service in the PRC. In 2025, JSA, Ningbo Yumin, Mianyang Ruian and BBAFC were the Company's major operating subsidiaries in the PRC, which contributed about 10.2%, 43.9%, 26.3% and 12.4%, respectively, of the revenue of the Group in the year.

Business discussion and analysis

The consolidated revenues of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including JSA, Ningbo Yumin, Mianyang Ruian and BBAFC) for the year ended 31st December, 2025 was RMB1,181.9 million, representing an increase of approximately 7.8% from the RMB1,095.9 million generated during the year ended 31st December, 2024. The increase was mainly derived from the increase in volume sale of the non-BMW vehicles. JSA officially launched the commercial production and sales of non-BMW vehicles in 2025 and sold 2,275 units (including 336 units for export) of non-BMW vehicles.

Report of Directors (Cont'd)

The revenue from sale of automotive components also continued to increase due to growing orders from electric and hybrid motor vehicle manufacturers. However, the increase was partly offset by the decrease of revenue from motor vehicle financing due to market competition.

Cost of sales increased by approximately 12.9% from RMB902.1 million in 2024 to RMB1,018.4 million in 2025. The gross profit of the Group decreased by approximately 15.7% from RMB193.9 million in 2024 to RMB163.5 million in 2025. Consequently, the gross profit margin of the Group reduced to approximately 13.8% in 2025 compared to approximately 17.7% in 2024. In 2025, the underutilised capacity of JSA's production facilities, as it had just commenced commercial manufacture, raised average fixed costs and this pulled down the Group's overall gross profit margin.

Other income and other gains, net increased by approximately 7.9 times from RMB23.6 million in 2024 to RMB208.9 million in 2025. The increase was mainly due to the adjustment to overprovision of loss for the unauthorised guarantees for Huachen. Based on the final rulings from local courts on claims from most of the banks which provided the respective financing to Huachen, the ultimate loss was less than previously provided. The increase was however partly offset by the increase in loss on disposal of property, plant and equipment and disposal of scrap materials in the year.

Interest income decreased by approximately 70.3% from RMB417.8 million in 2024 to RMB124.2 million in 2025, due to the decrease in short-term deposits and cash and cash equivalents and bank deposit interest rates.

Selling expenses increased very slightly by approximately 0.6% from RMB53.6 million in 2024 to RMB53.9 million in 2025, due to the gradual increase in the launch of promotion campaigns for non-BMW vehicles.

General and administrative expenses (excluding net provision of ECL allowance on loans and receivables) increased by approximately 19.5% to RMB631.9 million in 2025 from RMB528.6 million in 2024 (excluding net reversal of ECL allowance on loans and receivables). As a result, the general and administrative expenses as a percentage of revenue increased from approximately 48.2% in 2024 to approximately 53.5% in 2025. The increase was mainly due to increase in impairment loss recognised in the year for inventories and property, plant and equipment and the increase in research and development cost. The decrease of exchange loss in 2025, on the other hand, lessened the increase of general and administrative expenses.

Net provision of ECL allowance on loans and receivables of RMB1.0 million was recognised in 2025 as compared to net reversal of ECL allowance on loans and receivables of RMB109.2 million in 2024. Net reversal of ECL allowance recognised in 2024 was due to the large amounts of previously provided ECL allowance for amounts due from affiliated companies, particularly from an associate of the Group, which were no longer required as the respective amounts were settled. Although the Group continued to recover the debts from affiliated companies that led to further reversal of respective ECL allowance in the year, the provision of ECL allowances, particularly for the long-term and short-term loan receivables exceeded the reversal.

Finance costs increased from RMB3.7 million in 2024 to RMB5.5 million in 2025, representing an increase of approximately 48.6%. The increase mainly reflects a full year of finance charge on the lease liability for JSA's new factory and office in 2025, compared with only less than a half year in 2024 when the lease commenced. As at 31st December, 2025, the Group did not have any bank borrowings.

The Group's share of results of associates, which includes the recognition of BBA contribution as the Group's associate, decreased by approximately 41.2% from RMB4,361.4 million in 2024 to RMB2,566.3 million in 2025. The decrease was mainly a result of the drop of performance of BBA due to decrease in sales volume and increase in dealer support fees, which is partially offset by sale contribution from the change of product mix.

Report of Directors (Cont'd)

BBA achieved local sales of 534,001 units (including BEVs of 47,762 units) in 2025, a decrease of approximately 11.6% as compared to 603,807 units (including BEVs of 95,083 units) sold in 2024. The local sales volumes of BBA by models are listed in the table below:

BMW Models	2025	2024	% Change
1-series	2	86	-97.9%
2-series	8,842	–	N/A
3-series	180,457	192,412	-6.2%
5-series	126,444	94,841	33.3%
X1	63,004	92,068	-31.6%
X2	2	307	-99.3%
X3	82,850	136,461	-39.3%
X5	72,400	87,632	-17.4%
Total	534,001	603,807	-11.6%
Of which BEVs	47,762	95,083	-48.0%

In addition, BBA exported 2,162 units, mainly X3 BEV models in 2025, a decrease of approximately 89.8% from 21,284 units sold overseas in 2024. During 2025, JSA invested RMB240 million in Shenyang Chunqing Eco-Tech Co., Ltd. (“**Shenyang Chunqing**”), a new associate of the Group, representing 48% of the total paid-up registered capital of RMB500 million of Shenyang Chunqing.

The Group had share of loss of a joint venture of RMB62.1 million in 2025. The Group entered into a joint venture agreement to acquire 50% equity interest at a cash consideration of RMB700 million in Yuxin, an equity joint venture with paid-up registered capital of RMB500 million and principal activity of manufacture of intelligent cockpits and displays.

The Group’s profit before income tax expense decreased by approximately 48.9% from RMB4,519.9 million in 2024 to RMB2,308.5 million in 2025. Income tax expense was RMB446.3 million in 2025 which was mainly due to the decrease of withholding tax on lower dividend from a subsidiary for the year as compared to an income tax expense of RMB1,474.3 million in 2024.

As a result of the above, the Group recorded net profit attributable to equity holders of the Company of RMB1,985.7 million for the year 2025, representing a decrease of approximately 36.0% from the RMB3,101.1 million realised in 2024. Basic earnings per share in 2025 amounted to RMB0.39357, compared to RMB0.61465 in 2024. In addition, return on capital employed (as defined by the EBITDA ÷ average capital employed) for 2025 was approximately 10.4%, compared to approximately 12.2% for 2024.

Financial highlights

Certain financial key performance indicators are provided in the sub-section headed “Business discussion and analysis” above and the section headed “Management’s Discussion & Analysis”.

Report of Directors (Cont'd)

Principal risks and uncertainties

Please refer to note 4 to the financial statements for details of the main financial risks faced by the Group and the Group's management objectives and policies regarding such risks. In addition to such financial risks, the directors are of the view that any material change in relevant government policies (such as the Chinese Government's policies on economic development and environmental protection) is also one of the principal risks and uncertainties that may affect the Group's business.

Likely future development of business

The Group will continue to focus on its principal activities including the manufacture and sale of BMW vehicles and components, the manufacture and sale of non-BMW vehicles and automotive components, the provision of auto financing service in the PRC, together with an increased emphasis on intelligent transformation across its automotive business development. As stated in the Chairman's Statement's section, the Board will continue to seek suitable strategic investments primarily within the automobile industry value chain which could generate sustainable business growth for the Group.

Important events affecting the Group that have occurred since the end of the financial year

There is no important event affecting the Group that have occurred since the end of the financial year and up to the date of this report.

Other disclosures

Pursuant to the requirements under paragraph 28 of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company's discussion on three aspects, namely "Environmental policies and performance", "Compliance with laws and regulations" and "Relationship with stakeholders and its importance" is set out below.

Environmental policies and performance

In the context of heightened global concern about climate change, China's "dual-carbon" targets and increasingly stringent international and domestic policies on climate and carbon management, public awareness of energy conservation and environmental protection has been increasing, and stakeholders are placing greater expectations on enterprises to improve their environmental performance. The Group regards environmental protection as an important responsibility and strictly complies with applicable environmental laws and regulations in the jurisdictions where it operates. At the Group level, we have formulated an Environmental Statement to provide overarching guidance on environmental management and a Supplier Code of Conduct that encourages suppliers to comply with relevant environmental requirements and to minimise adverse impacts on the environment, local communities and natural resources. In addition, the Group's major local entities have obtained certification to ISO 14001:2015 Environmental Management Systems. The Group has established measures to manage chemicals and wastewater and complies with the relevant requirements for monitoring hazardous waste generated from the manufacture of automotive components.

Report of Directors (Cont'd)

- Energy Use and Efficiency

To enhance energy and resource efficiency and to reduce carbon emissions, the Group has implemented a series of energy-saving and consumption-reduction initiatives across its operations. Ningbo Yumin, a national 3-star Green Factory, is progressing towards the Group's 2025 target of sourcing 40% of its electricity from renewables through a combination of on-site solar photovoltaic ("PV") generation and green power procurement, illustrating the Group's integrated approach to energy management.

Across the Group's production sites, energy performance is being strengthened through systematic equipment upgrades, the modernisation of high-consumption machinery and the refinement of core manufacturing processes. Selected facilities have also deployed digital energy-management platforms to provide real-time monitoring and closed-loop control of energy use and associated carbon emissions.

Efficiency considerations also shape the Group's logistics and transport operations, where the proportion of electric forklifts and company vehicles is being progressively increased, reducing dependence on fossil fuels and lowering associated emissions.

- Water Stewardship

The Group recognises responsible water stewardship as an important component of its operational and environmental performance. Its water management approach focuses on three areas: reducing water consumption in production, maximising reuse within operations and ensuring compliant discharge.

To this end, the Group promotes water circularity through closed-loop systems at its production sites. At Ningbo Yumin, an advanced low-temperature emulsion distillation unit recovers water from machining waste liquids, which is then reused in cutting-fluid preparation, reducing both hazardous wastewater and operating costs. Similar measures are in place at other facilities, including dedicated circulation systems for stamping equipment, closed-loop management of cutting fluids with replenishment only to offset evaporation, the use of alternative water sources such as well water and rainwater collection for testing processes, and the controlled discharge of domestic sewage and pre-treated wastewater into municipal networks.

- Waste Management

The Group has adopted a comprehensive and proactive approach to waste management, integrating environmental responsibility into daily operations across all sites. Its strategy prioritises waste reduction at source, followed by reuse, recycling and, where necessary, responsible disposal. Hazardous waste is managed under strict on-site controls and is transferred off-site only to contracted, licensed service providers, supported by vendor qualification, traceability procedures and appropriate documentation to ensure compliant handling.

In parallel, the Group is advancing circular-economy practices to improve resource efficiency. Ningbo Yumin exemplifies this approach through refined dismantling and graded reuse of scrapped parts, partnerships with recyclers and the tracking of recovery rates for key materials. The facility has also implemented measures to reduce defects, rework and scrap, and set targets for scrap rates, raw-material utilisation and recycled resource use, thereby reducing waste generation and supporting more sustainable production.

- Green Office Operations

Our headquarters is located in "The Henderson". The Henderson has obtained LEED v4 for Commercial Interiors and WELL Building Standard v2 certifications, which reflect design features intended to support energy efficiency, environmental performance and occupant well-being. As a tenant, the Group makes use of the building's sustainability amenities where available and participates in landlord-organised initiatives, such as programmes for food waste collection and decomposition, as well as coffee grounds collection and reuse, where operationally feasible. These arrangements are expected to contribute to reductions in waste and resource consumption in the Group's workplace and are consistent with its approach to responsible office operations. Further, via The Henderson mobile app, staff integrate Environment, Social and Governance ("ESG") practices into their everyday routines, helping to serve green and healthy workplace lifestyles while building a sustainability-focused community.

Report of Directors (Cont'd)

- ESG management and capacity building

In 2025, the Group continued to uphold high standards of ESG management, and the increase in reported ESG performance remained within a controllable range. In the 2025 ESG report, the Group also enhanced its disclosure in accordance with Part D of the Environmental, Social and Governance Reporting Code (the “ESG Code”) set out in Appendix C2 to the Listing Rules, and further expanded the coverage of Scope 3 greenhouse gas emission categories. For details, please refer to pages 71 to 109 of the Environmental, Social and Governance Report.

The Group aims to enhance ESG skill sets and knowledge among its directors and staff. In 2025, it organised ESG-related training across its operations, covering the latest developments in sustainability and ESG regulation, anti-corruption and corporate governance. Targeted sessions were also provided for the Board and senior management on current ESG regulatory requirements, including climate-related expectations, to reinforce their understanding of ESG matters and their oversight of the Group’s climate-related risks and opportunities.

The Group continued to implement a range of measures and guidelines, supported by an internal monitoring system, to ensure that ESG management processes were effectively overseen. The Group considers that appropriate training and a well-established workflow are key elements of effective ESG management. As far as the Board is aware, the Group did not commit any breaches, nor did it receive any public complaints or become involved in disputes concerning environmental pollution in 2025.

Looking ahead, the Group will continue to monitor global and PRC environmental protection policies and regulatory trends and, where appropriate, invest in environmental protection initiatives to further enhance its sustainability performance.

Compliance with the relevant laws and regulations that have a significant impact on the Group

The Company is an exempted company incorporated in Bermuda with limited liability, and registered as a non-Hong Kong company under the Hong Kong Companies Ordinance. The shares of the Company are traded on the main board of the Stock Exchange. The Company continues to review its current systems and procedures, emphasises and strives to comply with the Companies Law of Bermuda, the Listing Rules, the Securities and Futures Ordinance (the “SFO”), applicable Hong Kong Companies Ordinance, and other relevant laws and regulations which have a material effect on the Company. The Company endeavours to safeguard its shareholders’ interests, enhance corporate governance and strengthen the functions of the Board.

During the year of 2025, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Report of Directors (Cont'd)

Relationship with stakeholders and its importance

Stakeholder involvement is an integral part of the Group's development. The Group strives to maintain communications with its stakeholders, including investors, business partners, customers, employees and suppliers. The Group also engages its stakeholders to develop mutually beneficial relationships, seeks their suggestions on the Group's business and views on its work plans, and promotes sustainable development of the market, workplace, community and environment.

Key stakeholders	Importance
Investors	One of the Group's objectives is to create value for investors. The Group is committed to enhancing its operational efficiency and providing reasonable, sustainable and stable returns on investments. Regular meetings are held with investors to communicate corporate updates and to understand their opinions with the aim of improving the Group's operating performance.
New Business Partners	<p>Ningbo Yumin continued to focus on its core business of lightweight products related to aluminium alloy components, while consistently driving business expansion. During the year, it successfully secured two premium new customers, namely Webasto Roofsystems India Pvt Ltd and FUYAO GROUP, further strengthening the company's leading edge in the high-end automotive components market and consolidating its core position within the industry.</p> <p>Mianyang Ruian was admitted to Chery's and Quanchai's supplier systems and secured designated projects, laying a foundation for the strategic layout of aftermarket services and the expansion of related businesses.</p> <p>JSA is prioritising overseas sales and has made significant progress in international markets. The company has successfully shifted from exporting complete vehicle to KD (Knocked Down) cooperation, supporting international production through technology. Notably, the first KD vehicles of Vietnam KD project rolled off the production line on 25th September, 2025. In addition, the Haise KD model, developed with Jinbei Royal Egypt Auto Trading Company (JRE), is scheduled for local production in Egypt, and the first exclusive Jinbei store has also been officially opened.</p> <p>As for BBAFC, along with its core business strategy of focusing on retail finance, it specializes in cooperating with premium-branded OEMs and selected NEV brands, and its key new business partner is Xpeng, in addition to other existing NEV manufacturers such as Xiaomi and Li Auto.</p>
Customers	The Group strives to satisfy market demand in terms of product design and quality, and pursues technological innovation, in a bid to maintain a stable supply of high-quality products to customers.
Employees	Employees are an important cornerstone for corporate development. The Group places high priority on occupational health and safety, and strives to create an attractive working environment to motivate and retain talents, so as to enhance the sustainability of the Group.
Suppliers	Suppliers are fundamental to the production processes of the Group. In the principles of mutual benefit, risk sharing and co-development, the Group seeks to foster a win-win partnership with its suppliers. It intends to enter into strategic cooperation with partners with strong technology development ability, fast response, stability and consistency in design and production quality, high level of project management, cost competitiveness and interest in cooperation.

Report of Directors (Cont'd)

CASH FLOW POSITION

The cash flow position of the Group for the year ended 31st December, 2025 is set out and analysed in the consolidated statement of cash flows on page 121 and in note 34 to the financial statements.

DIVIDENDS

As announced by the Company, a special dividend of HK\$1.0 and an interim dividend of HK\$0.8 per ordinary share of the Company were declared by the directors of the Company on 3rd March, 2025 and 22nd August, 2025, respectively. The respective dividends were paid to the shareholders on 28th March, 2025 and 26th September, 2025.

The directors of the Company did not recommend any dividend payment at the Board meeting held on 27th March, 2026 in respect of the Group's 2025 annual results.

DONATIONS

The Group has not made any charitable and other donations for the year ended 31st December, 2025.

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held on Thursday, 18th June, 2026 at 9:00 a.m. (the "2026 AGM"). Notice of the 2026 AGM, which constitutes part of the circular to shareholders, is issued together with the annual report. The notice of the 2026 AGM and the proxy form are also available on the website of the Company.

The register of members of the Company will be closed from Friday, 12th June, 2026 to Thursday, 18th June, 2026, both days inclusive, during which period no transfer of shares will be registered. The record date for the 2026 AGM is Friday, 12th June, 2026. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 12th June, 2026 or their proxies or duly authorised corporate representatives are entitled to attend and vote at the 2026 AGM. In order to qualify for attending and voting at the 2026 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m., Hong Kong time, on Thursday, 11th June, 2026.

PROXY LODGMENT DEADLINE DATE AND TIME

Whether or not a shareholder is able to attend the 2026 AGM, he/she is requested to complete the proxy form in accordance with the instructions printed thereon and return it to the office of the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 9:00 a.m., Hong Kong time, on Tuesday, 16th June, 2026, or not less than 48 hours before the time appointed for holding of any adjourned meeting of the 2026 AGM. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the 2026 AGM or any adjourned meeting thereof if they so wish and in such event, the form of proxy will be deemed to be revoked.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 3.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31st December, 2025 are set out in notes 32 and 38, respectively to the financial statements.

Report of Directors (Cont'd)

PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group for the year ended 31st December, 2025 are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital as of 31st December, 2025 are set out in note 31 to the financial statements.

SHARE OPTIONS

To provide appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group or any entity in which the Group holds any equity interest (the "**Invested Entity**"), the Board considers that it is in the interests of the Company to adopt a share option scheme.

At the annual general meeting held on 4th June, 2019, shareholders of the Company adopted a share option scheme (the "**Share Option Scheme**"). Eligible persons under the Share Option Scheme include (i) any director of the Company, its subsidiaries, any Invested Entity or the holding company of the Company; (ii) any employee or proposed employee of the Company, its subsidiaries, any Invested Entity or the holding company of the Company; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vii) any company wholly owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust.

The Share Option Scheme came into effect on 5th June, 2019 (the "**Scheme Effective Date**") and will remain in force for a period of 10 years till 4th June, 2029 (inclusive).

The period during which an option may be exercised will be determined by the directors of the Company at their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of a share option.

The maximum number of shares which may be issued pursuant to the Share Option Scheme and any other option schemes (if any) is 504,526,938 shares, representing approximately 10% of the total number of issued shares as at the date of this report. The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being (the "**Individual Limit**"). Any further grant of share options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such participant and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting.

The subscription price per share under the Share Option Scheme shall be determined by the directors of the Company, but shall not be lower than the higher of (i) the closing price of shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of grant; and (iii) the nominal value of a share.

As at 31st December, 2025, there was no outstanding share option under the Share Option Scheme. For the period commencing from the Scheme Effective Date to 31st December, 2025:

- (a) no share options under the Share Option Scheme have been granted, exercised, lapsed or cancelled;

Report of Directors (Cont'd)

- (b) no share options under the Share Option Scheme have been granted to any associates of the directors, chief executive or substantial shareholders of the Company;
- (c) there is no participant with options granted in excess of the Individual Limit; and
- (d) no share options under the Share Option Scheme have been granted to any supplier of goods or services to any member of the Group or any Invested Entity.

As no share options have been granted by the Company under the Share Option Scheme from the Scheme Effective Date up to 31st December, 2025, no expenses were recognised by the Group for the period under review (2024: nil).

DIRECTORS

The directors of the Company who held office during the year ended 31st December, 2025 and up to present are:

Executive directors:

Mr. Zhang Yue (*chairman of the Board and chief executive officer*)

Mr. Zhang Wei

Mr. Guo Hongbo (*appointed as an executive director with effect from 21st March, 2025*)

Mr. Xu Daqing (*resigned as an executive director with effect from 20th March, 2025*)

Independent non-executive directors:

Mr. Song Jian

Mr. Jiang Bo

Mr. Dong Yang

Dr. Lam Kit Lan, Cynthia

Pursuant to bye-law 99 and the code provision B.2.2 of Appendix C1 to the Listing Rules, Mr. Song Jian and Mr. Jiang Bo will retire by rotation at the 2026 AGM.

Each of Mr. Song Jian and Mr. Jiang Bo, being eligible, will offer himself for re-election and the Board has recommended them for election at the 2026 AGM.

Biographical details of the directors standing for re-election at the 2026 AGM are set out in the circular issued by the Company together with the annual report.

UPDATE ON DIRECTORS' INFORMATION

There have not been any change in information of the directors of the Company since the date of the 2025 interim report and up to the date of this report (i.e. 27th March, 2026), that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of Directors (Cont'd)

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

As at 31st December, 2025, so far as is known to the directors or chief executives of the Company, the following persons or corporations other than a director or chief executive of the Company had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Long position	%	Number and class of shares held/ Approximate shareholding percentage (Note 1)			
			Short position	%	Lending pool	%
First Beijing Investment Limited (Note 2)	253,116,000 ordinary	5.02	–	–	–	–
Shenyang Sanshi Automotive Industry Development Co., Ltd. ("Shenyang Sanshi") (Note 3)	1,512,875,802 ordinary	29.99	–	–	–	–
Shenyang Automobile Group Co., Ltd. ("Shenyang Automobile") (Note 4)	1,512,875,802 ordinary	29.99	–	–	–	–
Shenyang Cairui Automobile Industry Development Partnership Enterprise (Limited Partnership) ("Shenyang Industry Partnership") (Note 4)	1,512,875,802 ordinary	29.99	–	–	–	–
Liaoning Financial Holding Group Co., Ltd. ("Liaoning Financial") (Note 4)	1,512,875,802 ordinary	29.99	–	–	–	–
Shenyang Cairui Investment Co., Ltd. ("Shenyang Cairui Investment") (Note 5)	1,512,875,802 ordinary	29.99	–	–	–	–
Shenyang Shengjing Financial Holding Investment Group Co., Ltd. ("Shenyang Shengjing") (Note 5)	1,512,875,802 ordinary	29.99	–	–	–	–
Shenyang Metro Co., Ltd. ("Shenyang Metro") (Note 5)	1,512,875,802 ordinary	29.99	–	–	–	–
Liaoning Provincial Transportation Investment Group Co. Ltd. ("LPTI") (Note 6)	600,000,000 ordinary	11.89	–	–	–	–
Liaoning Transportation Investment Co., Ltd. ("LTI") (Note 6)	600,000,000 ordinary	11.89	–	–	–	–

Notes:

- (1) The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 31st December, 2025.
- (2) According to the disclosure of interest notice filed by First Beijing Investment Limited on 12th May, 2025, the 253,116,000 shares in long position were held in the capacity as investment manager.
- (3) According to the disclosure of interest notice filed by Shenyang Sanshi on 14th June, 2024, the 1,512,875,802 shares in long position were held in the capacity as beneficial owner.
- (4) According to the disclosure of interest notice filed by Liaoning Financial on 26th November, 2025, Shenyang Sanshi became a direct wholly-owned subsidiary of Shenyang Automobile. Shenyang Automobile is owned as to 89.75% by Shenyang Industry Partnership and which is in turn indirectly owned as to 48.86% by Liaoning Financial. Each of Liaoning Financial, Shenyang Industry Partnership and Shenyang Automobile are therefore deemed to be interested in the interest of Shenyang Sanshi in the Company by virtue of the SFO. The 1,512,875,802 shares in long position were held by each of Liaoning Financial, Shenyang Industry Partnership and Shenyang Automobile in the capacity as corporate interest.

Report of Directors (Cont'd)

- (5) According to the disclosure of interest notices filed by Shenyang Shengjing and Shenyang Metro on 26th November, 2025, Shenyang Automobile is owned as to 89.75% by Shenyang Industry Partnership, which is in turn owned as to 0.23% by Shenyang Cairui Investment and indirectly owned as to 48.86% by Shenyang Metro. Shenyang Cairui Investment is indirectly owned as to 50% by Shenyang Shengjing. Each of Shenyang Shengjing, Shenyang Metro and Shenyang Cairui Investment are therefore deemed to be interested in the interest of Shenyang Sanshi in the Company by virtue of the SFO. The 1,512,875,802 shares in long position were held by each of Shenyang Shengjing, Shenyang Metro and Shenyang Cairui Investment in the capacity as corporate interest.
- (6) According to the disclosure of interest notice filed by LPTI on 9th July, 2020, LTI held direct interest in 600,000,000 shares and is owned as to 83.68% by LPTI. Therefore, LPTI is deemed to be interested in the interest of LTI in the Company by virtue of the SFO. The 600,000,000 shares in long position were held by LPTI in the capacity as corporate interest, and by LTI in the capacity as beneficial owner.

Save as disclosed herein, as at 31st December, 2025, there was no other person or corporations so far as is known to the directors or chief executives of the Company, other than a director or chief executive of the Company, as having an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December, 2025, none of the directors, chief executives of the Company or their respective close associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31st December, 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed herein, no transactions, arrangements or contracts of significance to which the Company was a party and in which a director of the Company or an entity connected with such director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company who are proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with members of the Group that is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the financial year ended 31st December, 2025, none of the directors of the Company was considered to have interests in business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISIONS

During the financial year and up to the date of this report, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the directors and officers of the Group. The permitted indemnity provisions are provided for in the Company's by-laws and in the directors & officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against such persons.

Report of Directors (Cont'd)

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities in 2025.

ANALYSIS OF INTEREST CAPITALISED

No interest was capitalised in 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In 2025, the aggregate sales attributable to the Group's five largest customers, excluding the Group's associates and joint venture, represented approximately 28.25% of the Group's total revenue from sales of goods or rendering of services while the sales attributable to the Group's largest customer represented approximately 7.29% of the Group's total revenue. The aggregate purchases attributable to the Group's five largest suppliers, excluding the Group's associates and joint venture, during the year represented approximately 41.32% of the Group's total purchases and the purchases attributable to the Group's largest supplier represented approximately 17.90% of the Group's total purchases.

None of the directors, their close associates or any shareholders of the Company, which to the knowledge of the directors of the Company is interested in more than 5% of the number of issued shares of the Company, has any interests in the above five largest customers or suppliers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, the Company maintains the prescribed percentage of public float under the Listing Rules.

Report of Directors (Cont'd)

SHARE OWNERSHIP COMPOSITION

With reference to the requirement set out in the Guidance Letter entitled “Guidance on Public Float” issued by the Stock Exchange, the composition of ownership of the Company’s ordinary shares listed on the Stock Exchange as at 31st December, 2025 is set out as follows:

Group of shareholders	Number of ordinary shares held in the Company and percentage (%)
(a) Shareholders who are not members of “the public”	
(i) Substantial shareholders of the Company and their close associates (on an individually named basis):	
– Shenyang Sanshi	1,512,875,802 (29.9860%)
– LTI	600,000,000 (11.8923%)
(ii) Directors, supervisors, chief executives of the Company and their close associates (on an individually named basis)	Nil
(iii) Any other persons excluded from the definition of “the public” ^{Note} (on an aggregated basis)	206,000 (0.0041%)
(b) Shareholders who are members of “the public”	
(i) Persons who fall within the definition of “the public” and have disclosed their interests pursuant to Part XV of the SFO (on an individually named basis)	Nil
(ii) A trustee holding shares which are regarded as being held by “the public” pursuant to the note to Rule 8.24 of the Listing Rules i.e. an independent trustee holding granted (vested or unvested) shares of a share scheme of the issuer on behalf of independent scheme participants (on an individually named basis)	Nil
(iii) Any other members of “the public” (on an aggregated basis)	2,932,187,586 (58.1176%)

Note:

These persons may include: (a) persons who are core connected persons only because of the person’s connection with the Company’s subsidiary(ies), e.g. a director, chief executive or substantial shareholder of a subsidiary of the Company or a close associate of any of them; and (b) those who are accustomed to take instructions from core connected person(s) of the Company.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

In 2025, the Group entered into certain related party transactions which also constitute connected transaction and continuing connected transactions under Chapter 14A of the Listing Rules. The connected transaction and continuing connected transactions during the year that are not exempt from the annual reporting requirement in Chapter 14A of the Listing Rules are listed below and these transactions are, among others, also set out in note 33(a) to the financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Announcements have been made on these connected transaction and continuing connected transactions and the relevant shareholders’ approvals have been obtained, if necessary.

Connected Transaction for 2025

On 28th April, 2025, JSA entered into an assets transfer agreement with Huachen, pursuant to which JSA agreed to purchase, and Huachen agreed to sell or procure its subsidiaries to sell, 136 units of machinery equipment including stamping equipment and research and development equipment (the “Assets”).

Report of Directors (Cont'd)

At the time of entering into the agreement, Shenyang Automobile (the seller and the parent company of Huachen), through its subsidiaries, was interested in approximately 29.99% of the issued share capital of the Company. Accordingly, Shenyang Automobile is a connected person of the Company under the Listing Rules and the transaction constitutes a connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transaction under the assets transfer agreement is more than 0.1% but less than 5%, the assets transfer agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the time of entering into the agreement, Mr. Zhang Yue, the Company's chairman of the Board and chief executive officer, was the legal representative and chairman of Shenyang Automobile and abstained from voting on the Board resolutions for the agreement and the transaction.

The transaction is for JSA, which resumed its auto manufacturing business after restructuring, to enhance production capacity and meet market demand, and the installed Assets in close proximity to JSA's factory can reduce equipment assembly and installation time and costs. The total consideration for the Assets is RMB54,405,050 (tax inclusive), determined by an independent valuer based on the cost valuation approach. The RMB54,405,050 deposit paid by JSA on 14th April, 2025 constitutes full payment of the consideration, with an additional transaction service fee of RMB482,000 payable to the Liaoning Shenyang United Assets And Equity Exchange by JSA. The consideration is funded by the Group's internal resources.

Details of the transaction were set out in the Company's announcements dated 14th April, 2025, 28th April, 2025 and 8th May, 2025.

Continuing Connected Transactions for 2025

(A) Continuing Connected Transactions with The Bank of East Asia (China) Limited (the "BEA CCTs")

– *Agreement signed on 20th December, 2023*

On 20th December, 2023, BBAFC entered into a co-lending finance management services agreement (the "**BEA Co-Lending Finance Management Services Agreement**") with The Bank of East Asia (China) Limited ("**BEA China**") so as to continue to provide co-lending finance management services to BEA China for a period of three financial years commencing from 1st January, 2024 to 31st December, 2026.

At the time of entering into the agreement, BBAFC's effective equity interest was owned as to 22.5% by The Bank of East Asia, Limited, the parent company of BEA China. The Bank of East Asia, Limited is a connected person of the Company by virtue of being a substantial shareholder of the Company's non-wholly owned subsidiary. Hence, the BEA CCTs constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Notwithstanding that one or more of the applicable percentage ratios in respect of the proposed caps exceed 5%, as (i) BEA China is a connected person of the Company at the subsidiary level; (ii) the Board has approved the BEA Co-Lending Finance Management Services Agreement and the transactions contemplated thereunder; and (iii) all the independent non-executive directors of the Company have confirmed that the terms of the BEA Co-Lending Finance Management Services Agreement are fair and reasonable, on normal commercial terms or better to the Company and in the interests of the Company and the shareholders as a whole, the transactions contemplated under the BEA Co-Lending Finance Management Services Agreement are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement pursuant to the Listing Rules.

Details of the transactions were set out in the announcement of the Company dated 20th December, 2023.

Report of Directors (Cont'd)

(B) Continuing Connected Transactions with Shenyang Automobile (“Shenyang Automobile CCTs”)

- *Agreements signed on 27th December, 2024*

On 27th December, 2024, the Company and Shenyang Automobile entered into the following agreements:

- (a) a comprehensive services purchase framework agreement in relation to the provision of services by Shenyang Automobile and its subsidiaries and its 30%-controlled companies (collectively the “**Shenyang Automobile Group**”) to members of the Group for the period commencing from 1st December, 2024 to 31st December, 2025 (the “**Comprehensive Services Purchase Framework Agreement**”);
- (b) an automotive components purchase framework agreement in relation to the purchases of materials and/or automotive components by members of the Group from members of the Shenyang Automobile Group for the period commencing from 1st January, 2025 to 31st December, 2025 (the “**Automotive Components Purchase Framework Agreement**”); and
- (c) an automobiles sales framework agreement in relation to the sale of automobiles by members of the Group to members of the Shenyang Automobile Group for the period commencing from 1st December, 2024 to 31st December, 2025 (the “**Automobiles Sales Framework Agreement**”),

(collectively, the “**2024 Shenyang Automobile CCTs**”).

The framework agreements only set out the overriding and major terms of the transactions to be carried out by the relevant parties. Details of the terms and conditions (including payment mode and payment terms) for the transactions contemplated under each of the framework agreements will be dealt with in the purchase orders to be placed by the relevant purchaser, which will be in line with the company policies adopted by the relevant vendor from time to time and may be varied in accordance with the prevailing market situation. The scope and fees for services to be provided or rendered under the framework agreements will be agreed by the relevant parties with reference to the pricing policies of the relevant service provider and the prevailing market conditions. All the payments under the framework agreements shall, subject to assessments based on the payment policies of the relevant vendor/service provider at the material time, be normally settled in cash or note payable with credit terms ranging from 30 to 90 days, which is the usual credit term policy adopted by the Group.

At the time of entering into the agreements, Shenyang Automobile, through its subsidiaries, was interested in approximately 29.99% of the issued share capital of the Company. Accordingly, Shenyang Automobile is a connected person of the Company under the Listing Rules. Hence, the 2024 Shenyang Automobile CCTs constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for each of (a) the Comprehensive Services Purchase Framework Agreement together with the services acquired by the Group from the Shenyang Automobile Group during the period from 1st January, 2024 to 27th December, 2024, on an aggregated basis; (b) the Automotive Components Purchase Framework Agreement; and (c) the Automobiles Sales Framework Agreement, on a standalone basis, are less than 5%, each of the 2024 Shenyang Automobile CCTs are subject to reporting, announcement and annual review (where applicable) requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Details of the transactions were set out in the announcements of the Company dated 27th December, 2024 and 23rd January, 2025.

Report of Directors (Cont'd)

- *Agreements signed on 20th May, 2025*

On 20th May, 2025, the Company and Shenyang Automobile entered into the following agreements:

- (a) the 2025 automotive components sales framework agreement in relation to the sale of materials and/or automotive components by members of the Group to members of the Shenyang Automobile Group for the period commencing from 20th May, 2025 to 31st December, 2026 (the “**2025 Automotive Components Sales Framework Agreement**”);
- (b) the 2025 automobiles sales framework agreement in relation to the sale of automobiles by members of the Group to members of the Shenyang Automobile Group for the period commencing from 20th May, 2025 to 31st December, 2026 (the “**2025 Automobiles Sales Framework Agreement**”); and
- (c) the 2025 comprehensive services purchase framework agreement in relation to the provision of services by members of the Shenyang Automobile Group to members of the Group for the period commencing from 20th May, 2025 to 31st December, 2026 (the “**2025 Comprehensive Services Purchase Framework Agreement**”),

(collectively, the “**2025 Shenyang Automobile CCTs**”).

The framework agreements only set out the overriding and major terms of the transactions to be carried out by the relevant parties. Details of the terms and conditions (including payment mode and payment terms) for the transactions contemplated under each of the framework agreements will be dealt with in the purchase orders to be placed by the relevant purchaser, which will be in line with the company policies adopted by the relevant vendor from time to time and may be varied in accordance with the prevailing market situation. Save as specifically provided, all the payments under each of the framework agreements shall, subject to assessments based on the payment policies of the relevant vendor at the material time, be normally settled in cash or note payable with credit terms ranging from 30 to 90 days, which is the usual credit term policy adopted by the Group.

At the time of entering into the agreements, Shenyang Automobile, through its subsidiaries, was interested in approximately 29.99% of the issued share capital of the Company. Accordingly, Shenyang Automobile is a connected person of the Company under the Listing Rules. Hence, the 2025 Shenyang Automobile CCTs constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps for the transactions with the Shenyang Automobile Group contemplated under the 2025 Comprehensive Services Purchase Framework Agreement, together with the proposed cap of RMB5,100,000 for the financial year ended 31st December, 2025 under the Comprehensive Services Purchase Framework Agreement, on an aggregated basis, is less than 5%, the transactions under the 2025 Comprehensive Services Purchase Framework Agreement are subject to reporting, announcement and annual review (where applicable) requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the annual transaction amount of the proposed caps contemplated under the 2025 Automotive Components Sales Framework Agreement and the 2025 Automobiles Sales Framework Agreement, together with the proposed cap of RMB26,900,000 for the financial year ended 31st December, 2025 under the Automobiles Sales Framework Agreement, on an aggregated basis, is more than 5%, the transactions under the 2025 Automotive Components Sales Framework Agreement and the 2025 Automobiles Sales Framework Agreement are subject to reporting, announcement, annual review, and independent shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules. At a special general meeting held on 17th July, 2025, the independent shareholders of the Company approved these transactions and the relevant annual caps for the period commencing from 20th May, 2025 to 31st December, 2026.

Details of the transactions were set out in the announcement of the Company dated 20th May, 2025 and the circular issued by the Company on 26th June, 2025.

Report of Directors (Cont'd)

- **Actual monetary value of Continuing Connected Transactions**

The actual monetary value of all the above continuing connected transactions (collectively, the “**Continuing Connected Transactions**”) for the financial year ended 31st December, 2025 is set out below.

Continuing Connected Transactions	Actual monetary value for the financial year ended 31st December, 2025 RMB'000
BEA CCTs	
A Provision of co-lending finance management services by BBAFC to BEA China	-
Shenyang Automobile CCTs	
2024 Shenyang Automobile CCTs	
B1 Purchase of services by members of the Group from members of the Shenyang Automobile Group pursuant to the Comprehensive Services Purchase Framework Agreement	3,127
B2 Purchases of materials and/or automotive components by members of the Group from members of the Shenyang Automobile Group pursuant to the Automotive Components Purchase Framework Agreement	1,335
B3 Sale of automobiles by members of the Group to members of the Shenyang Automobile Group pursuant to the Automobiles Sales Framework Agreement	11,498
2025 Shenyang Automobile CCTs	
B4 Sale of materials and/or automotive components by members of the Group to members of the Shenyang Automobile Group pursuant to the 2025 Automotive Components Sales Framework Agreement	-
B5 Sale of automobiles by members of the Group to members of the Shenyang Automobile Group pursuant to the 2025 Automobiles Sales Framework Agreement	1,996
B6 Purchase of services by members of the Group from members of the Shenyang Automobile Group pursuant to the 2025 Comprehensive Services Purchase Framework Agreement	6,527

The independent non-executive directors of the Company have reviewed and confirmed that the internal control procedures put in place by the Company are adequate and effective and the Continuing Connected Transactions for 2025 have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) either on normal commercial terms or better; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of Directors (Cont'd)

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued and provided a letter to the Board regarding its findings and conclusions in relation to the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

The Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these transactions are disclosed in note 33 to the financial statements.

Save as disclosed above, in the opinion of the directors of the Company, the transactions disclosed as related party transactions in note 33 to the financial statements do not constitute connected transactions or continuing connected transactions (as defined under the Listing Rules in force at the time of the entering into of the relevant transactions) that are required to be reported pursuant to Chapter 14A of the Listing Rules.

AUDITOR

Grant Thornton Hong Kong Limited will retire at the conclusion of the 2026 AGM and be eligible to offer itself for re-appointment. A resolution will be submitted to the 2026 AGM to seek shareholders' approval on the appointment of Grant Thornton Hong Kong Limited as our auditor until the conclusion of the next annual general meeting and to authorise the Board to fix its remuneration.

By order of the Board

Zhang Yue

Chairman and Chief Executive Officer

Hong Kong,
27th March, 2026

Management's Discussion & Analysis

BUSINESS DISCUSSION AND ANALYSIS

A review of the business of the Group during the financial year ended 31st December, 2025 and the outlook of the Group's business are discussed throughout this report including the sections headed "Chairman's Statement" and "Business Review" on pages 4 to 10 and pages 13 to 19 of this report.

Additional information regarding the disclosure with respect to the money lending business of the Group conducted through BBAFC, a directly and non-wholly owned subsidiary of the Company, are set out on pages 36 to 38 of this report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2025, the Group had RMB4,500.0 million in cash and cash equivalents (As at 31st December, 2024: RMB10,539.6 million), time deposits with maturities over three months of RMB253.0 million (As at 31st December, 2024: nil) and RMB456.0 million in pledged and restricted short-term bank deposits (As at 31st December, 2024: RMB582.1 million). As at 31st December, 2024, the Group also had statutory deposit reserves at central bank of RMB42.5 million.

As at 31st December, 2025, the Group had notes payable in the amount of RMB209.9 million (As at 31st December, 2024: RMB279.9 million).

As at 31st December, 2025, the Group had no outstanding short-term bank borrowings (As at 31st December, 2024: RMB330.0 million) and long-term bank borrowings (As at 31st December, 2024: nil).

All short-term bank borrowings as at 31st December, 2024 were repayable from 7th January, 2025 to 5th March, 2025 and interest-bearing at rates ranging from 2.85% to 4.75% per annum, and were denominated in Renminbi.

With an aim to improving its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the year ended 31st December, 2025, the Group's accounts receivable turnover days was approximately 124 days, compared to approximately 123 days for 2024. Inventory turnover days was approximately 141 days in 2025, compared to approximately 77 days in 2024.

CAPITAL STRUCTURE AND FUNDING POLICIES

As at 31st December, 2025, the Group's total assets was approximately RMB23,580.2 million (As at 31st December, 2024: RMB29,105.7 million), which was funded by the following: (a) share capital of RMB397.2 million (As at 31st December, 2024: RMB397.2 million), (b) reserves of RMB20,629.3 million (As at 31st December, 2024: RMB25,663.8 million), (c) total liabilities of RMB1,640.2 million (As at 31st December, 2024: RMB2,007.8 million) and (d) contribution from non-controlling interests of RMB913.4 million (As at 31st December, 2024: RMB1,036.9 million).

As at 31st December, 2025, approximately 80.4% (As at 31st December, 2024: 91.0%) of the Group's cash and cash equivalents (comprising cash on hand, bank balances and time deposits within 3 months of maturity when acquired) were denominated in Renminbi, whereas approximately 19.6% were denominated in other currencies (As at 31st December, 2024: 9.0%). As at 31st December, 2025, the Group had committed banking facilities of RMB50.0 million (As at 31st December, 2024: nil).

As at 31st December, 2025, the Group funds its short-term working capital requirement mainly through its own operational cash flow, issue of bank guaranteed notes and payment credit from its suppliers. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. Management also monitors if the utilisation of bank borrowings is required and ensures compliance with loan covenants, if any. For long-term capital expenditures, the Group's strategy is to fund these long-term capital commitments by a combination of operational cash flow, bank borrowings, dividends from joint ventures and associates, if any, and fund raising exercises in the capital market, if and when necessary.

Management's Discussion & Analysis (Cont'd)

CAPITAL EXPENDITURES AND COMMITMENTS

In 2025, the Group incurred capital expenditures of RMB232.8 million (2024: RMB259.6 million) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and construction-in-progress. In 2025, the Group also had capital expenditure in the investments in Yuxin and Shenyang Chunqing of RMB700.0 million and RMB240.0 million, respectively (2024: The Group also had capital expenditure of RMB1,054.4 million for the investment in JSA).

As at 31st December, 2025, the Group's contracted capital commitments amounted to RMB119.3 million (As at 31st December, 2024: RMB164.9 million), which were mainly related to the capital expenditures in respect of acquisition of plant and machinery and intangible assets. The Group also had contracted capital commitments of RMB700 million for investment in Yuxin with TCL as at 31st December, 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

New Investments made during the reporting year

References are made to the Company's announcement dated 20th March, 2025 in respect of a RMB500 million cash capital contribution to JSA and the interim report of the Company for the six months ended 30th June, 2025. The relevant change in industrial and commercial registration was completed on 7th July, 2025 and the Group's equity interest in JSA increased from 80.72% to 87.3364%. As at 31st December, 2025, the Group held 87.3364% of the equity interest in JSA. JSA is principally engaged in the manufacture and sale of minibuses and multi-purpose vehicles in the PRC, and has resumed production of certain models including Haise, Haise King and electric vehicles since the second half of 2025. The total assets of JSA attributed to approximately 9.9% of the total assets of the Group as at 31st December, 2025. For the Company's investment strategy in respect of JSA and its performance for the financial year ended 31st December, 2025, please refer to the sections headed "Chairman's Statement" and "Business Discussion & Analysis" of this report.

Existing Investments

BBA

As at 31st December, 2025, the Group held 25% shareholding in BBA, with an investment cost of RMB344 million. BBA is principally engaged in the manufacture and sale of BMW vehicles and components in the PRC. The carrying value of the Group's investment in BBA as at 31st December, 2025 was RMB11,240.9 million, accounting for approximately 48% of the Group's total assets. During the financial year 2025, the Group's share of profit from BBA was RMB2,597.0 million, representing a year-on-year decrease of 40.5%, and the Group has received dividends of RMB4,287.9 million from BBA during the year. For the Company's investment strategy in respect of BBA and its performance for the financial year ended 31st December, 2025, please refer to the sections headed "Chairman's Statement" and "Business Discussion & Analysis" of this report.

Yuxin

Reference is made to the interim report of the Company for the six months ended 30th June, 2025. Yuxin, a joint venture with TCL (joint venture contract signed in December 2024, and officially established in April 2025), is principally engaged in the development and manufacture of intelligent cockpit and display assembly business in the PRC. As at 31st December, 2025, the Group held 50% shareholding in Yuxin, with an investment cost of RMB700 million in cash. The carrying value of the Group's investment in Yuxin as at 31st December, 2025 was RMB642.3 million, accounting for approximately 3% of the Group's total assets. Yuxin's first intelligent cockpit products and intelligent display products commenced official mass production only in the second half of 2025. During the financial year 2025, the Group's share of loss from Yuxin was RMB62.1 million. No dividends were received from Yuxin by the Group during the year. For the Company's investment strategy in respect of Yuxin and its performance for the financial year ended 31st December, 2025, please refer to the sections headed "Chairman's Statement" and "Business Discussion & Analysis" of this report.

Save as aforesaid, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31st December, 2025.

Management's Discussion & Analysis (Cont'd)

NEW BUSINESS AND NEW PRODUCTS

The Company is devoted to capture valuable investment opportunities in order to enhance the Company's profitability and create value for its shareholders. The Company is in the course of studying and exploring various investment opportunities, including but not limited to cooperation with BMW with respect to supply of components for BMW vehicles, possible expansion into NEV manufacturing, components supply and digitalisation business, spanning across the entire value chain of the automotive industry.

BBA

Despite various external uncertainties and fierce market competition, BBA has achieved solid and reasonable results in 2025, reaffirming its commitment to long-term development in China. Through close collaboration with other BMW Group entities and the determined efforts of its teams, BBA consistently met customer demand with premium products that embody the brand's essence of "Sheer Driving Pleasure". BBA is also advancing its "local for local" approach by continually enhancing its supplier network in China.

In 2025, BBA introduced significant updates to its lineup. The all-new X3 features a long wheelbase designed exclusively for the Chinese market and is more attuned than ever to Chinese customers' preferences. The all-new BMW 2 Series Gran Coupe becomes the brand's first locally produced Gran Coupe model. The all-new BMW M235L Gran Coupe is the first locally produced M Performance sedan and the youngest member of the M family. These new models have further enhanced BMW's local production portfolio in China.

With a firm focus on the BEV market, BBA is coordinating with BMW Group to accelerate the arrival of Neue Klasse, a completely new technological platform for future BMW vehicles, which will commence local production in 2026. The first locally produced Neue Klasse model – the BMW iX3 LWB – is already undergoing trial production at the Lydia Site of Shenyang Production Base. With the "Neue Klasse", BMW will redefine standards in digitalization, innovation, and design.

Ningbo Yumin

Ningbo Yumin achieved significant breakthroughs in lightweight solutions for NEVs. Its body structural components, including high-performance aluminium alloy anti-collision beams and threshold beams supplied for various BYD models, reached stable mass production and delivery. These products contributed notably to annual sales revenue and have become a vital second growth curve for the company. Ningbo Yumin's commitment to technical innovation and qualification certification continued to receive recognition, with six new patents authorised during the year, further strengthening its core technological innovation capabilities.

Mianyang Ruian

In terms of new product development, Mianyang Ruian completed technical exchanges, assessments, and quotations for 42 projects in 2025. The company also achieved the trial production and delivery of over 60 new product models, securing seven new mass-production projects from SAIC, FAW, Great Wall, Quanchai, and Chery. Regarding new market expansion, since launch the Chery project, the leadership team has actively led multiple engagements to drive commercial communications and project coordination. In April 2025, the company passed the audit of the potential supplier of Chery and was admitted to its supplier system, securing the E4D25 designated project, with sample trial production underway. During the same period, it joined Quanchai's supplier system and secured the F28N designated project. Furthermore, the company also established connections with customers such as Aurobay Sweden and Aurobay Romania, participating in their project quotations and technical exchanges. Mianyang Ruian was recognised as a "Core Supplier" by FAW Qixin Powertrain (Changchun) Technology Co., Ltd.

JSA

JSA collaborated with leading industry partners to introduce and develop new VAN models. The company has been actively pursuing passenger vehicle contract manufacturing to revitalise production capacity at its No. 2 body workshop. In partnership with these collaborators, JSA developed Jinbei low-speed autonomous logistics vehicle models and key drive-by-wire chassis technologies. Concurrently, it completed the research, development, and production of self-developed EV models on the same platform.

Management's Discussion & Analysis (Cont'd)

Yuxin

During the year, Yuxin secured several new designated projects from Geely for its smart display-related products. In terms of technical reserves and platform construction, the company continued to invest in research and development of mid-range intelligent cockpits based on the MTK platform. By leveraging TCL's expertise in operating system software, Yuxin aims to create a cockpit platform that delivers an ultimate user experience. In the field of display technology, the company also focused on applying cutting-edge display technologies in the automotive sector to further enhance user experience.

BBAFC

Along with its core business strategy of focusing on retail finance, BBAFC specializes in cooperating with premium-branded OEMs and selected NEV brands. Its key business partners are Xiaomi, Xpeng, and Li Auto. Meanwhile, BBAFC has been seeking new business partners to further enhance the company's strength and risk-resistance capabilities.

EMPLOYEES, REMUNERATION POLICY AND TRAINING PROGRAMMES

The Group employed approximately 2,080 employees as of 31st December, 2025 (As of 31st December, 2024: approximately 1,600). Employee costs amounted to RMB346.4 million for the year ended 31st December, 2025 (For the year ended 31st December, 2024: RMB258.3 million). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions, and that employees' remuneration is based on performance.

In order to improve the overall quality and professional technical level of all employees, the Group provides online or offline training on, among other things, professional skills, quality enhancements, business and product knowledge, occupational ethics and safety, ESG issues, anti-corruption, rules and regulations, management skills, leadership and teamwork cooperation to its directors/employees from time to time. Ningbo Yumin and Mianyang Ruian have formulated and implemented administrative measures for education and training, and have established a set of training systems and workflows including new employee induction training, special post personnel training, management training, professional technical training and quality training. The course contents are extensive, covering basic/middle-level management, new product development, quality management, financial management, lean production, teamwork, and professionalism. Training demand research are conducted and training plans are formulated on an annual basis. BBAFC has specifically arranged compliance training, business training, new hire training, paired with online courses, meeting the learning needs of the employees. It has even developed its own online training platform, allowing its employees to browse training and financial product knowledge materials, reducing the travel needs for sales and training teams. BBAFC has also developed a succession plan which lays a solid foundation of talent for its long-term development.

CHARGE ON ASSETS

As at 31st December, 2025, the Group had no short-term bank borrowings secured by any assets (As at 31st December, 2024: short-term bank borrowings of RMB100.0 million were secured by the Group's loan receivables of approximately RMB126.2 million).

There were no long-term bank borrowings as at 31st December, 2025 and 31st December, 2024.

As at 31st December, 2025, the Group pledged all its 48% equity interest in Shenyang Chunqing to a supplier for a maximum facility of RMB240,000,000 of payable balances and any costs for collection of the debts from the purchase from this supplier. As at 31st December, 2025, the Group had accounts payable of an approximately RMB56,549,000 to this supplier. The pledge was released by the date of this report.

Management's Discussion & Analysis (Cont'd)

As detailed in note 28 of this report, the Group's provision for loss for certain lawsuits in respect of unauthorised guarantees directly out of the restricted short-term deposits by the PRC courts were reduced to approximately RMB276,732,000 as at 31st December, 2025 (2024: approximately RMB554,199,000). As at 31st December, 2025, short-term deposits of approximately RMB276,732,000 (2024: approximately RMB347,200,000) were restricted by local courts for the respective loss.

The directors of the Company considered that the respective liabilities and provision for liabilities have been adequately provided for in the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

Save as disclosed, the Group does not have future plans for material investments or additions of capital assets as at the date of this report.

GEARING RATIO

As at 31st December, 2025, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.08 (As at 31st December, 2024: approximately 0.07). The slight increase in the gearing ratio was primarily due to the increase in account payable and other current liability during the year.

FOREIGN EXCHANGE RISKS

As the Group's substantial transactions during the year were denominated in Renminbi, the Group considers that exchange rate fluctuations do not have significant effect on the overall financial performance of the Group. To reduce the risk in exchange rate fluctuation in dividend distribution and future potential investments that may require Hong Kong Dollars, the Company has maintained certain amount of cash and cash equivalents in Hong Kong Dollars. The Group will continue to monitor transactions and monetary assets and liabilities denominated in foreign currencies to minimise foreign exchange risks. There were no outstanding hedging transactions as at 31st December, 2025 (As at 31st December, 2024: nil).

CONTINGENT LIABILITIES

As at 31st December, 2025, the Group had contingent liabilities to a bank for providing financing facilities of up to RMB100,000,000 for its vehicle dealers. These facilities finance up to 70% of the costs of purchases of the non-BMW vehicles from the Group, of which, approximately RMB9,897,000 (2024: nil) were utilised and outstanding by these vehicle dealers.

The Group did not have other contingent liabilities as at 31st December, 2024.

MONEY LENDING BUSINESS OF THE GROUP

The Company provides auto financing service through its subsidiary, BBAFC and generated revenue of RMB146.5 million (2024: RMB202.9 million) during the year ended 31st December, 2025, representing 12.4% (2024: 18.5%) of the Company's total revenue.

Set out below is the recommended disclosure by the Stock Exchange for the listed issuer that operates money lending business, in our case through BBAFC, during the year under review.

Management's Discussion & Analysis (Cont'd)

Business model of BBAFC

BBAFC was established in 2015, headquartered in Shanghai, China. It is an automotive finance company approved by the China Banking and Insurance Regulatory Commission (recently reformed and renamed as The National Administration of Financial Regulation) in China. Automotive finance companies refer to non-banking financial institutions that specialises in providing automotive financial services which can help customers to borrow money to purchase cars.

BBAFC mainly engages in providing retail loans to customers to finance automobiles purchases and receive repayments with interest by instalments for up to 60 months. As a regulated financial company, prudent credit risk management is essential to BBAFC, which assesses customers' repayment abilities when providing loans. Stable refinancing with matched funding strategy is also crucial for the sustainable growth of BBAFC. BBAFC often provides loans to customers together with cooperation banks as a joint loan (so-called co-lending). Out of the total booked portfolio of RMB2,152 million for the year ended 31st December, 2025 (2024: RMB2,593 million), RMB1,991 million (2024: RMB2,309 million) was provided by BBAFC with its own financing and RMB161 million (2024: RMB284 million) represents BBAFC's portion provided under co-lending arrangements. BBAFC generates interest income on the portion of the loans provided by BBAFC and receives service fees from cooperation banks on the portion of the loans provided by co-lending banks. The service fee is determined through commercial negotiation with each co-lending bank based on the difference between the interest rate offered by BBAFC to its customers and the interest rate offered by each co-lending bank to BBAFC.

To adapt to the changing market environment and the rapid growth of the NEV market in China over the past two years, from 2021, BBAFC has shifted its business focus from financing the purchase of traditional vehicles with internal combustion engine ("ICE") to the NEV segment, where the demand and cooperation opportunities of which has been increasing. NEV-related business accounted for 99.85% (2024: 99.80%) of BBAFC's new businesses in 2025 and 99.19% (2024: 97.80%) of its loan balance at the end of 2025.

Customers and concentration risk

The retail loan receivables of the Group are denominated in Renminbi, which are in principle secured by the motor vehicles of BBAFC's borrowers.

As at 31st December, 2025, there were a total number of 31,931 borrowers (2024: 38,185), including 20,834 individuals (2024: 24,226) and 11,097 corporations (2024: 13,959) under BBAFC's loan portfolio.

Loan receivables attributable to the top five largest borrowers in aggregate and the single largest borrower of the Group accounted for approximately 0.18% (2024: 0.19%) and 0.05% (2024: 0.06%), respectively, of the outstanding loan receivables as at 31st December, 2025. The Group has no significant concentration of credit risk in respect of loan receivables, with exposure spread over a number of borrowers.

For the year ended 31st December, 2025, there was no extended loans (2024: nil) in BBAFC's booked portfolio.

Credit risk control

For credit risk control, BBAFC focuses on risk identification, analysis, assessment and continuous monitoring, and adopts preventive measures to control and reduce risks.

Management's Discussion & Analysis (Cont'd)

In retail business, as a regulated financial company, BBAFC performs prudent and complete assessment of customers with the external/internal data, scorecard, decision engine, revenue materials and telephone or on-site check as the proof of repayment ability, and to avoid any frauds. BBAFC established and implemented the control mechanism of borrower's Debt to Income ratio and keeps the prudent assessment and credit decision for customers with high Debt to Income ratio through systematic warnings and other possible measures. There is also a risk alert in the system for high risk car dealers which may refer retail customers to BBAFC. Car mortgage, higher down payment, additional guarantors and other possible measures are often set as prerequisites to mitigate the risks. A detailed approval matrix and delegation system for the credit decision based on the financed amount and risk policy are implemented to monitor credit decisions and to avoid internal frauds. BBAFC also has in place comprehensive internal control procedures for monitoring the status and formulating actions to be taken for recovery of loans. The risk, legal and compliance, internal control and audit departments of BBAFC are responsible for monitoring the repayment status of the loans and taking appropriate actions (including legal procedures) in recovery of loans.

Any failure to control BBAFC's credit risk will increase the company's risk cost leading to lower profitability. Furthermore, prudent credit risk control policy is directly related to BBAFC's non-performing loan ("NPL") ratio which is an important benchmark for banks and regulators in assessing its assets quality as an automobile financier. Among others, the increase in the NPL ratio may adversely affect BBAFC's ability to secure external funding and its related funding costs.

Impairment of loan receivables

For impairment of loan receivables, please refer to the section headed "Material Accounting Policies – Impairment of financial assets – Loan receivables", "Material Accounting Policies – Revenue recognition" and "Financial Risk Management and Fair Value Measurements – Credit risk" in note 2.10(ii), note 2.22 and note 4(a), respectively, to the financial statements.

Basis of writing-off loan receivables by BBAFC

For basis of writing-off loan receivables by BBAFC, please refer to the section headed "Material Accounting Policies – Impairment of financial assets – Loan receivables" in note 2.10(ii) to the financial statements.

Further details on loan receivables

For further details of loan receivables, please refer to the section headed "Loan Receivables" in note 18 to the financial statements.

Directors, Senior Management and Company Secretary

The directors, senior management and company secretary of the Company as at 31st December, 2025 and at present are set out below:

EXECUTIVE DIRECTORS

Mr. Zhang Yue, aged 42, has been the chairman of the Board since 4th November, 2024 and an executive director and chief executive officer of the Company since 11th April, 2024. Mr. Zhang is also a member of the remuneration committee, the nomination committee and the subsidiary senior management appointment committee of the Company. Mr. Zhang is currently a director of BBA and has been its vice chairman since November 2024. Mr. Zhang was the general manager of Shenyang Automobile from December 2023 to November 2024 and has been its chairman since November 2024. Mr. Zhang was the general manager of Huachen from March 2024 to January 2025 and an executive director of Huachen from January 2025 to July 2025. He held various positions in a number of organisations from May 2021 to December 2023, including but not limited to member of the Standing Committee of Shenyang Dadong District Committee (瀋陽市大東區委常委), deputy head of District Government (區政府副區長), and deputy secretary of the Party Working Committee and deputy director of Shenyang-EU Economic Development Zone Management Committee (Shenyang Automobile City Development and Construction Management Committee) (瀋陽—歐盟經濟開發區管委會 (瀋陽汽車城開發建設管委會)黨工委副書記、副主任). From November 2020 to May 2021, Mr. Zhang was the deputy secretary of the Shenyang Municipal Committee of the Communist Youth League* (共青團瀋陽市委副書記). From December 2013 to November 2020, he served as the Director of the Research Division and the Director of the First Comprehensive Division of the Shenyang Municipal Party Committee Office* (瀋陽市委辦公室調研處處長及綜合一處處長) and other positions. Mr. Zhang obtained a doctor's degree in Political Economy from The School of Economics Peking University in the PRC in 2011 and a bachelor's degree in Electrical Engineering and Automation from Dalian University of Technology in the PRC in 2006.

Mr. Zhang Wei, aged 52, has been an executive director and the executive vice president of the Company since 12th September, 2016 and 1st October, 2022, respectively. Mr. Zhang is also a member of the subsidiary senior management appointment committee of the Company. Mr. Zhang has also been a director of BBA since November 2024. Mr. Zhang is currently the chairman and general manager of Xing Yuan Dong, a director, general manager and the chairman of SJAI, and a director and the chairman of JSA. He is also currently a director and the chairman of BBAFC, and a director of Key Choices Group Limited and Brilliance Investment Holdings Limited, all subsidiaries of the Company. Mr. Zhang joined Huachen in 2003 and held various positions in Huachen, including but not limited to senior project manager of assets operation department, secretary of president, division leader of human resources department, deputy manager of administrative office and assistant to president. Mr. Zhang was the secretary of the board of directors of Huachen from March 2016 to June 2019. From July 1996 to February 1997, and from February 1997 to January 2003, Mr. Zhang was a specialist of import and export department and a project manager, respectively, of Liaoning Branch of China Metallurgical Import and Export Company (中國冶金進出口遼寧公司). Mr. Zhang obtained a bachelor's degree in engineering from Shenyang University of Technology in 1996. Mr. Zhang also received a master's degree of science, majoring in business and information technology, from University of Salford in 2001. Currently, Mr. Zhang is the chairman of the board of directors and an executive director of Power Xincheng, a company listed on the main board of the Stock Exchange (stock code: 1148).

Directors, Senior Management and Company Secretary (Cont'd)

Mr. Guo Hongbo, aged 57, has been an executive director of the Company since 21st March, 2025. He has been the secretary of party committee and the chairman of the board of directors of Liaoning Provincial Transportation Investment Group Co., Ltd.* (遼寧省交通建設投資集團有限責任公司), a substantial shareholder of the Company, since August 2024. From December 2014 to December 2020, Mr. Guo was the secretary of party committee and chairman of the board of directors of Liaoning Energy Investment (Group) Co., Ltd.* (遼寧能源投資(集團)有限責任公司). He was also the secretary of party committee and chairman of the board of directors of Liaoning Energy Industry Holding Group Co., Ltd.* (遼寧省能源產業控股集團有限責任公司) from July 2019 to August 2024. In addition, he was the secretary of party committee and chairman of the board of directors of Liaoning Energy Industry Co., Ltd.* (遼寧能源煤電產業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600758), from April 2020 to December 2024. Mr. Guo graduated from Department of Management Engineering of Anshan Institute of Iron and Steel* (鞍山鋼鐵學院) in the PRC in 1991 with a bachelor's degree in engineering and obtained a master's degree in management from Jilin University in the PRC in 2003. Mr. Guo is a professorate senior engineer (教授研究員級高級工程師).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Song Jian, aged 69, has been an independent non-executive director of the Company since 17th September, 2004 and his further appointment as an independent non-executive director of the Company was approved by our shareholders at the annual general meetings held on 20th June, 2023. He is the chairman of the nomination committee as well as a member of the audit committee and remuneration committee of the Company. Mr. Song is an expert consultant to the Beijing Government and a fellow of The China Society of Automotive Engineers. Mr. Song was the vice director of the National Laboratory in Automotive Safety and Energy, the deputy dean of the Automotive Department of Tsinghua University, and the dean of the Automotive Technology Research Institute of Tsinghua University. In 1998, Mr. Song received the Award for Outstanding Science and Technology Persons in the China Automotive Industry. In 2005, he was ranked first in the Class One China Automotive Industry and Technology Advancement Award. In 2006, Mr. Song was named jointly by The China Association of Automobile Manufacturers, The China Society of Automotive Engineers and The China Automotive News as the best chief designer of the automobile industry in the PRC. In 2008, Mr. Song was awarded "The Outstanding People of the China Automotive Industry: Commemorating the 30th Anniversary of China's Reform and Opening-up". In 2009, Mr. Song won "China Academic Award for Creative Talents of Automotive Industry – First Prize" from the State Ministry of Education. Mr. Song was also awarded the first prize of Beijing Science and Technology Invention and the special government allowance of the State Council of China in 2016; the first prize of Chongqing Science and Technology Invention in 2017; and the second prize of National Science and Technology Progress in 2019. Mr. Song holds a bachelor's degree and a doctorate, both in engineering science, from Tsinghua University. He is currently a professor (second/tenured level) of Tsinghua University.

Mr. Jiang Bo, aged 66, has been an independent non-executive director of the Company since 27th September, 2004 and his further appointment as an independent non-executive director of the Company was approved by the shareholders of the Company at the annual general meeting held on 20th June, 2023. He is also the chairman of the audit committee, remuneration committee and subsidiary senior management appointment committee and a member of the nomination committee of the Company. Mr. Jiang is a certified public accountant and a public valuer in the PRC. Currently, Mr. Jiang is the chairman of Beijing Huaya Zhengxin Asset Appraisal Co., Ltd. (北京華亞正信資產評估有限公司) in the PRC. In addition, Mr. Jiang is currently a visiting professor at the Nanjing Audit University (南京審計大學) and an external lecturer for master's degree students at the School of Public Finance and Taxation of the Southwestern University of Finance and Economics (西南財經大學財政稅務學院專業碩士校外導師). From 1993 to 1999, Mr. Jiang was a director of Liaoning Zhongpeng Accounting Firm (遼寧中朋會計師事務所). He was the vice chairman of Reanda Certified Public Accountants (利安達會計師事務所) from 2000 to 2012 and a managing partner of RuiHua Certified Public Accounts LLP (瑞華會計師事務所(特殊普通合夥)) from 2013 to 2019. Mr. Jiang has approximately 32 years of experience in auditing the financial statements of companies listed on the PRC stock exchanges. Mr. Jiang has been a certified public accountant and a public valuer in the PRC since 1993 and 1998, respectively. He has been involved in the financial audit and asset appraisals of a number of listed companies in the PRC. He has participated in various listing projects of state-owned enterprises in the PRC and overseas and has gained experience in reviewing and analyzing the audited financial statements of companies listed in the PRC. Mr. Jiang holds a bachelor of science degree in mathematics from Liaoning University and a graduate diploma in accounting from Central Finance and Economics University.

Directors, Senior Management and Company Secretary (Cont'd)

Mr. Dong Yang, aged 70, has been an independent non-executive director of the Company since 21st May, 2021. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Mr. Dong has over 42 years of experience in the automobile industry. From December 1984 to August 1993, Mr. Dong was the deputy director (副處長) of the Technology Division of China National Automotive Industry Corporation (中國汽車工業總公司科技司). Mr. Dong is familiar with automobile technology and industry policies and has been engaged in scientific and technological management and industry management in the automobile industry during his tenure with China National Automotive Industry Corporation. From September 1993 to August 1998, he was the director (處長) of the Automobile Industry Division of the Machinery Industry Department (機械工業部汽車工業司) of the PRC, and from September 1998 to June 2000, he was the deputy director (副司長) of the Industry Management Division of the State Administration of Machinery Industry Bureau (國家機械工業局行業管理司). From July 2000 to August 2007, Mr. Dong was the general manager (總經理) of Beijing Automotive Industry Holding Co., Ltd. (北京汽車工業控股有限責任公司). Mr. Dong acted as the executive vice president (常務副會長) and secretary general (秘書長) of China Association of Automobile Manufacturers (中國汽車工業協會) from September 2007 and retired from it in April 2019. Mr. Dong has been the Chairman of Beijing Virtue Capital Investment Management Center (Limited Partnership) (北京德載厚投資管理中心(有限合夥)) since April 2020. Mr. Dong obtained a bachelor's degree from the Department of Automotive Engineering of Tsinghua University (清華大學汽車工程系汽車專業本科) in the PRC in 1982 and a master's degree in Automotive Engineering from Tsinghua University (清華大學汽車工程系碩士) in 1984.

Dr. Lam Kit Lan, Cynthia, aged 58, has been an independent non-executive director of the Company since 21st September, 2022. She is also a member of the nomination committee of the Company. She is currently the Chairman and a director of Infinergy Hong Kong Ltd. From March 2003 to January 2020, Dr. Lam was the Asia Compliance Officer of Bloomberg L.P. ("BLP"). She also acted as an executive director and the Responsible Officer of BLP's subsidiary, Bloomberg Tradebook Hong Kong Limited. From 1998 to 2003, she was employed by DBS TD Waterhouse Hong Kong Limited as its executive director and Chief Compliance Officer. Prior to 1998, she took on various regional compliance roles with international investment banks and gained regulatory experience having worked in the Enforcement Division of the Securities and Futures Commission and the Listing Division of the Stock Exchange. Dr. Lam holds a Doctor of Business Administration degree from the Hong Kong Polytechnic University and was the recipient of her graduating year's (2007) best thesis award on the topic of Corporate Governance. She received MBA and B. Sc. (Hons) degrees from the University of Toronto in 1993 and 1990, respectively, and received LLB (Hons) degree from the University of Wolverhampton in 1998. She is a fellow member of the Hong Kong Institute of Directors ("HKIoD") and of the Hong Kong Securities and Investment Institute ("HKSI"). Dr. Lam completed the Executive Diploma in Corporate Governance and Sustainability Directorship jointly organised by the University of Cambridge Institute for Sustainability Leadership and the HKIoD in 2021. Dr. Lam also contributed her time to various public service appointments, including as a member of two Market Misconduct Tribunals in 2007 and 2011, a member to the Securities and Futures Appeals Tribunal between 2009 to 2011, a member of the Securities and Futures Appeals Tribunal between 2013 to 2015 and former Vice-Chair and Director of the Institute of Securities Dealers Limited. Dr. Lam also acted as former independent non-executive director for HKSI.

SENIOR MANAGEMENT

Mr. Zhang Yue, aged 42, has been the chief executive officer of the Company since 11th April, 2024. His biographical details are set out in the section headed "Executive Directors" above.

Ms. Huang Yu has been the chief financial officer of the Company with effect from 7th October, 2022. She is also the vice president of the Company and a director of BBAFC. Ms. Huang joined the Company in 1999 and has been extensively involved in major projects of the Company such as the listing of an associate of the Company as well as the formation and operation of joint ventures of the Company. She has extensive experience in financial accounting, taxation and management accounting. Ms. Huang has worked for one of the Company's subsidiary as a financial analyst and an internal auditor from July 1999 to June 2000, and worked as a manager of the financial center of the Group from June 2002 to April 2007. She was appointed as the qualified accountant of the Company from May 2007 to January 2009 pursuant to the requirements set out in the Listing Rules. She has been the chief accountant of the Company from May 2007 to October 2022. Ms. Huang graduated with a bachelor's degree and a master's degree, both in economics, from South Western University of Finance and Economics. She is a certified public accountant of the PRC and also a fellow member of the Association of Chartered Certified Accountants. Ms. Huang also holds the qualifications to be a lawyer in the PRC.

Directors, Senior Management and Company Secretary (Cont'd)

Mr. Li Bin, aged 58, was appointed as an executive director of Mianyang Ruian in May 2020. He was further appointed as general manager of Mianyang Ruian in August 2020. He joined the Group in 1989 and had held a number of positions, including but not limited to the head of a stamping workshop and a painting workshop of RBJAC (now known as JSA), a factory manager and the manager of a painting factory and the manager of an automobile factory of Huachen Zhonghua Automobile Company (華晨中華汽車公司), and the vice general manager of Dongxing Automotive. Mr. Li Bin graduated from Shenyang Radio and TV University (瀋陽廣播電視大學) majoring in machine design and manufacturing in 1989, and subsequently obtained a graduate master's degree in industrial economics from Capital University of Economics and Business in 2019.

Mr. Song Jiwu, aged 60, has been appointed as general manager of Ningbo Yumin and Ningbo Ruixing since October 2007. Mr. Song was the manager, the assistant to the general manager and the vice general manager of Xing Yuan Dong from May 2000 to October 2007, the deputy manager of the logistics department of RBJAC (now known as JSA) from April 1997 to May 2000, a pre-production planner (產前調度) and a supervisor (主管) of Shenyang Jinbei Passenger Vehicle Manufacturing Co., Ltd. (瀋陽金杯客車製造有限公司) from January 1992 to April 1997, and a technician and a mould designer of Shenyang Sedan Factory (瀋陽轎車廠) from July 1988 to January 1992. Mr. Song graduated from Shenyang Radio and TV University (瀋陽廣播電視大學) majoring in machine manufacturing in July 1988 and subsequently obtained a master of business administration degree from the School of Administration and Management (行政與管理學院) of the Macau University of Science and Technology in August 2004. He obtained the qualification for professional and technical positions as an engineer in June 1996.

Mr. Dai Jun, aged 46, was appointed as general manager of JSA in May 2024. Mr. Dai was the senior director of product research and development and planning of RBJAC (now known as JSA) from July 2021 to May 2024, the project director of the large- and medium-sized van project of RBJAC (now known as JSA) from 2018 to 2021, and the vice president of the Chinese Brand Product Management Department of the Complete Vehicle Division of Huachen from 2016 to 2017, and worked at the Huachen R&D Institute (華晨工程研究院) as, amongst others positions, the director of the Grand Haise (大海獅) /Huasong platform, the director of complete vehicle technology and the head of the Chassis Department of from 2009 to 2015. Mr. Dai graduated from Dalian University of Technology in July 2002 majoring in automobile engineering, and subsequently obtained a bachelor's degree in information system management from Northeast Normal University in 2006 and a master of engineering in automotive engineering from Jilin University in 2013. He received the Shenyang Model Worker Award in 2016 and the Shenyang May 1 Labour Medal in 2015.

Mr. Dai Liping, aged 52, has been the chief executive officer of BBAFC since April 2025. Mr. Dai has over 28 years of extensive experience in the auto finance, banking and insurance industries as well as automotive brands in various positions covering strategy, sales, marketing, operation, funding and risk. Prior to joining BBAFC, Mr. Dai started his career at the main branch of Bank of Shanghai from July 1997 to December 2001 as a project manager. From January 2002 to July 2008, he was a manager of the direct distribution department of AIA, Shanghai Branch. From July 2008 to July 2009, he was a senior consultant at Acxiom (Shanghai) Co., Ltd. From July 2009 to October 2017, he was the general manager of the sales department and the marketing department at Dongfeng Nissan Auto Finance Co., Ltd. From October 2017 to June 2024, he served as the head of funding and risk and vice president of financial services at Jaguar Land Rover (China) Investment Co., Ltd. Mr. Dai holds a master of business administration degree from Fudan University.

COMPANY SECRETARY

Ms. Lam Yee Wah Eva has been the company secretary of the Company since 20th June, 2005. Ms. Lam is a Chartered Secretary and a Chartered Governance Professional of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. She is also a fellow of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms. Lam graduated from The City University of Hong Kong with a bachelor of arts (honours) degree in public and social administration. She was also awarded a postgraduate diploma in corporate administration by The City University of Hong Kong. Prior to joining the Company in March 2004, Ms. Lam worked in the company secretarial department of Hang Seng Bank Limited and Tom.com Limited (now known as TOM Group Limited (stock code: 2383)), both of which are listed on the Stock Exchange. Ms. Lam also has 5 years' working experience in the company secretarial department of Ernst & Young, a certified public accountants firm in Hong Kong.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, ensuring that its affairs are conducted in accordance with applicable laws and regulations and consistent with the “Corporate Governance Code” set out in Appendix C1 to the Listing Rules which was prevailing for the financial year commencing from 1st January, 2025 (the “CG Code”) as it believes that good corporate governance practices are fundamental to the effective operation of the Company and can enhance shareholders’ value as well as safeguard shareholders’ interests. The Group has considered the principles of good corporate governance set out in the CG Code, and has put in place corporate governance practices to meet the code provisions. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Board will continue to review and improve the corporate practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for the shareholders.

Throughout the financial year ended 31st December, 2025, save as disclosed herein, the Group has complied with all code provisions set out in Part 2 of Appendix C1 to the Listing Rules which were in effect for the financial year 2025.

A. CORPORATE PURPOSE, STRATEGY AND GOVERNANCE

A.1 Corporate strategy, business models and culture

The Board is responsible for nurturing the Company’s culture, which aligns with the Company’s purpose, values and strategy. Acting with integrity and leading by example, the directors are vested with the role to promote the desired culture and to instill and continually reinforce the values of acting lawfully, ethically and responsibly across different business segments and to all employees, and embed the same in making business decisions and our operations.

The Company is governed by the Board which assumes the responsibility for leadership and control of the Company. Our directors are collectively responsible for promoting the success of the Company by developing the strategic direction of the Group and directing and supervising the affairs of the Company. Directors should take decisions objectively in the best interests of the Company.

The Board has a fiduciary duty and statutory responsibility towards the Group and is directly accountable to the shareholders.

The Board is responsible for the management of the business and affairs of the Group with the objective of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company’s performance, position and prospects in its annual and interim reports and other financial disclosures as required under the Listing Rules, reports to regulators, and information required to be disclosed pursuant to statutory requirements. The Board is also required to approve acquisitions or disposals that require shareholders’ notification or approval under the Listing Rules. By recognising the importance of stakeholders at the Board level and throughout the Group, the Company strives to create values to stakeholders through sustainable growth and continuous development. The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group. A discussion and analysis of the Group’s performance is included in this report.

Daily management and administration functions are delegated to the management. The responsibilities and matters specifically reserved to the Board are set out in section C.3 below.

Corporate Governance Report (Cont'd)

A.2 Corporate governance functions

The Board is responsible for performing the corporate governance duties. The Company has adopted the terms of reference for the corporate governance function of the Board on 28th March, 2012 in compliance with code provision A.2 of the CG Code. Pursuant to the terms of reference of the corporate governance function (as amended with effect from 27th March, 2013), the Board shall be responsible for:

- developing and reviewing the policies and practices on corporate governance of the Company;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- reviewing the compliance with the CG Code and disclosure in the Company's corporate governance report.

This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

On 30th December, 2022, the Board adopted a whistleblowing policy and an anti-corruption policy. Further on 25th October, 2023, the Board also adopted a conflict of interest policy. In addition, the Board revised the board diversity policy and shareholders communication policy on 11th December, 2025, and adopted a workforce diversity policy on the same day. Details of the policies are set out in sections C.7, D.2 and H.2 in this report.

Corporate Governance Report (Cont'd)

B. BOARD COMPOSITION AND NOMINATION

B.1 Board composition, succession and evaluation

Currently, the Board comprises seven (7) directors: Three (3) executive directors and four (4) independent non-executive directors. The current composition of the Board and details of the directors' positions, length of tenure, and term of appointment are as follows:

Name of directors	Membership of board committee(s)	Length of tenure up to the date of this report (rounded down to the nearest full month)	Current period of appointment ^{Note}
<i>Executive directors:</i>			
Mr. Zhang Yue (<i>chairman of the Board and chief executive officer</i>)	Member of the remuneration committee Member of the nomination committee Member of the subsidiary senior management appointment committee	1 year and 11 months	11th April, 2024 to 10th April, 2027 according to his letter of appointment
Mr. Zhang Wei	Member of the subsidiary senior management appointment committee	9 years and 6 months	20th June, 2023 to 19th June, 2026 according to his letter of appointment
Mr. Guo Hongbo	–	1 year	21st March, 2025 to 20th March, 2028 according to his letter of appointment
<i>Independent non-executive directors:</i>			
Mr. Song Jian	Member of the audit committee Member of the remuneration committee Chairman of the nomination committee	21 years and 6 months	28th March, 2024 to 27th March, 2027 according to his letter of appointment
Mr. Jiang Bo	Chairman of the audit committee Chairman of the remuneration committee Member of the nomination committee Chairman of the subsidiary senior management appointment committee	21 years and 6 months	28th March, 2024 to 27th March, 2027 according to his letter of appointment
Mr. Dong Yang	Member of the audit committee Member of the remuneration committee Member of the nomination committee	4 years and 10 months	25th June, 2024 to 24th June, 2027 according to his letter of appointment
Dr. Lam Kit Lan, Cynthia	Member of the nomination committee	3 years and 6 months	20th June, 2025 to 19th June, 2028 according to her letter of appointment

Note:

The appointment is subject to the provisions of the Company's bye-laws in force from time to time, the Listing Rules and any other applicable laws, regulations or rules (including, but not limited to, the retirement provisions set out in the bye-laws). Under bye-law 99, one-third of the directors of the Company are required to retire from office at each annual general meeting (they may, however, offer themselves for re-election). In addition, the directors shall be subject to retirement at least once every three years. In these circumstances, without prejudice to the tenure set out in their letters of appointment, the directors' appointment shall forthwith terminate on their ceasing to be directors of the Company for any reason pursuant to the bye-laws or any other applicable laws.

Corporate Governance Report (Cont'd)

Under Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors, and Rules 3.10A and 3.10(2) stipulate that every listed issuer is required to have such number of independent non-executive directors representing at least one-third of the Board, and at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise.

Throughout the year 2025, the number of independent non-executive directors has fulfilled the minimum requirement of the Listing Rules. At present, there are four independent non-executive directors of the Company, representing more than half of the Board. The current composition of the Board has a strong independence element with an aim to ensuring independent views and input are available to the Board. The Company has also put in place mechanism to ensure independent views and inputs are available to the Board. This is achieved by providing directors with access to external independent professional advice from legal advisers and auditor, as well as the full attendance of all independent non-executive directors at all the meetings of the Board and its relevant committees held during the year. The Board has reviewed the implementation and effectiveness of the Board independence mechanism for the year ended 31st December, 2025 and considered it to be effective.

Among the four independent non-executive directors, Mr. Jiang Bo is a certified public accountant and a public valuer in the PRC. Mr. Jiang has approximately 32 years of experience in auditing financial statements of companies listed on the stock exchanges of the PRC, has participated in various listing projects of state-owned enterprises in the PRC and overseas, and has experience in reviewing and analyzing the audited financial statements of companies listed in the PRC.

The Company has received from each of the independent non-executive directors an annual confirmation of his/her independence in respect of each of the factors set out in Rule 3.13 of the Listing Rules. The nomination committee has assessed the independence of all the independent non-executive directors and the Board is satisfied with their independence. The nomination committee of the Company is of the view that each of the independent non-executive directors has demonstrated complete independence in character and has contributed objectively in giving impartial advice to the Board and exercising independent judgement in his/her capacity as a member of each of the Company's audit committee, remuneration committee, nomination committee and subsidiary senior management appointment committee. The nomination committee also took into consideration the perspectives, skills and experience that the independent non-executive directors could bring to the Board, including without limitation, their extensive experience in automobile industry, compliance and corporate governance, and their contributions to the Board and its diversity.

Except for the chairman of the Board, who is the same person as the chief executive officer, the Board members do not have any financial, business, family or other material/relevant relationships with each other.

The biographies of our directors are set out on pages 39 to 41 of this report.

The list of directors identifying their roles and functions (and whether they are independent non-executive directors) has been published on the website of the Company and that of the Stock Exchange. The independent non-executive directors are also identified in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

B.2 Appointment, re-election and removal of directors

The Board follows a formal, considered and transparent procedure for the appointment of new directors to the Board. The appointment of a new director is a collective decision of the Board, taking into consideration the candidate's academic background, qualification, experience, integrity and commitment to his/her responsibilities within the Group. In addition, all candidates to be selected and appointed as directors must be able to meet the standards set out in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive director must also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Corporate Governance Report (Cont'd)

All directors should be subject to re-election at regular intervals. Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. At the annual general meeting held on 20th June, 2025 (the “**2025 AGM**”), two directors, who had either been longest in office since their last election or needed to retire by rotation at least once every three years, had retired from office by rotation and offered themselves for re-election.

Pursuant to bye-law 102(B) of the Company, a director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of the Company after his/her appointment. Whenever there is a casual vacancy in the Board, the Company will consider the appointment to fill up the same should there be any suitable candidate in due course. To propose candidates to stand for election at a general meeting of the Company, the nomination committee shall make nominations for the Board’s consideration and approval. Reasons for the resignation or removal of any director have been explained in the relevant announcements published by the Company.

Directors should ensure that they can give sufficient time and attention to the Company’s affairs and should not accept the appointment if they cannot do so. The Company has signed a formal letter of appointment or service agreement setting out the key terms and conditions of the directors’ appointments. The letter of appointment specifies that a director should perform his/her function and exercise powers as are appropriate to his/her position as director in connection with the business of the Group. These will include (but not limited to) attending board meetings and general meetings of the Company and meetings of any board committees of the Company of which he/she becomes a member. As a director of the Company, he/she should ensure that he/she can give sufficient time and attention to the affairs of the Group. During the year, all the directors have attended most of the Board meetings and general meeting, and have actively participated in discussion. All directors are committed to devote sufficient time and attention to the affairs of the Group.

The Company had signed a formal letter of appointment or service agreement with each director (including independent non-executive directors) and whose appointment was for a specific term of three (3) years subject to the retirement by rotation provisions in the bye-laws of the Company. At every annual general meeting, one-third of the directors for the time being, or if their number is not three or in a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation according to bye-law 99 of the Company. All directors of the Company are subject to the retirement by rotation provision in the bye-laws of the Company and are subject to the retirement by rotation at least once every three years pursuant to code provision B.2.2.

To comply with code provision B.2.2 and in accordance with bye-law 99, Mr. Song Jian and Mr. Jiang Bo will retire by rotation at the 2026 AGM and have offered themselves for re-election at the 2026 AGM.

Pursuant to code provision B.2.3, if an independent non-executive director has served more than nine (9) years, his/her further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. Song Jian and Mr. Jiang Bo were first appointed as the independent non-executive directors of the Company on 17th September, 2004 and 27th September, 2004, respectively. Both of them have continuously served as our independent non-executive directors for more than nine (9) years. The latest re-appointment of each of them as our independent non-executive directors has been approved by our shareholders at the annual general meeting held in 2023. The reasons based on which the Board has formed its opinion that each of Mr. Song Jian and Mr. Jiang Bo is still independent and justified to be re-appointed as independent non-executive directors at the 2026 AGM are stated in the Company’s circular issued in April 2026, together with this report.

Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia, being the other two independent non-executive directors of the Company, were appointed with effect from 21st May, 2021 and 21st September, 2022, respectively.

All directors have given and are committed to devote sufficient time and attention to the affairs of the Group.

Corporate Governance Report (Cont'd)

B.3 Nomination committee

The nomination committee was established on 28th March, 2012 with specific written terms of reference (as amended with effect from 27th March, 2013, 30th December, 2022 and 22nd August, 2025 for incorporation of certain amendments to the CG Code). Terms of reference of the nomination committee have included the duties set out in code provisions B.3.1(a) to (d) of the CG Code, and are available on the website of the Company and the website of the Stock Exchange.

The nomination committee has given consideration to the principles under code provisions B.1 and B.2 of the CG Code in relation to the board composition, as well as the succession, evaluation, appointment, re-election and removal of directors. The Company recognises the importance of maintaining effective and orderly director succession and a balanced Board with appropriate diversity, collective knowledge and skills for effective governance.

The existing members of the nomination committee include Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia, all of whom are independent non-executive directors. Mr. Zhang Yue, an executive director, is also a member of the nomination committee. Mr. Song Jian is the chairman of the nomination committee.

The nomination committee is responsible for reviewing the Board's composition and diversity, developing the relevant procedures for nomination and appointment and the succession planning of directors, assessing the independence of the independent non-executive directors to ensure that the Board has a balance of skills, expertise, experience and diversity of perspectives appropriate to the requirements of the Company's business, and for formulating succession plans for executive directors and senior executives.

The nomination committee is authorised to obtain outside professional advice and to seek information from employees, and the Company will provide sufficient resources to the nomination committee for performance of its duties.

The Company's director nomination policy complies with the Listing Rules, bye-laws and the nomination committee's Terms of Reference. The nomination committee annually reviews the Board's structure, skills, diversity and composition, and will identify suitable candidates, assess them against eligibility, independence, integrity, professional experience, time commitment and diversity requirements, and recommend qualified candidates to the Board for appointment or to shareholders for election at general meetings according to the needs of the Company. In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a director of the Company to be considered by the nomination committee. The nomination committee will then evaluate the personal profile of the candidate against the selection criteria, conduct due diligence, and make recommendation for the Board's consideration and approval.

The nomination committee will assess the candidate's independence in accordance with the CG Code and the Listing Rules when nominating an independent non-executive director of the Company. Where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, the Company will set out the information as required by code provision B.3.4 of the CG Code in the circular to shareholders.

For re-appointment of retiring directors of the Company, the nomination committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance on the Board), and make recommendations to the Board and shareholders for re-election at general meetings.

Corporate Governance Report (Cont'd)

During 2025, the nomination committee met four (4) times and discharged its responsibilities. Attendance of individual members at nomination committee meetings in 2025 was as follows:

Number of meetings	4
Mr. Song Jian	4/4 (100%)
Mr. Jiang Bo	4/4 (100%)
Mr. Dong Yang	4/4 (100%)
Mr. Zhang Yue	4/4 (100%)
Dr. Lam Kit Lan, Cynthia (<i>Note 1</i>)	2/2 (100%)
Average attendance rate	100%

Note:

1. Dr. Lam Kit Lan, Cynthia was appointed as a member of the nomination committee with effect from 20th June, 2025. Subsequent to her appointment, the Company has held two nomination committee meetings in 2025.

The nomination committee will review annually on the composition of the Board under diversified perspectives, and monitor the implementation of the board diversity policy to ensure the effectiveness of the policy. It will also review the policy and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. On 21st March, 2025, the nomination committee, having reviewed the Board's structure, size and composition, nominated Mr. Zhang Wei, Mr. Guo Hongbo and Dr. Lam Kit Lan, Cynthia to the Board for it to consider and recommend to shareholders their re-election at the 2025 AGM. On 27th March, 2026, the nomination committee, having reviewed the Board's structure, size and composition, nominated Mr. Song Jian and Mr. Jiang Bo to the Board for it to consider and recommend to shareholders their re-election at the 2026 AGM. The nominations were made in accordance with the nomination principles and criteria set out in the Company's board diversity policy. The nomination committee formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business, and had made recommendation to the Board for approval of the same.

The work performed by the nomination committee during 2025 included:

- noting and accepting the resignation of an executive director;
- assessing the suitability of an executive director;
- approving the appointment of an executive director;
- making recommendation on re-election of directors at the 2025 AGM;
- assessing the independence of the independent non-executive directors;
- reviewing a letter of appointment and approving the signing of the same by the Company with an independent non-executive director of the Company;
- approving the proposed appointment of a member of the nomination committee and recommending to the Board for approval;
- reviewing and adopting the revised terms of reference of the nomination committee;
- reviewing the current Board's structure, size and composition, including gender diversity;

Corporate Governance Report (Cont'd)

- reviewing the current Board's composition in terms of the current requirements of the Listing Rules on the number of independent non-executive directors and requisite qualification and expertise under Rule 3.10(2) of the Listing Rules;
- annual review of the terms of reference of the nomination committee;
- reviewing and adopting the revised board diversity policy;
- reviewing the implementation and effectiveness of the board diversity policy and board independence mechanism; and
- adopting a new workforce diversity policy.

One new member, namely Mr. Guo Hongbo, has been appointed to the Board during the year 2025.

Mr. Xu Daqing resigned as a director of the Company on 20th March, 2025.

Full minutes of the nomination committee meetings are kept by the company secretary. Draft and final versions of the minutes of the nomination committee meetings are sent to all members of the nomination committee for comments and records, and all decisions and recommendations of the nomination committee are reported to the Board.

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

C.1 Responsibilities of directors

The directors are fully aware of their responsibilities as a director of the Company, and have been discharging their fiduciary duty to the Company.

Each newly appointed director is provided with a package of orientation materials setting out the required duties and responsibilities of directors under the Listing Rules and other relevant statutory requirements of Hong Kong. An orientation as to a director's duties and obligations under the Listing Rules and relevant legislations will be arranged for all newly appointed directors. Our directors are kept informed from time to time on the latest development of any changes to the regulatory requirements and the progress of compliance of applicable rules and regulations by the Company. Our directors will also be updated from time to time on the business development and operation plans of the Company.

Mr. Guo Hongbo, who was appointed as an executive director of the Company with effect from 21st March, 2025, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 14th March, 2025, and he has confirmed that he understood his obligations as a director of a listed issuer.

The company secretary is responsible for advising the Board through the chairman of the Board on governance matters and should also facilitate induction and professional development of directors. In compliance with code provision C.1.4, the Company has arranged for, and provided fund for, all the directors of the Company to participate in continuous professional development organised in the form of in-house training, seminars or other appropriate courses to keep them abreast of their knowledge, skill and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. As part of the continuous professional development programme, the Company also updates the directors on any material changes to the Listing Rules and corporate governance practices from time to time. Directors are provided with reading materials summarising their duties and responsibilities in acting as directors from time to time to keep them abreast of such roles, duties and responsibilities. Reading materials covering a range of topics, including but not limited to updates on corporate governance practices, the paperless regime, anti-corruption, ESG, compliance and regulations are also circulated to directors regularly. Directors also receive newsletters issued by the Stock Exchange including the enforcement bulletin which covers the latest learnings and actions from the Stock Exchange's enforcement work to keep them abreast of important developments in compliance. In 2025, directors participated in webinars on a number of topics, including but not limited to ESG, tax-related issues, company re-domiciliation, anti-avoidance rules, and/or impact on merger & acquisition transactions.

Corporate Governance Report (Cont'd)

In addition to directors' attendance at meetings and review of papers and circulars distributed by management during 2025, each director has participated in the continuing professional development arranged and funded by the Company as follows:

Name of directors	Reading regulatory updates and materials	Attending seminars organised by external professionals and/or regulatory authority	Attending in-house seminars provided by legal professionals
Mr. Zhang Yue	✓	✓	✓
Mr. Zhang Wei	✓	✓	✓
Mr. Guo Hongbo <i>(appointed with effect from 21st March, 2025)</i>	✓	✓	✓
Mr. Xu Daqing <i>(resigned with effect from 20th March, 2025)</i>	✓	✓	✓
Mr. Song Jian	✓	✓	✓
Mr. Jiang Bo	✓	✓	✓
Mr. Dong Yang	✓	✓	✓
Dr. Lam Kit Lan, Cynthia	✓	✓	✓

The functions of non-executive directors include the functions as specified in code provisions C.1.2(a) to (d) of the CG Code.

The Company has adopted the standard set out in Appendix C3 – Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules, in relation to the dealings in securities of the Company by the directors.

Having made specific enquiry of all directors, each director of the Company has confirmed that he/she has complied with the standard set out in the Model Code during the year ended 31st December, 2025.

The Company has also established on 17th June, 2005 written guidelines on no less exacting terms than the Model Code (the “**Code for Securities Transactions by Employees**”) for securities transactions by employees of the Company or directors or employees of its subsidiaries and its holding company, who because of such office or employment, are likely to be in possession of unpublished inside information of the Group or the securities of the Company. The guidelines were revised in 2009 to incorporate amendments to the Model Code which came into effect on 1st April, 2009. Slight amendments have also been made to the guidelines on 28th March, 2012 and 27th March, 2013 to keep the guidelines in line with the current practices of the Company and the statutory requirements.

No incident of non-compliance of the Code for Securities Transactions by Employees by the employees during the year was noted by the Company.

The directors have disclosed to the Company at the time of their appointments the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations. The directors have been reminded to notify the Company in a timely manner and at least bi-annually to confirm to the Company of any changes of such information. With respect to those directors who stand for re-election at the 2026 AGM, all of their directorships held in listed public companies in the past three years, if any, are set out in the Company's circular issued in April 2026, together with this report.

Corporate Governance Report (Cont'd)

All the independent non-executive directors of the Company have attended the 2025 AGM by way of video conference with an aim to gaining and developing a balanced understanding of the views of shareholders as required by code provision C.1.6 of the CG Code.

By providing independent, constructive and informed comments at the Board/Board committee meetings or during the time to time communication with the Company, all the independent non-executive directors have made a positive contribution to the development of the Company's strategy and policies.

The Company considers that it has taken out appropriate insurance cover for its directors and officers in respect of legal actions that may be taken against directors and officers. The Company reviews the extent of the insurance coverage every year and is satisfied with the insurance coverage for year 2025.

C.2 Chairman and chief executive officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

On 20th June, 2005, the Board first adopted a set of clear guidelines regarding the powers and duties of each of the chairman and the chief executive officer, which were revised on 28th March, 2012 and were further revised with effect from 27th March, 2013 after a regular review by the Board. The responsibilities of the chairman of the Board are defined with reference to the CG Code, including the specific duties set out in code provisions C.2.2 to C.2.9 of the CG Code. During the year, the chairman of the Board has performed his jobs and duties as specified therein.

Mr. Zhang Yue was appointed as the chief executive officer of the Company on 11th April, 2024, and was further appointed as the chairman of the Board on 4th November, 2024. The Board believes that Mr. Zhang Yue is familiar with the Company's business operation, hence his performing the roles of both chairman of the Board and chief executive officer has the benefit of consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. In addition, the Board currently comprises three executive directors and four independent non-executive directors which reflects a balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

The chairman will ensure that all directors are properly briefed on issues arising at Board meeting. The chairman acknowledges the importance of promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors. All directors are encouraged to share their views and raise question, if any, at each Board meeting.

One (1) meeting was held by the chairman of the Board with the independent non-executive directors without the presence of other directors in 2025 in compliance with code provision C.2.7 of the CG Code. This provides an additional platform for direct communication of the independent non-executive directors with the chairman of the Board without the presence of the executive directors.

C.3 Management functions

According to code provision C.3 of the CG Code, a listed company should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the Company's behalf.

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group.

Corporate Governance Report (Cont'd)

The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates implementation of strategies, aspects of its management, administration functions and day-to-day operation of the Group to the management. These arrangements will be reviewed periodically to ensure that they remain appropriate to the Company's needs. The Board has adopted a memorandum on the respective functions of the Board and management and amended the same on 27th March, 2013 after a regular review. The memorandum aims at providing clear directions as to the management's powers, in particular, where management should report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf. Directors understand the delegation arrangements in place. The Company has formal letters of appointment for directors setting out the key terms and conditions of their appointment.

Under the memorandum, the Board is entrusted with the following reserved powers:

1. Business strategy

- approval of strategic objectives, annual plans and performance targets for the Group;
- approval of proposals for expansion or closures other than those which have been specifically approved in the strategic objectives and/or annual plans of the Group;
- approval of budgets; and
- approval of performance indicators.

2. Appointment

- appointment of any person as director to fill a casual vacancy or as an additional director;
- appointment of the chairman and chief executive officer;
- appointment of senior executives;
- fixing of auditor's remuneration;
- selection, appointment and dismissal of company secretary; and
- formation of board committees and approval of the membership and terms of reference of the board committees.

3. Board and senior management

- delegation of authority to the chairman, chief executive officer, management and board committee(s);
- approval of remuneration and incentive policies;
- approval of group benefit policies;
- approval of remuneration of directors and senior management; and
- assessment of the performance of the Company and the Board.

Corporate Governance Report (Cont'd)

4. *Relations with the shareholders*

- arrangements for the annual general meeting and any other shareholders' meetings;
- matters relating to disclosure as required by the applicable laws and regulations; and
- formation of shareholders' communication policy.

5. *Financial matters*

- approval of annual accounts and directors' reports;
- approval of accounting policies;
- approval of any substantial change in the policies of the Company for statements of financial position management including but without limitation capital adequacy, credit, liquidity, debt maturity profile, interest rate and exchange rate risks and asset concentration both geographically and by sector;
- approval of internal audit plan;
- approval of internal control policy and procedures;
- acceptance of auditor's reports including management letters; and
- declaration of interim dividends and making recommendations on final dividends.

6. *Capital expenditures*

- approval of the capital expenditures budget;
- approval of capital commitment, whether or not the same has been provided for in the capital expenditures budget and/or annual budget; and
- approval of priorities.

7. Any transaction that constitutes notifiable transaction or connected transaction for the Company under the Listing Rules (as amended from time to time).

8. To assess the likely impact of unexpected and significant events and other events which can affect the price and market activity of the shares of the Company and to decide whether the relevant information would be price-sensitive and needs to be disclosed.

9. *Risk management*

- risk assessment and insurance; and
- risk management policies.

Corporate Governance Report (Cont'd)

10. Internal controls and reporting system

- approval and establishment of any effective procedures for monitoring and control of operations including internal procedures for audit and compliance.

11. Use of the company seal(s).

12. Donations and sponsorships (if any) above approved limits.

C.4 Board committees

The Board has established four committees, namely, nomination, audit, remuneration and subsidiary senior management appointment committees for overseeing particular aspects of the Company's affairs.

All of these committees were formed with specific written terms of reference which set out clearly their authority and duties to enable them to perform their functions properly. The list of the chairman and members of each Board committee is set out in section B.1 to this report.

Board committees are required to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

C.5 Conduct of board proceedings and supply of and access to information

The Board meets regularly, normally four times each year at approximately three-month intervals and additional meetings would be arranged if and when necessary. The dates of regular Board meetings for each year are normally made available to all directors at the beginning of the year to provide early notice to all directors so that they could make advance arrangement to attend. Special Board meetings will be held when necessary.

Matters on transactions where a substantial shareholder or a director is considered having a material conflict of interest would not be dealt with by way of written resolutions and a separate Board meeting shall be held where independent non-executive directors who, and whose close associates, have no material interests should be present. Directors having a conflict of interest or material interests in a transaction will, before the meeting of the Board, declare his/her interest(s) therein in accordance with the bye-laws of the Company, and shall abstain from voting on the resolution(s) and shall not be counted in the quorum present at such Board meeting. Such declaration of interests will be duly noted in the minutes of the relevant Board meeting.

Board meetings involve the active participation, either in person or through other electronic means of communication, by all of the directors attending. The company secretary assists the chairman in preparing the meeting agenda and, during which, the directors are consulted for matters to be included in the agenda for all regular meetings of the Board. Each director may also request the inclusion of items in the meeting agenda.

Minutes of the Board meetings and meetings of Board committees are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by directors and dissenting views expressed. Draft minutes are circulated within a reasonable time after the meeting to all directors for their review and comments before being approved by the directors attending the relevant meetings. All the minutes of the Board meetings are properly kept by the company secretary and are available for inspection by the directors during normal office hours.

Corporate Governance Report (Cont'd)

Participation of individual directors at Board meetings in 2025 was as follows:

Number of meetings	6	
	Attendance by director	Attendance rate
<i>Executive directors:</i>		
Mr. Zhang Yue	6/6	100%
Mr. Zhang Wei	6/6	100%
Mr. Guo Hongbo <i>(Note 1)</i>	4/5	80%
Mr. Xu Daqing <i>(Note 2)</i>	1/1	100%
<i>Independent non-executive directors:</i>		
Mr. Song Jian	6/6	100%
Mr. Jiang Bo	6/6	100%
Mr. Dong Yang	6/6	100%
Dr. Lam Kit Lan, Cynthia	6/6	100%
Average attendance rate		97.5%

Notes:

- Mr. Guo Hongbo was appointed as a director of the Company with effect from 21st March, 2025. Subsequent to his appointment, the Company has held five board meetings in 2025.
- Mr. Xu Daqing tendered his resignation as a director of the Company with effect from 20th March, 2025. Prior to his resignation, the Company has held one board meeting in 2025.

During 2025, apart from the six (6) meetings of the Board, consent/approval from the Board had also been obtained via circulation of written resolutions on a number of issues.

Participation of individual directors at general meetings in 2025 was as follows:

Number of meetings	2	
	Attendance by director	Attendance rate
<i>Executive directors:</i>		
Mr. Zhang Yue	2/2	100%
Mr. Zhang Wei	2/2	100%
Mr. Gong Hongbo <i>(Note 1)</i>	1/2	50%
Mr. Xu Daqing <i>(Note 2)</i>	n/a	n/a
<i>Independent non-executive directors:</i>		
Mr. Song Jian	2/2	100%
Mr. Jiang Bo	2/2	100%
Mr. Dong Yang	2/2	100%
Dr. Lam Kit Lan, Cynthia	2/2	100%
Average attendance rate		92.9%

Corporate Governance Report (Cont'd)

Notes:

1. Mr. Gong Hongbo was appointed as a director of the Company with effect from 21st March, 2025. Subsequent to his appointment, the Company has held two general meetings in 2025.
2. Mr. Xu Daqing tendered his resignation as a director of the Company with effect from 20th March, 2025. Prior to his resignation, the Company has not held any general meeting in 2025.

With respect to regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all directors in a timely manner as permitted under the circumstances. Notices are given to all the directors for attending regular Board meetings fourteen (14) days before the meetings. For other Board meetings, reasonable notices are generally given. It has been the practice of the Board and accepted by all members of the Board that relevant information of Board/ Board committee meetings will be sent to all directors three (3) days in advance of the relevant meetings or any reasonable time before such meetings where it is not practicable to send out the information three (3) days in advance.

Members of the management have been reminded that they have an obligation to supply the Board and the Board committees with adequate information in a timely basis to enable each of them to make informed decisions. Where any director requires more information than is volunteered by management, that director can make further enquiries where necessary. The Board and each director have separate and independent access to the Group's senior management.

The directors are able to obtain outside professional advice, at the Company's expense and to seek information from employees, and the Company will provide sufficient resources to the directors for performance of their duties.

All directors are entitled to have access to board papers, minutes and related materials which are in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Queries raised by directors will receive prompt and full response, if possible.

C.6 Company secretary

Ms. Lam Yee Wah Eva, the company secretary appointed by the Board and an employee of the Company, in the opinion of the Board, possesses the necessary qualification and experience and is capable of performance of the functions of the company secretary. The Company will provide funds for Ms. Lam to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules. During 2025, Ms. Lam has attended training programmes and seminars arranged by The Hong Kong Chartered Governance Institute and other external professionals and has satisfied the 15 hours of professional training requirement of the Listing Rules.

The company secretary should report to the chairman of the Board. All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

C.7 Diversity

The Company adopted a board diversity policy on 13th August, 2013. Slight amendments were made thereto with effect from 11th December, 2025 after a regular review by the Board to align with the latest requirements of the Listing Rules and to serve housekeeping purposes. The Company recognises and embraces the benefits of diversity in Board members and a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of directors. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report (Cont'd)

The Board will seek to advance gender diversity in its composition and will explore opportunities to enhance the proportion of female Board members over time when identifying, selecting and recommending suitable candidates for Board appointments, with candidate suitability and professional competence remaining the core criteria for appointment. The Board will at a minimum ensure that there is not a single gender Board and will work towards an ultimate goal of increasing the percentage of female Board members and the nomination committee will take opportunities to increase the proportion of female representation on the Board if candidates with suitable qualifications and experience can be identified according to the business need of the Company. The Board will also ensure that its committees comply with the requirements of the relevant laws and regulations to achieve an appropriate balance of gender diversity.

Commencing from 2022, the Company has appointed a female member to the Board. Currently, out of the current seven (7) directors, one director is of a different gender. In assessing potential candidates for the Board, the nomination committee will review the Board's existing composition structure and consider the above diversity perspective. The nomination committee aims to annually discuss and, where applicable, develop/revise measurable objectives for achieving Board diversity for the Board's consideration and approval. At any time, the nomination committee may seek to improve one or more aspects of the Board diversity and monitor progress against adopted objectives. Further, the nomination committee will review the board diversity policy on an annual basis to ensure its appropriateness, effectiveness and/or compliance with the applicable laws and regulations.

From the workforce perspective, due to the nature of the automotive industry which makes achieving gender diversity across the workforce more challenging, the ratio of male to female employees in the Group is about 80:20. The Company adopted a workforce diversity policy on 11th December, 2025 with an aim to set out the approach to achieve and maintain diversity in the workforce of the Group. The Company is committed to diversify at all levels and aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's growth and is also committed to ensuring that selection of candidates for employment, promotion, compensation evaluation and development shall be based on a range of diversity perspectives. Qualifications, experience, skills, potential and performance are the primary factors considered by the Group in all employment-related decisions. The ultimate decision shall be based on merit and the contribution the individual will bring to the Group. Employees are provided with equal promotion opportunities under a fair, open and impartial competition mechanism, which takes into consideration the actual job requirements as well as each individual's overall strengths and performance, regardless of their gender, ethnicity, race, nationality or any other characteristic protected by law. Among the senior management, the chief financial officer of the Company is Ms. Huang Yu. The Group will continue to review the Group's diversity in terms of gender based on its business and operational needs and future development.

C.8 Subsidiary senior management appointment committee

On 29th July, 2022, the Company established a subsidiary senior management appointment committee with specific written terms of reference, which shall comprise of not less than three members, at least one of whom shall be an independent non-executive director. The existing members of the committee include Mr. Zhang Yue and Mr. Zhang Wei, both executive directors, and Mr. Jiang Bo, an independent non-executive director. Mr. Jiang Bo is the chairman of the subsidiary senior management appointment committee. The duties of the committee include appointing, transferring and re-appointing the subsidiary senior management, and dealing with matters related to the subsidiary senior management succession planning.

The subsidiary senior management appointment committee has not held any physical meeting in 2025. Consent/approval from the subsidiary senior management appointment committee has been obtained via circulation of written resolutions on a number of issues during the year.

Corporate Governance Report (Cont'd)

C.9 Huachen undertaking

Huachen Undertaking

As announced by the Company on 3rd October, 2022, Huachen, the then indirect controlling shareholder of the Company, has given an irrevocable and unconditional undertaking to the Company (the “**Huachen Undertaking**”).

Restated Huachen Undertaking

Subsequently, the Company announced on 4th November, 2024 that Huachen has notified the Company that, despite its recent restructuring (including but not limited to changes to its controlling shareholder, actual controller, board of directors and management), Huachen is committed to honour the principles set out in the Huachen Undertaking. In order to clarify the details of the Huachen Undertaking given the lapse of time and its practical implementation, on 29th October, 2024, Huachen has refreshed and updated (and the Company has accepted) the Huachen Undertaking in favour of the Company through an amended and restated irrevocable and unconditional undertaking (the “**Restated Huachen Undertaking**”) whereby it will, except as permitted by the Stock Exchange, among others, (i) procure the director nominated by it to participate in the management, operations, finance and other matters of the Company (together with its subsidiaries and joint ventures) only through his/her capacity as director and other positions (being chairman of the Board, chief executive officer, member of the Board committees and authorised representative) held with the Company and as director and other director-derived positions held with subsidiaries or joint ventures of the Company as required, (ii) not allow or nominate, directly or indirectly, whether through Huachen’s subsidiaries, joint ventures or by other methods, more than one employee of Huachen and its subsidiaries to remain or hold any office in the Company (together with its subsidiaries and joint ventures), and (iii) save as permitted above, ensure that any of the employees or agents of Huachen and its subsidiaries do not directly or indirectly influence, participate in and direct the Company (together with its subsidiaries and joint ventures) in any management, operational, financial or other matters. In case of any inconsistency between the Huachen Undertaking and the Restated Huachen Undertaking, the Restated Huachen Undertaking shall prevail.

In connection with the Restated Huachen Undertaking, on 29th October, 2024, Shenyang Automobile has also given (and the Company has accepted) a confirmation to the Company whereby it confirmed that, except as permitted by the Stock Exchange, Shenyang Automobile will, as the sole holding company of Huachen, procure Huachen to comply with the irrevocable undertakings stipulated in the Restated Huachen Undertaking.

In connection with the Restated Huachen Undertaking, the Company has confirmed to the Stock Exchange that,

- (a) directors who are independent of Huachen constitute a majority of the board of directors of the associated company of the Company on which the Huachen nominated director is on its board (the “**Associated Co**”);
- (b) it will ensure that directors who are independent of Huachen will form the majority of the board of directors of the Associated Co during the term of the Restated Huachen Undertaking, unless otherwise agreed by the Stock Exchange; and
- (c) it will ensure that, for other subsidiaries, associated companies and joint ventures of the Company where the director nominated by Huachen may be appointed as a director, other directors of such entity who are independent of Huachen will form the majority of the board of directors of such entity during the term of the Restated Huachen Undertaking, unless otherwise agreed by the Stock Exchange.

Huachen ceased to have equity interest in the Company

Prior to 11th December, 2025, Huachen, through Shenyang Sanshi, is interested in approximately 29.99% of the issued share capital of the Company. According to the disclosure of interest notices filed by Huachen on 26th November, 2025 and 11th December, 2025, Shenyang Automobile and Huachen entered into an agreement on 26th November, 2025 to transfer 100% of the equity interest in Shenyang Sanshi from Huachen to Shenyang Automobile at nil consideration. Shenyang Sanshi owns 1,512,875,802 shares in the Company. Such transfer was completed on 11th December, 2025. Accordingly, Huachen ceased to have any equity interest in the Company.

Corporate Governance Report (Cont'd)

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

D.1 Financial reporting

The directors are responsible for overseeing all financial aspects of the Company and for keeping proper accounting records and preparing financial statements for each financial period, that give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31st December, 2025, the directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;
- noted any changes in accounting policies and practices;
- selected and applied consistently appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and
- prepared the accounts on a going concern basis.

The Board is accountable to its shareholders for a clear and balanced assessment of the Company's performance, financial position and prospects. In this regard, the directors' responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports and other financial disclosures required under the Listing Rules, reports to regulators, and information required to be disclosed pursuant to statutory requirements. Management of the Company has also provided explanation and information to the Board to enable the Board to make an informed assessment of the financial and other matters put before the Board for approval.

During 2025, directors of the Company were provided with monthly updates pursuant to code provision D.1.2 of the CG Code. In addition, management of the Company or that of key operating subsidiaries will report to the directors on the operating performance and business development of the Group's subsidiaries, joint ventures and associated companies at the Board meetings from time to time with an aim to keep directors abreast of their knowledge and understanding of the Group and its business.

All directors acknowledge their responsibility for preparing the financial statements for the year ended 31st December, 2025. Currently, the Company's external auditor is Grant Thornton Hong Kong Limited (the "**Auditor**").

For the year ended 31st December, 2025, the audit and non-audit service fees paid or payable to the Auditor by the Company amounted to approximately HK\$2,200,000 (approximately RMB2,014,000) (2024: HK\$2,200,000, or approximately RMB2,068,000) and HK\$416,000 (approximately RMB381,000) (2024: HK\$417,000, or approximately RMB392,000), respectively. The non-audit services mainly included conducting agreed-upon procedures on the 2025 interim consolidated financial statements. Further, as stated in note 7 to the financial statements on page 157 of this report, the auditors' remuneration paid or payable by the Group for the year ended 31st December, 2025 amounted to approximately RMB5,092,000 (2024: approximately RMB3,879,000) in aggregate. The said auditors' remuneration was incurred for the audit works performed for the Group.

The statement of the Auditor about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 113 to 114 of this report.

Corporate Governance Report (Cont'd)

D.2 Risk management and internal controls

Risk management and internal control systems

The Board evaluates and determines the nature and extent of risks the Company is willing to take in pursuing its strategic objectives, including material ESG and climate-related risks that may affect financial performance, reputation and operations. In line with code provision D.2 of the CG Code, the Board ensures appropriate and effective risk management and internal control systems are established and maintained across the Group's businesses and functions. The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. These systems are designed to:

- identify, assess and deal with identified risks;
- safeguard the Group's assets;
- prevent and detect fraud, misconduct and loss;
- ensure the accuracy and integrity of the Group's financial reports; and
- achieve compliance with applicable laws and regulations (including the handling of inside information).

These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and provide reasonable, not absolute, assurance against material misstatement or loss.

Governance and oversight structure

The Board provides ongoing oversight of management's design, implementation and monitoring of the risk management and internal control systems. At least annually, the Board (through the audit committee) reviews the effectiveness of the systems with particular focus on material controls, including financial reporting, operational, compliance and inside information controls, as well as the effectiveness of measures to safeguard assets and to prevent and detect fraud, misconduct and loss, so as to protect shareholders' interests. The Board has delegated authority to the audit committee to monitor the effectiveness of these systems, review significant control issues and remediation plans, and assess the adequacy of the scope, resources and quality of the work performed by management and the internal audit function, including the qualifications, experience, training programmes and budgets of the accounting, internal audit and financial reporting functions.

Corporate Governance Report (Cont'd)

Accountability/Role	Responsibilities
Board	<p>Risk Management Oversight</p> <ul style="list-style-type: none"> • Oversees the Company's risk management policies and procedures • Assesses the scope and nature of both existing and emerging risks • Oversees implementation of policies and guidelines • Annually reviews the effectiveness and adequacy of the Group's risk management and internal control systems, ensuring all processes are properly executed. • Ultimate responsibility for Risk Management and Internal Control
Audit Committee (assisted by Internal Audit and internal control and compliance officer)	<p>Risk Review, Communication & Confirmation to the Board</p> <ul style="list-style-type: none"> • Holds regular reviews with management on major financial and regulatory risk exposures and the measures in place to monitor and control them • Assesses management's effectiveness in designing, implementing, and monitoring internal controls and enterprise risk management • Reviews the adequacy of resources, staff qualifications and experience, training programmes, and budgets for the accounting, internal audit, and financial reporting functions, ensuring these functions are properly maintained • Oversees the Company's risk profile and evaluates whether key risks are appropriately mitigated • Confirms to the Board that ongoing reviews of the effectiveness of risk management and internal control systems have been conducted
Management (verified by Internal Audit)	<p>Risk & Control Monitoring</p> <ul style="list-style-type: none"> • Identifies, evaluates, and manages the Company's significant operational risks • Monitors day-to-day risk management and internal control systems with department support and implements new controls as needed • Allocate sufficient, appropriate resources
Responsible department	<p>Operation Risks & Internal Controls Ownership</p> <ul style="list-style-type: none"> • Risks are identified, evaluated and addressed across all departments of the organisation • Risk management processes and internal controls are embedded throughout the organisation's business operations and functional units. It relies on involvement from all employees • All employees can raise potential risks faced by the Group to the audit committee through whistleblowing channel and make recommendations to minimise information asymmetry, which is also beneficial for the Group in selecting suitable talents
External Consultant	<p>Independence and objectivity of the internal control audit</p> <ul style="list-style-type: none"> • Carry out a review of the internal control systems of the Group and made recommendations of remedial measures • Assist management to reports to the audit committee on any control deficiencies in the accounting and operational systems identified within the scope of their work

Corporate Governance Report (Cont'd)

Governance top-down structure

The Group's risk management and internal control are subject to strong governance and oversight. The Board and audit committee oversee system effectiveness, review departmental performance, and monitor remediation of internal control deficiencies. Since October 2022, an internal control & compliance officer has led the compliance function and coordinates with the chief financial officer and subsidiary financial controllers on communications, training, and ad hoc compliance matters. Within this framework, the Group identifies and analyzes risks across strategic, financial, marketing, operational, and compliance areas, sets a clear risk appetite, and ensures timely, reliable controls to remain within that appetite. Key risks are assessed using a structured approach that covers the source of risk, management strategy, responsible departments, solutions, and implementation progress. Execution is anchored in accountability: tailored strategies are defined for each risk cause, responsibilities are assigned, departmental scopes are reviewed, mitigation measures are implemented, and rectification progress is tracked to ensure effective risk control.

Independent internal control review

To ensure independence and maintain objectivity during the IC Reporting Period (as defined below), the Company engaged an external independent consultant to assist the internal control and compliance officer in performing the internal audit function. The scope of the 2025 review, agreed with management, included selected requirements under the "Corporate Governance Code" set out in Appendix C1 to the Listing Rules. No significant internal control deficiencies were identified; only a small number of low-risk findings were noted, none of which affected the Group's operations.

Annual effectiveness review conclusion for the IC Reporting Period

In March 2026, the audit committee, on behalf of the Board, conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31st December, 2025 (the "**IC Reporting Period**"). The review covered financial reporting, operational, compliance and inside information controls, as well as controls over ESG performance and reporting.

The audit committee also reviewed, and the Board was satisfied with, the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Group's accounting, internal audit and financial reporting functions.

Relevant weaknesses in risk management and internal controls identified in the prior year were mostly rectified. The Group's ability to address changes in the nature and severity of significant risks, including ESG risks, as well as its ability to cope with changes in business and the external environment, has been strengthened.

Based on the assessments and reviews performed, the Board and the audit committee concluded that the Group's risk management and internal control systems were effective and adequate during the IC Reporting Period. No material control failures or significant weaknesses were identified. The Group's procedures for financial reporting and compliance with the Listing Rules and applicable laws and regulations remained effective.

Handling and dissemination of inside information

The Company places great importance to the procedures for the processing and releasing of inside information. It is the responsibility of the Company to disclose to the public as soon as reasonably practicable any inside information (as defined in the Listing Rules) that has come to its knowledge to avoid a false market in its securities.

The Company adheres to the guidelines and relevant information on disclosure of inside information issued and updated by the Securities and Futures Commission from time to time. The Board has adopted a set of policies on disclosure control and procedures in order to ensure compliance with the requirements regarding the continuous disclosure obligation under the Listing Rules and the SFO.

Corporate Governance Report (Cont'd)

The Company has adopted a bottom-up approach to communicate information about its business and corporate developments. Employees from different departments are obliged to notify their department heads of any potential transactions or corporate developments that may require actions by the Company to fulfil its disclosure obligations. The department heads are responsible for providing the Board with adequate, reliable, and timely information via the Working Team (as defined below) to enable the directors to make an informed decision on whether the transaction or developments are likely to constitute inside information and whether it should be announced immediately.

The chairman of the Board and the chief executive officer, serving as the overall supervisors, shall be responsible for overseeing the implementation and operation of the disclosure control and procedures. A working team (the “**Working Team**”) was established to collate the information submitted by the department heads to the Board, review any potential inside information that may need to be disclosed and make recommendations to the Board for its final decision and action. The Working Team also offers help in managing the drafting and review process of announcements, overseeing the trading halt of the shares of the Company (if appropriate), and coordinating the continuous education of the personnel involved in the disclosure process (if appropriate). External legal advisors will be involved in the process of assessing the potential inside information, the preparation of announcements and any other compliance documentation, if and when necessary.

In cases where a decision by the Board is pending or in cases of incomplete negotiations or proposals, the Company shall implement measures to maintain the confidentiality of such information.

Whistleblowing policy

In compliance with code provision D.2.6 of the CG Code, the Board adopted a whistleblowing policy on 30th December, 2022 which aims to enable the Group’s employees and those who deal with the Group to raise concerns (the “**Whistleblowers**”), in confidence and anonymity. Procedures are formulated to enable the Whistleblowers to report suspected improprieties in any matters related to the Group directly to the audit committee. The whistleblowing policy is available on the website of the Company.

Anti-corruption policy

In compliance with code provision D.2.7 of the CG Code, the Board adopted an anti-corruption policy (the “**Anti-Corruption Policy**”) on 30th December, 2022 which sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly-owned subsidiaries (collectively known as “**Those Employees**”). Updates were made to the Anti-Corruption Policy on 25th October, 2023. It also provides guidance to Those Employees on acceptance of advantage when dealing with the Company’s business. The Company also encourages and expects our business partners, including suppliers, contractors, and clients, to abide by the principles of the Anti-Corruption Policy. The Company will review the anti-corruption mechanism regularly to improve its effectiveness and align with the applicable laws and regulations. The Anti-Corruption Policy is available on the website of the Company.

Conflict of interest policy

Hong Kong Exchanges and Clearing Limited requires listed issuers to set out clearly the procedures and practices in writing regarding conflict management. Accordingly, the Company adopted a conflict of interest policy (the “**Conflict of Interest Policy**”) on 25th October, 2023. The Conflict of Interest Policy sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly-owned subsidiaries. It also provides guidance to all employees on handling conflict of interest when dealing with the Group’s business. The Conflict of Interest Policy is available on the website of the Company.

Corporate Governance Report (Cont'd)

D.3 Audit committee

The audit committee was established on 20th December, 1999 with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants. On 17th December, 2024, a revised terms of reference of the audit committee was adopted for incorporation of certain housekeeping amendments after a regular review by the Board. The terms of reference of the audit committee, which explain its role and the authority delegated to it by the Board, include the duties set out in code provisions D.3.3(a) to (n) and D.3.7 of the CG Code. The existing members of the audit committee comprise Mr. Song Jian, Mr. Jiang Bo and Mr. Dong Yang, all of whom are independent non-executive directors. Mr. Jiang Bo is the chairman of the audit committee.

The audit committee does not have a former partner of the Group’s existing audit firm as its member. The Company has adopted on 28th March, 2012 a policy for hiring of employees and former employees of its external auditor to ensure judgment or independence for the audit of the Group will not be impaired.

During 2025, the audit committee met three (3) times and discharged its responsibilities. Attendance of individual members at audit committee meetings in 2025 was as follows:

Number of meetings	3
Mr. Song Jian	3/3 (100%)
Mr. Jiang Bo	3/3 (100%)
Mr. Dong Yang	3/3 (100%)
Average attendance rate	100%

The principal duties of the audit committee included reviewing the Company’s financial controls, internal control and risk management system, annual reports, accounts and interim reports. The audit committee is also authorised to obtain outside professional advice and to seek information from employees, and the Company will provide sufficient resources to the audit committee for performance of its duties.

The following is a summary of the work performed by the audit committee during 2025:

- reviewing the Auditor’s management letter and management’s response;
- noting the recently issued accounting standards, the adoption of new accounting standards and the change in material accounting policies;
- reviewing the audited financial statements and final results announcement for the year ended 31st December, 2024;
- reviewing the interim report and the interim results announcement for the six months ended 30th June, 2025;
- meeting with the Auditor to go through any significant audit issues or key findings noted during the audit of the Group’s 2024 final results;
- meeting with the Auditor to go through any significant key findings on the internal control and financial reporting matters based on the agreed-upon procedures performed for the Group’s 2025 unaudited interim results;

Corporate Governance Report (Cont'd)

- reviewing the continuing connected transactions for 2024;
- making recommendations to the Board for seeking shareholders' approval on the re-appointment of external auditor and the fixing of auditor's remuneration;
- reviewing terms of reference of the audit committee;
- reviewing the hiring policies for employees and former employees of the external auditor;
- reviewing the pricing policies adopted by the Group; and
- approving the audit plan and the engagement letters in respect of the provision of services by the Auditor for the financial year ended 31st December, 2025, as well as fixing the Auditor's remuneration.

The audit committee has also conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the financial year ended 31st December, 2025, details of which are set out in section D.2 above.

All issues raised by the audit committee have been addressed by the management. The work and findings of the audit committee have been reported to the Board.

Full minutes of the audit committee meetings are kept by the company secretary. Draft and final versions of the minutes of the audit committee meetings are sent to all members of the audit committee for comments and records, and all decisions and recommendations of the audit committee are reported to the Board.

The terms of reference of the audit committee are available on the website of the Company and the website of the Stock Exchange. This report has been reviewed by the audit committee.

E. REMUNERATION

E.1 The level and make-up of remuneration and disclosure

The Company has adopted the "Policy and Guidelines of the Remuneration Committee" (as amended and restated with effect from 27th March, 2013) which sets out the guidelines in determining the remuneration level and package of the Company. The remuneration committee shall take into accounts a number of objectives and factors set out in the policy in considering and conducting reviews of remuneration of individual directors and senior management and shall monitor and assess the remuneration packages with reference to the Company's performance and profitability, as well as remuneration benchmarks in the industry and the prevailing market conditions. No director should be involved in deciding his/her own remuneration.

E.2 Remuneration committee

The remuneration committee was established on 17th June, 2005 with specific written terms of reference (as amended with effect from 28th March, 2012, 27th March, 2013 and 30th December, 2022, respectively for incorporation of certain amendments after a regular review by the Board and amendments to the CG Code made by the Stock Exchange). The existing members of the remuneration committee include Mr. Song Jian, Mr. Jiang Bo and Mr. Dong Yang, all of whom are independent non-executive directors. Mr. Zhang Yue, an executive director, is also a member of the remuneration committee. Mr. Jiang Bo is the chairman of the remuneration committee. The terms of reference of the remuneration committee are adopted with reference to the CG Code, including the specific duties set out in code provisions E.1.2(a) to (i) of the CG Code.

Corporate Governance Report (Cont'd)

During 2025, the remuneration committee met once (1) and discharged its responsibilities. Attendance of individual members at remuneration committee meeting in 2025 was as follows:

Number of meeting	1
Mr. Song Jian	1/1 (100%)
Mr. Jiang Bo	1/1 (100%)
Mr. Dong Yang	1/1 (100%)
Mr. Zhang Yue	1/1 (100%)
Average attendance rate	100%

The remuneration committee is responsible for making recommendations to the Board regarding the Group's policy and structure for all remuneration of directors and senior management and approving the remuneration package of the individual executive directors and senior management. The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee is authorised to seek any information it requires from any employee of the Group and has the power to request the executive directors and other persons to attend its meetings. The remuneration committee is also authorised to obtain outside independent professional advice and to secure the attendance of other persons with relevant experience and expertise if it considers as necessary, and the Company will provide sufficient resources to the remuneration committee for performance of its duties.

The work performed by the remuneration committee during 2025 included:

- reviewing the terms of reference of the remuneration committee;
- reviewing the "Policy and Guidelines of The Remuneration Committee"; and
- reviewing the remuneration package of the individual directors and the senior management of the Company.

During the process of consideration, no individual director will be involved in decisions relating to his/her own remuneration.

In 2025, the remuneration committee has not reviewed and/or approved any matters relating to share schemes under Chapter 17 of the Listing Rules.

Full minutes of the remuneration committee meetings are kept by the company secretary. Draft and final versions of the minutes of the remuneration committee meetings are sent to all members of the remuneration committee for comments and records, and all decisions and recommendations of the remuneration committee are reported to the Board.

The terms of reference of the remuneration committee are available on the website of the Company and the website of the Stock Exchange.

The Company has disclosed the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in its annual reports.

Corporate Governance Report (Cont'd)

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication

The Company communicates information to the shareholders through different channels, including, among others, its periodical financial announcements and reports, annual general meetings and other general meetings (if any), all the corporate communications and other publications on the Company's website. The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, using annual general meetings or other general meetings to communicate with them and encourage their participation.

Dividend Policy

Code provision F.1.1 stipulates that the Company should have a policy on payment of dividends and should disclose it in the annual report.

A dividend policy was first approved by the Board on 26th March, 2019. On 17th December, 2024, the Board approved and adopted a revised dividend policy (the "**Revised Dividend Policy**"). The Revised Dividend Policy aims to set out the matters to which the Board should consider in relation to the recommendation, declaration and payment of dividends, if any, and is adopted in accordance with the requirements of the Listing Rules (as amended from time to time). According to the Revised Dividend Policy, in deciding whether to propose/declare dividends and in determining the dividend amount, subject to the cash dividends that BBA has paid out in the relevant financial year, the Board shall take into account, inter alia, the following factors:

- the Group's overall results of operation and financial performance;
- the Group's expected working capital requirements, capital expenditure requirements and future development plans;
- the Group's financial position, retained earnings and distributable reserves;
- the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed on the Group;
- the Company's business strategies;
- the general economic and other external factors that may have an impact on the future business and financial performance of the Group; and
- any other factors that the Board may consider relevant and appropriate.

In the event the Company decides to propose/declare dividends, and subject to the factors set out above, the Company targets to distribute no less than 50% of its after-tax profits for the relevant financial year.

Any recommendation, declaration and payment of dividends are also subject to the compliance with any applicable laws and regulations, including but not limited to the laws of Bermuda and the Company's bye-laws.

The Board will review the Revised Dividend Policy from time to time. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid in future. This Revised Dividend Policy only sets out the expectation of the Board and there is no assurance that dividends will be paid in any particular manner or amount for any given period.

Corporate Governance Report (Cont'd)

In 2025, a special dividend of HK\$1.0 and an interim dividend of HK\$0.8 per ordinary share of the Company were declared by the directors of the Company on 3rd March, 2025 and 22nd August, 2025, respectively. All dividend decisions made by the Board were made in accordance with the Revised Dividend Policy. There is no interim dividend declared in the corresponding period in 2024 and thus there is no basis of comparison for the interim dividend rate.

F.2 Shareholders' meetings

The Company attaches great importance to communications with shareholders. Information on the Group's activities, business, strategies and developments is provided to the shareholders through different channels, including, among others, the Company's annual reports and interim reports, all the corporate communications and other publications on the Company's website and annual general meetings and other general meetings of the Company. Shareholders of the Company are encouraged to attend the general meetings of the Company which offer a valuable forum for dialogue and interaction with management. Shareholders were provided with sufficient notice of meetings. The Company has arranged to address questions from shareholders at the shareholders' meetings.

In line with the practice of the Company, in respect of each issue to be considered at the annual general meetings and special general meetings, including the re-election of directors, a separate resolution will be proposed by the chairman of the meeting.

In accordance with code provision F.2.2 of the CG Code, Mr. Zhang Yue, the chairman of the Board, Mr. Jiang Bo, the chairman of the audit committee and remuneration committee, and Mr. Song Jian, the chairman of the nomination committee, attended the 2025 AGM in person. All other directors also attended the 2025 AGM in person or by way of video conference.

Pursuant to code provision F.2.2 of the CG Code, the Company invited representatives of the Auditor to attend the 2025 AGM to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. In addition, the Company has also invited its legal advisers as to Hong Kong laws to attend the 2025 AGM to provide advice to the Company in addressing questions from shareholders or other legal advice where necessary.

Further, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia, being all members of an independent board committee, attended the special general meeting held on 17th July, 2025 at which approval was sought from the shareholders in relation to certain continuing connected transactions, and to answer questions raised by the shareholders at the meeting by way of video conference. All other directors also attended the meeting in person or by way of video conference.

At the 2025 AGM and the abovementioned special general meeting, the chairman has provided an explanation of the procedures for conducting a poll at the commencement of each of the meetings. Poll results were posted on the website of the Stock Exchange (as well as on the website of the Company) on the day of the holding of the shareholders' meetings.

G. SHAREHOLDERS' RIGHT

G.1 Shareholders' right to convene special general meeting and put forward proposals at special general meeting

Pursuant to bye-law 62 of the Company's bye-laws and section 74 of The Companies Act 1981 of Bermuda (as amended), shareholder(s), holding not less than one-tenth of the issued and paid-up share capital of the Company carrying voting right at general meetings of the Company, have the right to make written requisition (the "**Requisition**") to the Board to convene a special general meeting and to add resolutions to the meeting agenda for the transaction of any business or resolution specified in the Requisition. Such meeting required to be called shall be held two months after the deposit of the Requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a meeting in accordance with the The Companies Act 1981 of Bermuda (as amended).

Corporate Governance Report (Cont'd)

G.2 Procedures for shareholders to convene and put forward proposals at special general meeting

The Requisition to convene and put forward proposals at special general meeting must be in writing and signed by all requisitionist(s) (being the shareholder(s) making the Requisition) and must be deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda, with a copy sent to the Company's head office address at Unit 3303, 33rd Floor, The Henderson, 2 Murray Road, Central, Hong Kong.

G.3 Shareholders' enquiries

Shareholders may at any time make queries to the Board or a request for the Company's information to the extent such information is publicly available.

The Company has an investor relationship personnel to attend to enquiries from the shareholders. Contact details of the investor relationship personnel are set out in the shareholders' communication policy.

H. INVESTOR RELATIONS

H.1 Significant changes in the Company's bye-laws

There was no amendment made to the bye-laws of the Company during the year 2025.

H.2 Shareholders' communication policy

The Board gives high priority to maintaining balanced, clear, and transparent communications with its shareholders and other investors to facilitate their understanding of the Company's performance and prospects, as well as the market environment in which it operates.

To promote effective communication with its shareholders, the Company adopted a shareholders' communication policy on 28th March, 2012 with the objectives to ensure that the Company provides timely, clear and reliable information to the shareholders to allow them to make informed decisions and assessment of the performance and prospect of the Company, and views of the shareholders and stakeholders are communicated to the Company in assistance of the Company's development of appropriate strategies and measures in line with the interests of the shareholders. The policy will be reviewed and revised by the Board from time to time, and is available on the website of the Company. Recently, on 11th December, 2025, the Board approved the adoption of a revised shareholders' communication policy noting in particular the following:

- (a) both English and Chinese versions of all corporate communications (as defined in the Listing Rules) are accessible on the Company's website and the HKEXnews website, with printed copies available upon written request of shareholders;
- (b) specifying ways for shareholders to contact directors (including lead independent non-executive director, if any) of the Company other than at general meetings; and
- (c) clarifying the scope of shareholder inquiries handled by the Company's Hong Kong Branch Share Registrar.

The Board will keep abreast of investor relations related matters and the progress of shareholder communication in a timely manner. The Board will also regularly review the shareholders' communication policy to ensure its effectiveness. During the year, the Board has conducted a regular review on the implementation and effectiveness of the policy. Throughout the year, the Company maintained an ongoing dialogue with its shareholders and other investors through various communication channels set out in the shareholders' communication policy. The Company also ensured communication with shareholders and institutional investors through timely publication of announcements, annual reports, interim reports, circulars and correspondence. Shareholders' meetings were also held at which the Board members, chairmen or members of respective committees, and external auditor of the Company and such other person as the Board deems appropriate have attended the general meetings to respond to questions addressed to the Company. Further, meetings with analysts and investors (either presence in person or via video/telephone conference) were arranged from time to time. The Company representatives had also attended investor events held by institutional investors with an aim to enhance effective communication with existing and potential investors, institutional stakeholders, and analysts. As such, the Board concluded that the shareholders' communication policy was effective during the year.

Environmental, Social and Governance Report

ABOUT THE REPORT

Introduction

This report (the “**Report**”) summarises the Group’s management and performance, with a view to enabling stakeholders to gain a clearer understanding of our ESG practices and outcomes in environmental and social aspects.

Reporting Principles

The Report is prepared based on the four reporting principles in accordance with Appendix C2 “Environmental, Social and Governance Reporting Code” (the “**ESG Code**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”):

1. **Materiality:** Based on our continuous communication with stakeholders, the Group has formulated models to analyse environmental and social aspects. Based on our internal materiality analysis, ESG topics that may influence our stakeholders and are expected to affect our cash flows, access to finance, or cost of capital over the short, medium, or long term are disclosed.
2. **Quantitative:** Numerical ESG data are presented and our ESG performance can be compared against our peers, industry standards and our previous year’s performance, where applicable. Each quantitative metric is accompanied by a narrative that explains its purpose, impacts, and provides comparative data, where appropriate. Details regarding the calculation basis are disclosed in relevant sections of the Report.
3. **Balance:** All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selection and omission that may inappropriately influence the decision or judgment of stakeholders.
4. **Consistency:** To ensure comparability, all calculations and assumptions of ESG key performance indicators (“**KPIs**”) are consistent with the previous year, where applicable, to allow for meaningful comparisons of data over time. Any changes in our methodologies are disclosed in the Report to inform stakeholders.

Reporting Boundary

The scope of the Report focuses on the Group’s principal activities for the period from 1st January, 2025 to 31st December, 2025 (the “**Reporting Year**”). To enhance the integrity of the Report, some of its contents cover period before or after the Reporting Year.

The directors of the Company consider the financial significance of the Group’s entities and operations when determining the ESG reporting scope. This Report covers the Group and its major subsidiaries and joint ventures, collectively representing over 90% of the Group’s business operations.

The relevant in scope subsidiaries in 2025 are listed below:

- Brilliance–BEA Auto Finance Co., Ltd. (“**BBAFC**”);
- Shenyang Brilliance Dongxing Automotive Component Co., Ltd. (“**Dongxing Automotive**”);
- Mianyang Brilliance Ruian Automotive Components Co., Ltd. (“**Mianyang Ruian**”);
- Ningbo Yumin Machinery Industrial Co., Ltd. (“**Ningbo Yumin**”);
- Jinbei (Shenyang) Automotive Co., Ltd. (“**JSA**”); and
- Shenyang XingYuanDong Automobile Component Co., Ltd. (“**Xing Yuan Dong**”).

Environmental, Social and Governance Report (Cont'd)

Data Source and Description

The information and data in this Report are drawn from the Group's official documents and statistical records and have been reviewed by the relevant departments of the Company and its subsidiaries. The KPIs required under the ESG Code are disclosed in the "Environmental Performance" and "Social Performance" sections of the Report, together with information on the principal laws and regulations with which the Group has complied.

STATEMENT FROM THE BOARD

The Group continued to embed sustainability into strategy, operations and culture in 2025, strengthening our foundations while accelerating the low-carbon transition across our value chain.

As part of this progress, we stabilised operations following recent restructuring and the resumption of activities at key sites; importantly, major vehicle production operations have become normalised in 2025. We continued to enhance data quality and disclosure, expanded Scope 3 coverage, strengthened site-level monitoring and digital oversight, and maintained full compliance with applicable environmental laws and regulations. We reinforced our zero-tolerance approach to corruption, prioritised a strong safety culture, and continued to invest in people and capability building across the Group.

Recognising the accelerating impacts of climate change, rising stakeholder expectations and tightening regulation, we are committed to reducing our greenhouse-gas emissions and strengthening our resilience. During the Reporting Year, our focus was on strengthening systems and controls (For example, ISO 14001-aligned environmental management, site-level energy/carbon monitoring and sub-metering, and tighter greenhouse gas ("GHG") data governance), improving data quality (including broader Scope 3 coverage) and advancing efficiency and renewable-energy initiatives where feasible. This progress brings us close to, and keeps us on course for, our 2030 target of a 10% reduction in emissions intensity.

We continued to align our portfolio with the industry's shift towards new energy vehicles ("NEV"). Our auto-finance business focused on NEV-related solutions, while our components operations prioritised NEV-related products, lightweighting and process innovation. Our Research and Development ("R&D") efforts support low-carbon technologies and platforms, helping customers and end users adopt cleaner mobility, contributing to a lower-carbon value chain.

Governance structure and overall approach

We conduct an annual, stakeholder-informed materiality assessment to prioritise our efforts. In 2025, we enhanced the methodology by clarifying topic definitions, strengthening scoring and validation, and broadening stakeholder coverage. We also added new topics to reflect regulatory developments and stakeholder feedback, ensuring the matrix captures emerging risks and opportunities across our value chain. These refinements sharpen prioritisation and guide our strategy, targets, resourcing and disclosures. Further details are provided in the Materiality Analysis section.

Climate change remains a strategic focus. In line with Part D of the ESG Code, our approach addresses governance, strategy, risk management, and metrics and targets. We use advanced scenario analysis and will continue to refine our transition pathway, milestones and supporting investment needs. We remain committed to full compliance and continuous improvement across environmental, safety and governance domains.

Against a backdrop of tightening ESG regulation and rising stakeholder expectations, as our principal vehicle manufacturing operations returned to a more normal cadence, we strengthened our Group policy framework to ensure consistent standards, clearer accountability and stronger risk control across the business and supply chain. Anchored in this framework, our priorities centred on occupational health and safety, ethics and compliance, circularity and product safety. To support delivery at Group level, the Group developed an Environmental Statement providing overarching guidance on environmental management, and a Supplier Code of Conduct setting out clear expectations for suppliers to comply with relevant environmental requirements and to minimise adverse impacts on the environment, local communities and natural resources. These instruments were subsequently approved by the Board on 27th March, 2026 and are being embedded into procurement, onboarding and training, with phased monitoring from 2025.

Environmental, Social and Governance Report (Cont'd)

People and community

We continued to invest in a safe, fair and engaging workplace. We maintained ISO 45001-aligned systems, strengthened hazard identification and emergency readiness, broadened health and safety training and recorded zero work-related fatalities. We advanced diversity and equal-opportunity practices, supported fair employment and competitive benefits, and deepened employee engagement through open dialogue and targeted well-being initiatives. We also expanded structured learning across all levels – technical, managerial, ethical and ESG – so that our people are equipped to grow with the business. We also enhanced customer protections by focusing on product health and safety, transparent communications, responsive complaint handling and continuous service improvement.

Looking ahead

In the year ahead, we will prioritise steady delivery against our 2030 environmental targets, continue to improve energy efficiency, increase the use of renewable energy and strengthen circularity in materials and water. We will enhance the quality and transparency of Scope 1, 2 and 3 data and further refine our transition planning and associated investment needs. We will continue to build the capabilities of the Board and management, advance responsible sourcing, and deepen supplier engagement on energy and emissions.

On behalf of the Board, we thank our employees, customers, partners, shareholders and communities for their continued trust and support. We remain committed to building a resilient and responsible business that creates long-term value for all stakeholders.

ESG MANAGEMENT

The Board holds overall responsibility for the Group's sustainable development and is supported by a dedicated ESG working group that coordinates implementation across our businesses. In light of the accelerating impacts of climate change, China's 30•60 dual-carbon goals and tightening regulatory expectations, we remain committed to protecting natural resources, operating responsibly and complying with applicable laws and regulations in all jurisdictions where we operate.

We are strengthening ESG management across organisation, people, funding, facilities, systems and training to embed consistent standards and continual improvement. We prioritise our efforts through an annual, stakeholder-informed materiality assessment and enhanced disclosure aligned with the ESG Code. We continue to align our portfolio with the industry's transition to NEV by directing financing and components activities towards NEV-related solutions, supporting the low-carbon transition.

During the Reporting Year, the Board and senior management completed targeted training covering the Corporate Governance Code, ESG fundamentals and the climate-related disclosure requirements under Part D of ESG Code, including scenario analysis, target-setting and transition planning, alongside business ethics and anti-corruption. This upskilling reinforced oversight capability and ensures the Board collectively possesses, or has access to, the competence needed to supervise climate strategy, risk management, and metrics and targets, and to challenge and support management effectively.

Environmental, Social and Governance Report (Cont'd)

Responsibilities of the Board:

- Set the Group's sustainable-development strategy and targets, and approve ESG policies, frameworks and annual plans.
- Integrate ESG into business strategy, capital allocation and enterprise risk management, with explicit oversight of climate-related matters in line with Part D of ESG Code.
- Review stakeholder-informed materiality assessments annually and approve corresponding actions and resource allocation.
- Monitor ESG performance and internal controls, review remediation plans and ensure ongoing regulatory compliance and continuous improvement.
- Oversee disclosure quality and sign-off for ESG reporting.
- Supervise responsible-sourcing expectations and supplier governance across quality, safety, labour practices and environmental management.

The ESG working group coordinates day-to-day execution of the Group's ESG agenda and provides regular reporting to the Board to support effective oversight and decision-making.

Responsibilities of the ESG working group:

- Coordinate implementation across business units and functions, consolidating progress against approved plans and targets.
- Develop and maintain ESG policies, procedures and controls; deliver internal awareness and training to embed requirements.
- Consolidate ESG and climate-related risk assessments, support scenario-analysis inputs and track mitigation actions and KPIs.
- Govern ESG data and reporting, including Scope 1, 2 and 3 GHG inventories, enhance data quality and prepare regular management and Board reports.
- Support stakeholder engagement and the annual materiality assessment, and prepare external disclosures aligned with the ESG Code requirements.
- Escalate material ESG issues and compliance risks to the Board and follow through on corrective and preventive actions, including support for site-level audits and certifications.

Environmental, Social and Governance Report (Cont'd)

STAKEHOLDER ENGAGEMENT

The Group attaches great importance to the views and feedback of its stakeholders and has established a stakeholder engagement mechanism to support the formulation and implementation of its sustainability strategy. Through identifying key stakeholder groups, analysing their concerns and maintaining regular communication via appropriate channels, the Group seeks to understand their requirements and expectations, and to respond in a timely and appropriate manner.

The following table sets out the principal stakeholder groups, their key ESG topics of concern and the Group's corresponding response and engagement approaches.

Stakeholders	Concerned Issues	Communication and Feedback Channels
Government and Regulatory Agencies	<ul style="list-style-type: none"> • Climate Change • Energy Use and Efficiency • Water Resource Management • Pollution and Waste Management • Nature and Biodiversity • Supplier Compliance Management • Responsible Sourcing • Product Health and Safety • Compliance and Risk Control • Business Ethics and Anti-Corruption 	<ul style="list-style-type: none"> • Policy documents and guidelines • Regular reports and information • Regulatory inspection, supervisions and reports
Shareholders and Investors	<ul style="list-style-type: none"> • Climate Change • Energy Use and Efficiency • Pollution and Waste Management • Material Use and Circular Economy • Responsible Sourcing • Research and Innovation • Compliance and Risk Control • Business Ethics and Anti-Corruption 	<ul style="list-style-type: none"> • Shareholder meetings • Regular business reports • Compliance information disclosures • Company website
Directors and Senior Management	<ul style="list-style-type: none"> • Climate Change • Energy Use and Efficiency • Water Resource Management • Pollution and Waste Management • Occupational Health and Safety • Product Health and Safety • Information Security and Privacy Protection • Compliance and Risk Control • Business Ethics and Anti-Corruption 	<ul style="list-style-type: none"> • Regular Board meetings • Written resolutions of the Board • Regular reports
Employees	<ul style="list-style-type: none"> • Occupational Health and Safety • Labour Rights • Employee Remuneration, Benefits and Rights • Diversity and Equal Opportunity of Employees • Employee Development and Trainings • Information Security and Privacy Protection • Community Involvement and Volunteering 	<ul style="list-style-type: none"> • Regular meetings with employees • Employee satisfaction surveys, training, interviews

Environmental, Social and Governance Report (Cont'd)

Stakeholders	Concerned Issues	Communication and Feedback Channels
Customers	<ul style="list-style-type: none"> • Climate Change • Product Health and Safety • Customer Service and Satisfaction • Information Security and Privacy Protection • Responsible Marketing and Product Labelling • Responsible Sourcing • Material Use and Circular Economy 	<ul style="list-style-type: none"> • Marketing activities • Customer service hotlines and e-mails, customer surveys, official online communication platforms (e.g. WeChat applet, APP)
Suppliers	<ul style="list-style-type: none"> • Supplier Compliance Management • Responsible Sourcing • Labour Rights • Occupational Health and Safety • Compliance and Risk Control 	<ul style="list-style-type: none"> • Supplier meetings • Contract negotiations

MATERIALITY ANALYSIS

Through stakeholder engagement activities and subsequent analysis, the Group identified and confirmed the material ESG issues applicable to its operations, considered stakeholders’ key concerns, evaluated and weighted relevant ESG topics and prioritised associated risks. To enhance the robustness and comparability of this assessment, the Group refined its materiality approach by clarifying topic definitions, strengthening scoring and validation, broadening stakeholder coverage and referencing peer practices and leading ESG standards when determining scores.

Based on this framework, the Group adopted a structured process to identify, prioritise and validate material topics, comprising:

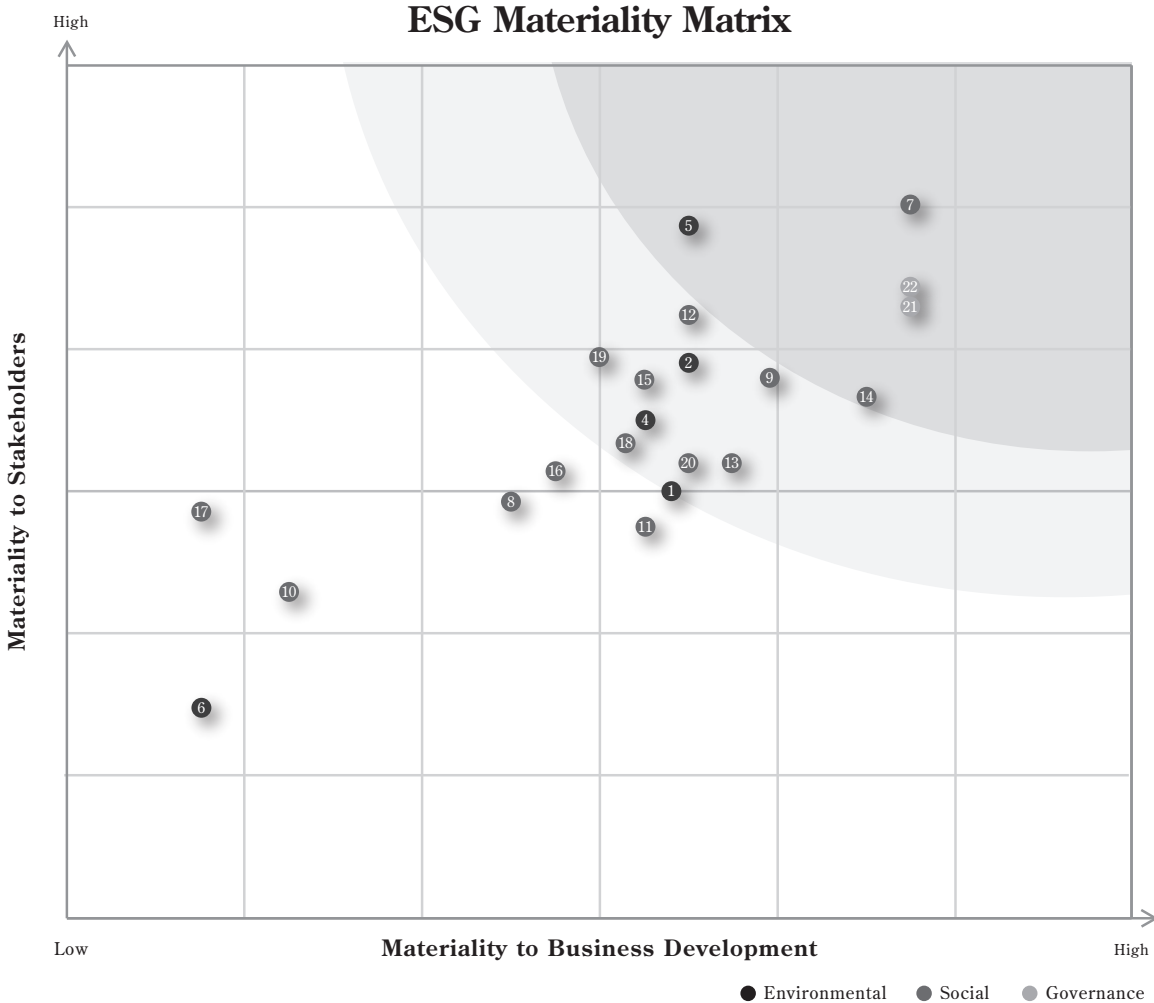
1. **Identification:** During the Reporting Year, the Group identified 22 ESG topics by reviewing previous stakeholder engagement results and analysing megatrends and relevant international ESG standards.
2. **Assessment:** The importance of these topics was assessed through survey questionnaires distributed to selected internal and external stakeholders, to gauge their views on each ESG topic.
3. **Materiality Ranking:** Survey responses were analysed and the ESG topics were ranked and prioritised according to their strategic significance to the Group’s business and their importance to stakeholders, resulting in a materiality matrix.
4. **Review and Approval:** The assessment outcomes were reviewed, discussed and validated by the Group’s management to ensure that the material ESG topics are consistent with the Group’s values and strategic priorities.

Environmental, Social and Governance Report (Cont'd)

The table below illustrates the significant ESG topics identified by the Group:

No.	ESG Topic	No.	ESG Topic
1	Climate Change	12	Supplier Compliance Management
2	Energy Use and Efficiency	13	Responsible Sourcing
3	Water Resource Management	14	Product Health and Safety
4	Pollution and Waste Management	15	Customer Service and Satisfaction
5	Material Use and Circular Economy	16	Information Security and Privacy Protection
6	Nature and Biodiversity	17	Community Involvement and Volunteering
7	Occupational Health and Safety	18	Research and Innovation
8	Labour Rights	19	Intellectual Property Protection and Compliance
9	Employee Remuneration, Benefits and Rights	20	Responsible Marketing and Product Labelling
10	Diversity and Equal Opportunity of Employees	21	Compliance and Risk Control
11	Employee Development and Trainings	22	Business Ethics and Anti-Corruption

Through stakeholder engagement activities and subsequent analysis, the Group identified “Occupational Health and Safety”, “Business Ethics and Anti-Corruption”, “Compliance and Risk Control”, “Material Use and Circular Economy” and “Product Health and Safety” as the five most material ESG topics for the Reporting Year. The assessment results are summarised in the following graph.



Environmental, Social and Governance Report (Cont'd)

ENVIRONMENTAL MANAGEMENT

Environmental Governance and Targets

The Group's approach to environmental governance is guided by its core principle to "protect the environment, prevent pollution, comply with laws and regulations, and pursue continuous improvement" (《保護環境·防治污染·遵紀守法·持續改進》). This vision is embedded in our strategic plans and demonstrates our steadfast commitment to environmental stewardship. This commitment is underpinned by strict adherence to all applicable national and local environmental legislation, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》).

At an operational level, this framework is implemented through formal environmental management systems. The Group's major manufacturing subsidiaries, including Mianyang Ruian and Ningbo Yumin, hold certification to the ISO 14001:2015 Environmental Management Systems standard, providing external validation of our systematic approach.

In line with China's "30•60" dual-carbon goals, the Group has established quantitative emissions-reduction targets for 2030, using 2024 as the baseline year. These targets are structured according to SMART principles to ensure a clear and actionable framework. Progress towards these goals is closely monitored by the Group's ESG working group and reported regularly to the Board.

The Group acknowledges that the resumption of operations at JSA may lead to a short-term increase in its environmental footprint. However, a comprehensive transitional management plan is in place to mitigate these impacts through efficient technologies and enhanced operational controls. Despite this transitional phase, the Group remains confident in its ability to achieve its 2030 emissions-reduction targets.

Environmental Target

Item	Indicator	Unit	Status in 2025	Target (2024 baseline)
GHG emission	Intensity of Scope 1 & Scope 2 GHG emissions	tCO ₂ e/RMB million operating income	26.51	Reduce 10% in 2030
Hazardous waste	Intensity of hazardous waste	Tonnes/RMB million operating income	0.87	Reduce 20% in 2030
Energy	Total renewable energy consumption	MWh	431.23	Increase 10% in 2030
Water consumption	Intensity of water consumption	m ³ /RMB million operating income	146.46	Reduce 15% in 2030

Resource Use and Efficiency

The Group strictly controls the use of resources and has launched a series of internal monitoring systems relating to the procurement and appropriate use of resources. During the Reporting Year, the main resources consumed by the Group were electricity, water, natural gas, and packaging materials. The Group has issued notices to employees for resources management, such as "Management Guidance of Resources" (《能源資源管理辦法》).

The Group's resource management strategy extends beyond mere compliance; it is a critical driver for enhancing efficiency and embedding circular economy principles. The Group focuses on digital marketing where possible. To enhance employees' awareness of environmental protection, the Group emphasises methods to minimise the waste of certain key resources. The Group also sets out the conditions and guidelines for using high-power consuming equipment such as air conditioners, computers, and lights, as well as encourages employee to recycle and reuse packaging materials.

We are committed to using natural resources and energy more efficiently, and to continuously improving consumption intensity through process optimisation, equipment upgrades and employee engagement. The Group's primary environmental objective for the forthcoming Reporting Years is to sustain the current level of usage of resources, including but not limited to energy, water and packaging materials, and prevent significant increases. Usage of resources is inter-related with the emissions performance of the Group. Nonetheless, the Group will actively monitor its performance in ESG aspects for analysis and may consider establishing achievable quantitative targets in the future.

Environmental, Social and Governance Report (Cont'd)

Energy Efficiency

Energy efficiency is a key enabler of the Group's operational excellence. Our approach is proactive and multi-faceted, focusing on reducing consumption, enhancing energy efficiency, and minimising our environmental footprint. We drive this strategy through a continuous cycle of investment in advanced technology, process optimisation and infrastructure upgrades, ensuring that energy conservation is embedded across all our facilities and functions.

A significant portion of the Group's electricity consumption is directly linked to its production activities. We have therefore implemented a series of targeted upgrades and retrofits to achieve substantial efficiency gains.

- **Equipment Modernisation:** At Ningbo Yumin, a comprehensive modernisation of the hydraulic systems for 25 high-consumption machining centres was completed. By converting these to a variable-frequency, on-demand model, the initiative delivered significant annual electricity savings. At Dongxing Automotive, the aging fixed frequency screw-type air compressor was replaced by permanent magnet variable frequency screw air compressor which also conserved approximately 33.17 kWh of electricity per hour in operation.
- **Process Re-engineering and High-Efficiency Equipment Upgrades:** At Ningbo Yumin, the re-engineering of eight core manufacturing lines and the installation of 120 sets of high-efficiency equipment delivered notable improvements in energy performance. Energy consumption in the welding and battery box coating processes decreased by 20% and 18%, respectively, while the stamping process achieved an energy intensity of 28 kWh per unit, approximately 30% below the industry average.
- **Digital Energy Management:** To transition from reactive measures to proactive, data-driven energy management, the Group is investing in digital oversight systems. In 2025, the JSA facility deployed a smart "Energy-Carbon-Quality" digital platform. This system enables a closed-loop management cycle of real-time data collection, analysis, and application of multi-energy consumption data – including electricity, water, gas, and steam – captured from smart metres down to the workshop and equipment level. This has replaced manual metre reading with precise, actionable intelligence and provides complete, real-time visibility of the facility's consumption profile.
- **Improving Energy Efficiency in the Vehicle Fleet:** A key energy-saving measure is the progressive electrification of the forklift fleets across the Group's manufacturing facilities to reduce on-site fossil fuel consumption. This transition is well underway, with the forklift fleet at Mianyang Ruian now being predominantly electric and the fleet at Ningbo Yumin and Dongxing Automotive having achieved, respectively, 55% and 60% electrification.
- **Employee Awareness and Engagement:** The Group aims to maintain and further reduce energy consumption by empowering our people on their eco-friendly awareness and practices. We provide regular energy-conservation and emission-reduction training to ensure that all employees understand their role and can effectively implement our energy-saving measures in their daily work.

Our efforts are guided by clear targets and are rigorously tracked. Ningbo Yumin continued to track energy performance. In 2025, unit energy consumption was 25% lower than that in 2022, and renewable energy accounted for 40% of total energy use. In parallel, it has neared our 40% share of renewables through on-site solar Photovoltaic ("PV"), which yielded 431,225 kWh electricity in the Reporting Year, and green power procurement target for 2025. These targets demonstrate a holistic and impactful approach to energy management across the Group.

Water Stewardship

The Group regards responsible water stewardship as a critical component of its operational and environmental performance. Our strategy is guided by the principles of enhancing water-use efficiency, maximising resource circularity, and upholding strict compliance with all applicable regulations. This commitment aligns with key national legislation, including the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and the Regulations on Water Conservation (《節約用水條例》). As production activities continue to ramp up, we remain confident in the stability and sufficiency of our water supply.

The Group has integrated a key performance target into its long-term water stewardship strategy: to reduce water intensity by 15% by 2030, against a 2024 baseline. This target will guide future investments in water-saving technologies and operational improvements across our facilities.

Environmental, Social and Governance Report (Cont'd)

Resilient Water Sourcing

Water for our operations is primarily sourced from municipal mains, and the Group has not identified any material risks related to water availability. To enhance resilience and reduce reliance on a single source, selected facilities have developed alternative supplies. For instance, Dongxing Automotive also utilises well water for its circulating heating systems, while JSA has established a reservoir to collect and store rainwater, which is then used in a closed-loop system for vehicle water-leakage testing.

Water Efficiency and Consumption Reduction

Group-wide efforts are in place to minimise consumption. These include practical measures implemented across our facilities, such as installing sensor taps and ensuring the prompt repair of any leaks.

- At JSA, a dedicated system circulates water for its stamping equipment.
- At Mianyang Ruian, cutting fluid is managed in a closed-loop system and is topped up only to compensate for evaporation, thereby avoiding external discharge.
- At Ningbo Yumin, the on-site solar PV system yields significant indirect water savings by displacing water-intensive thermal power from the regional grid, saving an estimated 1,616.9 m³ of water in 2025.

Wastewater Management

The Group is committed to preventing water pollution and ensuring responsible wastewater management in strict compliance with applicable laws and regulations, including the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》). Our operations generate two main types of wastewater: production wastewater and domestic sewage.

A systematic approach is in place to manage these streams. Production wastewater from processes such as cooling and lubrication is treated at on-site sewage treatment stations located at our manufacturing workshops. Both production and domestic effluent are treated to meet all required standards before being discharged into the municipal sewer system. The concentrations of major pollutants, including Chemical Oxygen Demand (“COD”) and ammonia nitrogen (“NH₃-N”), are consistently controlled to remain below the limits specified in the Integrated Wastewater Discharge Standard (GB 8978-1996) (《污水綜合排放標準》).

This framework is demonstrated at JSA, where wastewater from the paint shop and domestic use is first treated at the on-site Wastewater Treatment Plant. The treated effluent is then sent to the central industrial wastewater treatment system for further processing. To enhance environmental control, the facility operates a rain-sewage separation system and has installed online monitoring equipment that is directly linked to the local regulatory authority for real-time oversight.

At Plant Dadong NEX, BBA employs a low-temperature, low-pressure distillation purification system to recycle water-based waste solvents, achieving a recycling rate of up to 80%. The patented technology significantly reduces CO₂e emissions from VOCs combustion and minimises waste treatment requirements, demonstrating BBA's commitment to both resource efficiency and hazardous waste reduction.¹

Note:

1. For more details, please refer to page 50 of the BMW Brilliance Sustainability Report 2024.

Environmental, Social and Governance Report (Cont'd)

Environment and Natural Resources

The Group's approach to material use is guided by its commitment to enhancing resource efficiency and advancing the principles of a circular economy. This involves prioritising the reduction of material intensity, the improvement of recyclability, and the strengthening of circular material flows across the product design, manufacturing, and logistics processes of its automobile and automotive component operations. The Group strictly adheres to all applicable laws and regulations concerning materials and natural resources, including the Circular Economy Promotion Law of the People's Republic of China (《中華人民共和國循環經濟促進法》) and the China National Biodiversity Conservation Strategy and Action Plan (2023-2030) (《中國生物多樣性保護戰略與行動計劃》(2023-2030年)) to reduce ecological impacts derived from our businesses. During the Reporting Year, JSA conducted a tree-planting initiative and planted approximately 260 trees as part of its efforts to foster an environmentally friendly factory environment.

Material Use and Circularity in Operations

The Group's approach to material use is guided by the principles of the waste management hierarchy, prioritising waste reduction at source, followed by reuse and recycling. This strategy is embedded across our product design, manufacturing and logistics processes to enhance resource efficiency and advance the principles of a circular economy.

To maximise the use of all materials within its facilities, Ningbo Yumin has implemented an efficient management system for internal material flows. Surplus materials and offcuts are systematically collected, labelled with QR codes for traceability, and stored for potential reuse. For items requiring rework, a formal process is followed, governed by the Quality Assurance team, to ensure that products meet all quality standards before being returned to the production flow. This structured, closed-loop system minimises unnecessary waste and ensures optimal material utilisation.

In packaging, the Group worked to reduce single-use materials and enhance returnable systems. The sustainable management of packaging materials is critical to enhancing the efficiency of resource usage, particularly as packaging consumption mainly arises from sales of parts and components. At the group level, packaging material reduction and recycling were integrated into product development, material procurement and process management, and the Group worked with upstream and downstream companies to minimise the potential adverse environmental impact of packaging materials in product production and transportation, while recognising that the types of packaging materials used were often determined by customer contracts and operational needs. As our efforts continue, the total packaging materials used in the Reporting Year (958.31 tonnes) has been reduced by half compared with 2024 (1,913.18 tonnes), even though our production volumes increased. At Mianyang Ruian, approximately 80% of packaging was returnable, relying mainly on European Union ("EU") standard plastic totes, blister trays and metal boxes, with limited cardboard and minimal wood. Customers took back, cleaned and redeployed the returnable packaging, while the packaging selection prioritised recyclable and repairable options to reduce single-use waste.

Where the generation of scrap is unavoidable, the Group has established robust systems for recycling and value recovery.

- **Bulk Scrap Management:** At Ningbo Yumin, a formal process is followed for all scrap materials. They are logged via a "Scrap Disposal Slip" into the warehouse management system. Once sufficient volumes are accumulated, qualified recyclers are selected through a competitive tender process. To ensure transparency, the collection is conducted under the joint oversight of the finance, warehouse, and purchasing departments. In the Reporting Year, metal scraps were 100% recycled.
- **Advanced Product Circularity:** Beyond bulk scrap, Ningbo Yumin exemplifies a deeper commitment to circularity through a refined dismantling and reuse process for scrapped parts. This involves classified dismantling and graded utilisation, supported by strong partnerships with recyclers. This system has achieved an impressive overall recovery rate of 92% across key materials.

Environmental, Social and Governance Report (Cont'd)

Lightweighting

The Group employs lightweighting as a key strategy to reduce its impact on natural resources. By utilising advanced materials, optimising designs and refining manufacturing processes, we reduce vehicle weight to enhance fuel efficiency and extend the range of EVs. This approach, implemented both within our own operations and across the broader automotive value chain, allows for a significant reduction in material consumption and emissions without compromising vehicle safety or performance.

Case Study: Ningbo Yumin: Lightweight Components through Material and Process Innovation

Ningbo Yumin focuses on lightweight automotive components, especially aluminium-based parts, to support OEMs' weight-reduction targets. By replacing traditional steel parts with aluminium alloy components and using optimised casting and machining processes, Ningbo Yumin helps reduce overall vehicle mass while maintaining structural integrity. The company applies advanced die-casting technologies, topology-optimised designs, and process controls to produce thin-walled, high-strength parts such as suspension components, brackets, and structural reinforcements. This approach not only reduces component weight but also enhances corrosion resistance and improves recyclability, contributing to both performance and sustainability goals.

Case Study: Vehicle-Level Lightweighting in Premium Models

Our joint venture, BBA uses an aluminium rear subframe that ensures high strength while reducing weight. The company is also expanding the use of 70–75% secondary aluminium in rim products to newly launched vehicles.¹

Climate Change

Climate change, together with China's "30•60" dual-carbon targets, is reshaping the risk and opportunity profile of the auto industry, as well as the Group's business and value chain. In accordance with Part D of the ESG Code (which is primarily aligned with International Financial Reporting Standard S2 "Climate-related Disclosures" ("IFRS S2")), our climate-related disclosures are structured around four areas: governance, strategy, risk management, and metrics and targets. The Group's approach is focused on mitigating climate-related risks, enhancing operational resilience and positioning the business to capture opportunities arising from the transition to a low-carbon economy.

Climate considerations were embedded in the Group's environmental governance framework and policies, which covered energy efficiency and conservation, renewable-energy use, resource circularity, air and wastewater management, waste management and GHG reductions. Across all operations, the Group complied with applicable People's Republic of China and local environmental laws and regulations, supported by certified management systems and independent monitoring where relevant. These arrangements enabled consistent implementation, transparent reporting and continuous improvement in climate-related performance.

Governance

The Board has ultimate responsibility for overseeing climate-related matters and for integrating climate considerations into the Group's strategy, capital allocation and risk management framework. During the Reporting Year, the Board considered material climate-related risks and opportunities, approved climate-related targets and oversaw management's performance against those targets. The Board was kept informed of the climate-related disclosure requirements set out in Part D of the ESG Code through scheduled briefings, structured management reporting and, where appropriate, input from external experts. These arrangements ensured that the Board collectively possessed, or had access to, the necessary climate-related knowledge and expertise to discharge its oversight responsibilities.

Note:

1. For more details, please refer to page 8 and 32 of the BMW Brilliance Sustainability Report 2024.

Environmental, Social and Governance Report (Cont'd)

To maintain its expertise in overseeing strategies that address climate-related risks and opportunities, the Board received annual training on ESG matters and evolving climate-related disclosure requirements. In December 2025, the Board attended training delivered by an external consultant, covering the latest regulatory developments and key ESG and climate-related topics.

Day-to-day climate-related work was carried out by a dedicated ESG working group that coordinated relevant work across the Group. The working group consolidated climate-related risk assessments, monitored progress against approved plans and targets, and reported regularly to the Board to support informed decision-making and oversight. The resumption of production at certain sites was subject to strengthened internal controls and ongoing external reviews, to ensure that applicable environmental and safety standards were met.

For further details on ESG management roles, processes and reporting lines, please refer to ESG MANAGEMENT section.

Strategy

Our climate strategy is directed at identifying the material climate-related risks and opportunities that may affect the Group, assessing their potential implications for our products, operations and financial planning, and prioritising the actions to strengthen resilience and alignment with low-carbon opportunities. The Group considers both transition risks and physical risks over the short, medium and long term.

During the Reporting Year, the Group conducted a climate-scenario exercise aligned with Part D of the ESG Code to inform its assessment of climate-related risks and opportunities. Current analysis indicates that climate risks are assessed to have a limited direct financial impact (including financial position, financial performance and cash flow) at Group level at present, while also giving rise to potential growth opportunities through NEV-related activities and product innovation. Although the Group has set various environmental targets, it has not yet formulated a detailed climate transition plan. The Group will continue to monitor climate-related developments, evaluate the financial resources required to address climate-related risks and, having regard to its capabilities, progressively enhance its climate-related disclosures and climate resilience strategy. Further details on the scenario analysis and on Scope 1, Scope 2 and Scope 3 GHG emissions are provided in the “Metrics and Targets” and “Environmental Sustainability” sections of this Report.

Risk Management

To assess the resilience of the Group’s strategy under plausible climate futures, a scenario analysis, by consulting open-sourced geographical climate information, was conducted using two contrasting pathways: a rapid-transition pathway aligned with limiting long-term warming and a slower-transition. These pathways were applied at both Group level and site level.

The analysis covers the Group’s principal business activities, including automotive component and vehicle manufacturing, NEV-related product development and financing, R&D and energy-intensive production processes. It reflected the Group’s core geographical footprint in the PRC and Hong Kong, including key locations such as Shenyang, Shanghai, Ningbo and Hong Kong, and considered material value-chain linkages where supplier or customer exposures were significant. The climate-related risks and opportunities are closely monitored, managed, and reported to the Board for strategy reviewing. Under general materiality assessments, the Group would consider prioritising climate-related risks relative to other types of risks in its overall risk management process, where appropriate.

The table that follows summarises the key transition and physical risks identified, the differentiated impacts expected under each pathway and the Group’s current and planned responses. Yet, given the overall non-material effects on the Group, amount and percentage of assets or business activities, either vulnerable to the risks or aligned with climate-related opportunities, as well as the related capital deployment are not covered.

Time Horizon:

Short term: 0-1 years

Medium term: 1-3 years

Long term: 3-7 years

Environmental, Social and Governance Report (Cont'd)

Types of risks	Climate-related risks	Timeframe	Potential impacts	Countermeasures
Transition Risks	Policy and Legal	Short to medium-term	<p>Increasing stringency of carbon-related policies, including national and international decarbonisation targets and the potential introduction of carbon pricing mechanisms, which may raise compliance costs and require operational adjustments.</p> <p>Expansion of ESG regulatory frameworks in key markets, such as the EU, the PRC and Hong Kong, covering areas such as disclosure and supply-chain due diligence, which may heighten reporting obligations and management requirements.</p>	<ul style="list-style-type: none"> Integrating climate-related considerations into strategic planning, with management regularly reviewing progress against GHG emission reduction targets and overseeing climate-related work. Actively monitoring policy developments and responding through product innovation, such as advancing lightweighting and NEV technologies, and continuing to enhance energy efficiency in production operations. Strengthening data collection and reporting mechanisms to align with evolving domestic and international ESG disclosure standards.
	Technology	Medium to long-term	<p>The accelerated development of technologies for sustainable materials and circular-economy models may render existing manufacturing equipment and processes obsolete, requiring significant and potentially costly upgrades.</p> <p>Dependence on the successful and timely development of new low-carbon technologies and the availability of critical natural resources (e.g., for batteries or lightweight alloys) may introduce delays to product development schedules and create vulnerabilities in the supply chain.</p>	<ul style="list-style-type: none"> Offering dedicated financial products and services through BBAFC to support the market uptake of NEVs, thereby aligning the Group's financing business with the technological transition towards electrification. Adopting proven low-carbon technologies in operations, such as the on-site distributed photovoltaic power generation system at the Ningbo Yumin, to reduce the carbon footprint of the Group's manufacturing processes.
	Market	Short to long-term	<p>Shifting consumer preferences, driven by increasing environmental awareness, may favour products with superior sustainability performance, including those with a smaller environmental footprint throughout their production supply chain or even the entire life cycle. This could lead to a decline in demand for products perceived as less sustainable.</p>	<ul style="list-style-type: none"> Aligning the Group's product portfolio with the transition to electrification through the manufacture of new energy commercial vehicles at JSA and the development and production of components for NEV manufacturers at Ningbo Yumin and Mianyang Ruian. Offering dedicated financial products and services through BBAFC to support the market uptake of NEVs, thereby aligning the Group's financing business with the technological shift towards electrification.

Environmental, Social and Governance Report (Cont'd)

Types of risks	Climate-related risks	Timeframe	Potential impacts	Countermeasures
	Reputation	Medium to long-term	Inadequate management of pollutant discharges, wastewater and solid waste from production, or a failure to meet GHG emission reduction targets, could adversely affect nearby ecosystems and communities. This, in turn, could erode the trust of stakeholders, including investors, customers and local communities, thereby damaging the Group's reputation and market standing.	<ul style="list-style-type: none"> • Implementing targeted carbon reduction measures to ensure compliance with relevant regulations while advancing progress towards the Group's decarbonisation goals. • Progressively extending the scope of certified environmental management systems, such as ISO 14001, to cover more production subsidiaries across the Group. • Increasing the share of renewable energy in the operational mix, including through the expansion of on-site solar photovoltaic generation at manufacturing facilities. • Investing in workforce development through targeted training to equip employees with the skills and knowledge required to address climate-related challenges and opportunities. • Securing external recognition for environmental performance, such as the designation of the Ningbo Yumin facility as a national 3-star Green Factory, which validated its achievements in areas including air emissions control and energy efficiency.
Physical Risks	Acute	Medium to long-term	Increased severity and frequency of extreme weather events (such as heatwaves, floods or typhoons) may cause operational disruptions, leading to reduced production capacity, potential revenue loss and increased costs.	<ul style="list-style-type: none"> • The Group has established emergency response plans and business continuity procedures to manage the impacts of extreme weather events on its operations and to ensure the safety of its employees.
	Chronic	Long-term	Long-term shifts in climate patterns (such as altered precipitation, rising average temperatures or rising sea levels) may increase the physical deterioration of assets in high-risk locations. This could lead to elevated risks of asset impairment or early retirement, as well as a potential increase in the cost of capital or insurance.	<ul style="list-style-type: none"> • The Group incorporates the assessment of long-term climate risks into its site-selection, investment and strategic planning processes, and regularly monitors developments in climate science to inform its risk management approach.

Environmental, Social and Governance Report (Cont'd)

Key Opportunity	Timeframe (ST/MT/LT)	Potential Opportunity	Mitigation Measures
Shift to NEVs and electrified components	Short to long-term	Capture demand growth and policy incentives, increasing revenue and market share.	Accelerate R&D; deepen partnerships with NEV OEMs; diversify critical material supply.
Energy efficiency and sustainable materials	Short to long-term	Lower operating costs and emissions; improve vehicle efficiency and meet customer sustainability requirements.	Deploy energy management systems; expand rooftop PV across sites; enhance traceability.
Green customer financing	Short to medium-term	Grow NEV uptake and access lower-cost capital through green finance products.	Define green loan taxonomy; offer preferential terms for NEVs.

Metrics and Targets

Nonetheless, the Group will actively monitor its performance in ESG aspects for analysis and establish quantitative targets. This robust framework of targets and ongoing monitoring underscores the Group’s unwavering commitment to mitigating climate change and transitioning to a low-carbon economy.

One of the critical aspects of climate change is global warming. It disrupts the balance of nature and ultimately affects the livelihoods of our employees, clients and communities. In the past decade, global warming has been accelerated by human activities such as the burning of fossil fuels and deforestation. The Group is committed to playing its part in addressing this challenge by actively managing and reducing its GHG emissions. The Group will continue to study all possible approaches, including considering to set, if appropriate, internal carbon prices and factoring climate-related considerations into the remuneration policy to enhance our climate governance.

The Group’s GHG emissions are grouped into direct GHG emissions (Scope 1), indirect GHG emissions (Scope 2) and other indirect GHG emissions (Scope 3), which include natural gas and fuel consumption, purchased electricity and other business activities that lead to other GHG emissions such as Category 1 : Purchased goods and services and Category 11 : Use of sold products..

Environmental, Social and Governance Report (Cont'd)

The Group has set environmental and climate-related targets, which are detailed in the “Environmental Governance and Targets” section.

- JSA’s comprehensive 2025-2035 Green Strategy: This strategy aims for energy efficiency and renewable power growth to achieve a carbon peak by 2028 and operational net zero by 2035. It further projects a NEV share $\geq 30\%$ by 2026, all new models NEV by 2030, and a 25% lifecycle carbon-footprint reduction on core models.
- Ningbo Yumin:
 - By 2030: 20% product development emissions reduction and 25% lifecycle emissions reduction for NEVs.
 - By 2040: Product net zero, with an 80% reduction in battery pack footprint.
 - By 2050: Value chain net zero, incorporating 100% recycled content in lightweight parts.
- BBA: BBA is committed to supporting the BMW Group’s decarbonisation target: reducing CO₂e emissions by at least 40 million tonnes (absolute) by 2030, baseline 2019. BBA’s integrated energy transition approach includes geothermal heating solutions, exploring alternative energies such as biomethane, and 100% electricity from renewable sources in its production.¹

Scope 1 and 2 Emissions

The Group’s Scope 1 and Scope 2 GHG emissions are summarised as follows:

GHG Emissions	Unit	2025	2024
– Scope 1 (Direct GHG Emissions)	tCO ₂ e	7,365.22	331.00
– Scope 2 (Indirect GHG Emissions)	tCO ₂ e	23,968.65	19,226.17
Total emissions (Scope 1+Scope 2)	tCO ₂ e	31,333.87	19,557.17
Intensity of GHG emissions (Scope 1+2)	tCO ₂ e/RMB million operating income	26.51	17.84

Note:

1. For more details, please refer to page 45 of the BMW Brilliance Sustainability Report 2024.

Environmental, Social and Governance Report (Cont'd)

Scope 3 Emissions

During the Reporting Year, the Group disclosed its Scope 3 inventory across 5 material categories. These categories were significantly relevant to the Group's operations.

The categories are as follows:

Categories	Description	Methodology and assumption	2025 (tCO ₂ e)
Cat 1: Purchased Goods and Services	Emissions associated with the sourcing, manufacturing, and delivery of goods and services procured by the Group.	Emissions resulting from procurement activities such as equipment refurbishment and replacement are calculated using a spend-based approach combined with external emission factors.	53,104.56
Cat 2: Capital Goods	Emissions linked to the extraction, manufacture, and transport of capital goods.		5,908.66
Cat 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Emissions from the extraction, production, and transportation of fuels and energy consumed in operations	Emissions in this category are calculated using average-data method, which includes evaluating upstream emissions from fuel and electricity and applying emission factors provided by third-party sources database.	2,611.00
Cat 11: Use of sold products	Emissions generated by end-users consuming or using the company's sold goods	Company calculates the emission by estimate life of vehicles total travelling distance and total energy sold in 2025, consumed (fuel or electricity)	120,893.52
Cat 15: Investments	Emissions from a company's investments that are not covering Scope 1 and 2.	Combination of actual emission from investee base on the latest available share holding and average-data method base on investee company revenue data combined with the EEIO industry data.	54,494.75

Notes:

1. GHG emissions are calculated based on "How to prepare an ESG Report- Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.
2. In 2025, the Group enhanced its data collection methodology, and this enhancement is reflected in an increasing number of Scope 3 emission.
3. Intensity was calculated by dividing the Group's operating income in 2025, amounting to RMB1,181.9 million.

Environmental, Social and Governance Report (Cont'd)

Pollution and Waste Reduction

The Group is committed to responsible waste management, guided by the principles of the waste management hierarchy: to reduce, reuse, and recycle. Our approach is underpinned by strict adherence to applicable laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and the requirements outlined in the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》).

Waste Management

The Group has implemented the “Measures for the Management of Solid Waste” (《固體廢物管理辦法》) to effectively handle these wastes. Wastes are collected and delivered to the specified storage point at the workplace. Our primary focus is on preventing waste generation at its source through rigorous process optimisation and stringent shop-floor controls. At the Ningbo Yumin facility, for example, a series of engineering and procedural controls – including tooling mistake-proofing, error-proof clamping, and specialised inspection jigs – have been implemented to minimise defects and rework. These measures have led to an approximate 25% reduction in rework related to collision damage, directly lowering material wastage and scrap generation.

For waste that cannot be eliminated, the Group has implemented a comprehensive management approach driven by regulatory compliance. This involves a combination of on-site controls and the use of qualified third parties for final disposal.

- **Non-hazardous waste** is properly segregated for recycling or compliant disposal.
- **Hazardous waste** is subject to stricter controls. It is collected, clearly identified, and stored in designated on-site facilities before being transferred exclusively to licensed contractors for treatment, a process managed through our procurement systems to ensure full traceability.

During the Reporting Year, the Group was not aware of any material non-compliance with applicable environmental laws and regulations related to emissions and waste management.

- *Hazardous Waste Management*

The Group's hazardous waste streams are primarily generated from the production of automotive components and include items such as waste oils, waste from surface treatments (e.g., paint sludge), used chemicals, and contaminated materials like nonwoven fabrics and printing consumables. The direct disposal of any hazardous waste into the environment is strictly prohibited.

A comprehensive and compliant management system is in place to handle all hazardous waste, from on-site collection to final disposal.

- **On-site Collection and Storage:** At all facilities, hazardous waste is carefully collected and stored in designated, secure areas that are designed to prevent environmental contamination. For example, JSA operates dedicated hazardous waste storage rooms equipped with safety features such as sprinklers and ventilation, while Dongxing Automotive maintains secure temporary storage for used oils and lubricants, supported by weekly patrols and strict access controls.
- **Off-site Treatment and Disposal:** The Group exclusively partners with contracted, licensed third-party companies for the collection, transfer, and final disposal of all hazardous waste. This process is governed by stringent vendor qualification and traceability practices. At JSA, for example, qualified disposal service providers are selected via an open tender process, with each transfer reported to the environmental bureau and tracked in a year-end ledger. Similarly, at Mianyang Ruian, all hazardous waste transfers are tracked using official manifests to ensure a compliant chain of custody.

This systematic approach ensures that all hazardous waste is managed responsibly and in full compliance with national and local regulations. A notable achievement during the Reporting Year was at Ningbo Yumin, where the implementation of new on-site treatment equipment and an enhanced outsourced disposal service led to a significant reduction in hazardous waste inventory and a decrease in the final disposal volume by over 70%.

Environmental, Social and Governance Report (Cont'd)

- *Non-Hazardous Waste Management*

The Group's non-hazardous waste streams primarily consist of commercial and production waste from daily operations, including materials such as plastic, paper, domestic garbage, and metal offcuts. Our management approach is driven by the principles of the waste hierarchy, prioritising reduction at source, followed by reuse and recycling.

The Group's primary strategy is to prevent waste generation through process optimisation. Ningbo Yumin is taking a structured approach to this by establishing forward-looking targets for key metrics such as composite scrap rate, raw material utilisation, and overall waste reduction. This target-setting is supported by ongoing process-level improvements across key production steps, including milling, stamping and welding, reflecting a continuous effort to minimise material loss.

For waste that is generated, the Group implements robust management and recycling initiatives.

Group-wide Practices: At an organisational level, these include the implementation of clear waste classification rules and the reduction of unnecessary waste through the reuse of office equipment and furniture. Where reuse is not possible, the Group prioritises donating redundant items to relevant institutions.

- **Subsidiary Initiatives:** Our subsidiaries implement these principles through tailored local actions:
 - JSA achieves a recycling rate of nearly 100% for key non-hazardous waste streams like packaging boxes and foam.
 - At Dongxing Automotive, all metal and aluminium offcuts are collected and recycled. The process is managed systematically, with workshops centrally collecting materials into segregated scrap areas for organised disposal via qualified vendors.
 - Mianyang Ruian actively recycles waste paperboard from its operations.
 - Ningbo Yumin promotes on-site source separation through clear sorting infrastructure and ongoing employee awareness campaigns.

Air Emissions

The Group actively implements various measures and adopts advanced technologies to control and reduce air emissions across its operations, demonstrating a commitment to environmental protection and regulatory compliance. As JSA moves towards full operational capacity, an increase in emissions is expected. However, the Group remains committed to monitoring emissions and adapting control measures to ensure continuous compliance and environmental protection.

Key emission-generating processes include welding, cooling, and lubrication, which produce a complex mixture of pollutants. Emissions from welding are of particular concern due to their potential adverse impacts on human health and the environment, while emissions from cooling and lubrication exacerbate pollution levels.

The Group has adopted the following air emission reduction measures to reduce the adverse impact on the environment:

- Ongoing research to reduce pollutant levels during test drives;
- Enhanced vehicle efficiency through periodic inspections and maintenance offered as part of customer service;
- Employee guidance on extending vehicle service life and reducing fuel consumption;
- Selection and use of environmentally friendly materials;
- Treatment of exhaust gases with high concentrations of harmful chemicals through combustion; and
- Disposal of high dust concentration exhaust gases via processes such as adsorption, filtration, and ion oxidation after particulate filtration, followed by discharge at elevated altitudes.

Environmental, Social and Governance Report (Cont'd)

At JSA, approximately 40 outlets utilise advanced pollution control technologies to reduce air emissions. Paint and oven lines are equipped with adsorption systems and Regenerative Thermal Oxidisers (RTOs) featuring zeolite wheel retrofits, which efficiently capture and destroy volatile organic compounds (VOCs) before they are released. For welding and assembly processes, bag filters, carbon filtration, and dust collection systems remove particulate matter and harmful gases. Real-time stack-end monitoring linked to regulatory platforms ensures continuous oversight and quick responses to any emission irregularities, helping JSA maintain compliance and protect air quality.

Similarly, Mianyang Ruian integrates emission prevention into its manufacturing processes by fully recirculating cutting fluids, preventing any discharge beyond evaporation – a practice praised by regulators for minimising environmental impact. The use of enclosed wet machining effectively controls dust and eliminates exhaust emissions, improving air quality and workplace safety. Additionally, all iron swarf generated during production is 100% collected and remelted, supporting recycling initiatives and waste reduction.

Through continuous material innovation, BBA has introduced a new generation of low-VOC base coat paint with a VOC content of just 132 g/L, which is significantly below the government's GB/T 38597 standard recommendation of 420 g/L and represents a 66% reduction compared to conventional coatings.¹

Noise Management

The Group is committed to minimising noise pollution from its manufacturing operations to safeguard the health of its workforce and maintain positive relationships with local communities. Our primary strategy is to reduce noise at its source through investment in quieter technology. A key example is at Mianyang Ruian, where a substantial investment was made to replace its air compressors. This upgrade has demonstrably reduced both operational noise levels and energy consumption. This initiative earned local recognition, with the facility's air compressor room receiving the Mianyang City "Energy-Saving and Emission-Reduction Label", highlighting its exemplary performance.

At JSA, a comprehensive system is in place to monitor noise levels and protect employees. The facility engages third-party experts to conduct quarterly noise level monitoring, which provides an objective and independent assessment of its performance against established standards. Alongside this monitoring, direct employee protection measures are strictly enforced. These include the provision of Personal Protective Equipment ("PPE"), such as earplugs, to all personnel in designated high-noise zones, and the implementation of a robust inspection and penalty mechanism to ensure full compliance with all noise safety protocols.

Through these proactive engineering and management measures, the Group continuously improves its noise control performance, contributing to a safer working environment and reducing our overall environmental footprint.

Green Office

The Group is committed to embedding sustainable practices within its office operations and fostering environmental awareness among employees throughout the organisation. Our headquarters is located in "The Henderson". The Henderson has obtained LEED v4 for Commercial Interiors and WELL Building Standard v2 certifications, which reflect design features intended to support energy efficiency, environmental performance and occupant well-being. As a tenant, the Group makes use of the building's sustainability amenities where available and participates in landlord-organised initiatives, such as programmes for food waste collection and decomposition, as well as coffee grounds collection and reuse, where operationally feasible. These arrangements are expected to contribute to reductions in waste and resource consumption in the Group's workplace and are consistent with its approach to responsible office operations. Further, via The Henderson mobile app, staff integrate ESG practices into their everyday routines, helping to serve green and healthy workplace lifestyles while building a sustainability-focused community.

Note:

1. For more details, please refer to page 51 of the BMW Brilliance Sustainability Report 2024.

Environmental, Social and Governance Report (Cont'd)

- *Energy*

The Group has implemented significant energy efficiency upgrades, anchored by a Group-wide transition to high-efficiency LED lighting. This project has yielded substantial savings in both energy and maintenance costs. The lighting upgrades are supported by solar-powered external streetlights and the use of skylights for natural illumination.

- Office: Upgraded to 16W LEDs, achieving ~33% energy savings.
- Warehouse: Replaced 150W luminaires with 80W LEDs.
- Car Park: Upgraded to 8W LEDs, yielding up to 90% energy savings.

The Group continues to adopt more environmentally friendly technologies. Key electricity-saving measures include:

- Displaying environmental protection signs such as “please turn off all the lights after work” in prominent positions in offices;
- Requiring employees to turn off electrical appliances before leaving;
- Keeping the air conditioning system operating at 26 degrees Celsius;
- Turning on air conditioners only on half the floor during overtime work to avoid unnecessary usage;
- Checking the electrical usage status regularly to prevent unnecessary waste; and
- Introducing new technology and new equipment to save energy for production activities.

These measures help ensure that the benefits of capital investments in energy-efficient equipment are reinforced by responsible day-to-day behaviours.

- *Paper and office materials*

In office and support functions, resource efficiency and responsible material use are also promoted. At Dongxing Automotive, A4 paper demand is consolidated by the office based on departmental submissions, with centralised procurement and consumption tracking. Printing devices are centrally managed by the IT department, and ink and consumables usage are recorded by the office. These practices support more efficient use of office materials and provide transparency over consumption patterns, allowing management to identify opportunities for further reduction.

- *Water*

We are committed to promoting the responsible and efficient use of water across our offices. To achieve this, several measures have been implemented, focusing on both employee awareness and operational efficiency:

- Fostering Employee Awareness: Signage is placed in prominent areas, such as restrooms and pantries, to continuously remind employees of the importance of water conservation.
- Installing Water-Saving Fixtures: Where feasible, movement-sensor taps are installed in restrooms to reduce wastage from unattended running water.
- Proactive Maintenance: A programme of regular maintenance for all water-related equipment is in place. Any leaking or damaged fixtures are repaired or replaced promptly to prevent water loss.

Environmental, Social and Governance Report (Cont'd)

EMPLOYEE AND SOCIETY

Employee Capital Management

The Group believes its people are the cornerstone of its sustainable success. We are committed to providing an open, safe and respectful working environment and to protecting human rights. All operations strictly adhere to applicable labour laws and regulations in the People's Republic of China, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》).

Employee Rights

The Group strictly prohibits the use of child and forced labour. This commitment is enforced through robust preventive measures, including mandatory identity verification for all candidates during recruitment, where failure to meet legal age and identity requirements results in immediate termination of the application process. Employment contracts clearly stipulate working hours, rest and leave entitlements, pay equity, and job duties; mandatory overtime is also not permitted. To ensure ongoing compliance, the Group conducts periodic human resources ("HR") audits and incorporates screenings into its contractor and supplier management processes. If such practices are discovered, we would take immediate steps including removal from hazardous work, wage settlement, provision of appropriate support, notification to authorities where required, and implementation of corrective and preventive actions across the affected site.

The Group has established a comprehensive human resources management system, with policies and procedures developed to ensure fair treatment and full compliance with local regulations at both the Group and subsidiary levels. Working hours, holidays and leave are managed in strict accordance with the laws of the relevant jurisdictions. Employees generally work eight hours a day, five days a week, and entitled to all statutory holidays and forms of leave, including but not limited to annual, sick, marriage, parental, and maternity leave. To encourage respectful and candid dialogues between workers and management, labour congress is established in subsidiary levels.

During the Reporting Year, the Group was not aware of any incidents of child or forced labour, nor of any non-compliance with applicable laws and regulations related to these matters.

Recruitment and Reserve

The Group is committed to attracting, developing and retaining talent, prioritising the hiring of local employees to support community relationship and sustainable group. A recruitment and selection policy such as Talent Acquisition and Attendance policies defines processes to improve quality and efficiency. Internal transfer opportunities are actively promoted to support career development within the Group.

Ningbo Yumin requires all new employees to complete induction training covering "must-know, must-do" items and company policies (including Administrative Measures for Labour Discipline). The induction training rate is 100%. The Human Resources department conducts weekly labour-discipline inspections (e.g. attire and PPE), issues notice and requires rectification where non-compliance is identified. Recruitment compliance at Ningbo Yumin includes rigorous resume and document review, identity verification at onboarding and a strict prohibition on the employment of minors. Individuals aged 16-18 are restricted to short-term internships. Overtime and Saturday shifts are pre-communicated and scheduled, with overtime pay or time off in lieu. Ningbo Yumin does not utilise labour dispatch services; flexible staffing arrangement is implemented during peak periods.

Dongxing Automotive has policies covering recruitment, probation, performance, personnel transfer and employee management. An Employee Handbook is planned to be rolled out by mid-2026.

To ensure that all employee dismissal is handled fairly and lawfully, the Group and its subsidiaries have established clear termination policies. These policies stipulate dismissal processes in strict accordance with legal requirements and expressly prohibit any form of unfair or unreasonable dismissal. During the Reporting Year, the Group's overall employee turnover rate was approximately 16.87%.

Environmental, Social and Governance Report (Cont'd)

Benefits and Well-Being

In line with the Labour Law of the PRC, the Group makes timely contributions to Five Insurances and One Fund (pension, medical, unemployment, work-injury, maternity and housing provident fund) for all employees in the PRC in accordance with local standards. Statutory holidays are provided, and work/rest schedules are arranged based on prescribed hours, workload and statutory requirements. Subsidiaries offer additional benefits, including commercial accident insurance, critical illness cover, hospital allowances, supplementary medical insurance (including cover for spouses and children) and full medical check-ups. We also provide canteen services for employees in the PRC. We regularly review our benefits package to remain compliant with local regulations and maintain competitiveness with market practices.

Ningbo Yumin has formulated Attendance Management Rules and Annual Leave Management Measures that set out working hours, leave categories, approval procedures and entitlements. Remuneration comprises a base salary plus performance-related pay. Social insurance contributions commence upon employment, and housing provident fund contributions commence upon probation confirmation. Festive benefits (including traditional holiday gifts) and role-based allowances (e.g. a mobile-phone allowance for Sales staff) are provided, alongside wedding and bereavement subsidies. The administration department operates the canteen, including Saturday service; a simple breakfast and main lunch and dinner are provided. Payroll practices meet internal compliance requirements and ensure statutory social insurance and housing provident fund contributions are made, with a target of 100% coverage of the Five Insurances and One Fund. Together, these measures enhance employee well-being and help foster a fair, orderly and caring workplace.

Each of JSA and Dongxing Automotive provide transport allowances and holiday gifts, has in place a union collective agreement and coordinates hardship assistance for employees. The companies' care measures include subsidies for major holidays, union-funded bereavement support, and accessible elevator revamp. Retirees are entitled to receive reimbursement of heating costs. These initiatives provide practical care and help employees and retirees feel supported and valued, and thus reinforcing a warm and considerate workplace culture.

BBAFC adopts a fixed-plus-variable remuneration structure, offers executive allowances or incentives, provides supplementary insurance (including travel accident and employer's liability cover), and organises health checks, including breast cancer screening and prenatal examinations. These arrangements support the recognition of employee performance, enhance employee protection, and promote preventive health management among employees.

Diversity and Equal Opportunity

The Group is committed to diversity, equal opportunity and fair treatment at all stages of employment. We provide equal opportunities for development, promotion, benefits, evaluation and training, and we do not tolerate discrimination based on gender, ethnicity, race, nationality, regional origin, family background, religious belief, political ideology or disability. In December 2025, the Board revised the Board Diversity Policy (《董事會成員多元化政策》) and adopted a Workforce Diversity Policy (《員工多元化政策》), formalising the Group's commitment to diversity and inclusion at all levels of the organisation. The Workforce Diversity Policy reinforces that all employment-related decisions are based on merit, free from any form of bias, and expressly prohibits discrimination or harassment based on gender, ethnicity, age, disability or any other attribute. The Group is dedicated to providing a safe, inclusive and supportive environment where all employees are valued, respected and empowered. In line with this, we actively support employees with disabilities by placing them in suitable roles that leverage their potential and talents.

Ningbo Yumin strictly implements the Employment Promotion Law and the Law on the Protection of Women's Rights and Interests. In 2025, women accounted for 19.89% of its employees. Policies governing organisational and personnel changes define transparent promotion pathways, including competitive selection for management roles through open application, qualification review, competitive presentation/defence and comprehensive assessment.

JSA ensures fair, non-discriminatory recruitment, execution of formal employment contracts, timely wage payments and responsive communication channels. Equal pay for men and women is upheld. Women's care measures include insurance and specialised health checks delivered via the municipal trade union, as well as organisation of engagement activities for International Women's Day. Support is provided for employees in hardship, with a focus on illness-related financial difficulties, and assistance is delivered respectfully via the union with privacy protection measures in place.

This expansion reflects our people management approach, which combines legal compliance and employee rights protection with robust recruitment practices, comprehensive benefits, and a commitment to diversity, equal opportunity and performance-based advancement. This approach fosters a fair, safe and engaging workplace, while supporting the Group's long-term success.

Environmental, Social and Governance Report (Cont'd)

Employee Engagement and Communication

The Group is committed to fostering open and constructive dialogue with its employees and has established multiple channels to ensure their voices are heard. While the Group encourages open communication at all levels, its subsidiaries also implement formal mechanisms tailored to their specific operational needs. In addition to regular communication and local feedback mechanisms, the Group maintains a formal Whistleblowing Policy (《舉報政策》), which provides a confidential and anonymous channel for employees and external parties to report suspected misconduct directly to the Company's audit committee. This comprehensive approach not only enhances employee satisfaction but also provides valuable insights for continuous improvement.

At Ningbo Yumin, we have formalised channels for employee feedback and engagement. Our Employee Satisfaction policy outlines a structured annual cycle: planning, surveying, analysis, feedback, and tracking. Every June, the Human Resources department conducts a company-wide survey on key areas such as pay and benefits, working environment, career development, and management communication. The findings are compiled into an Employee Satisfaction Report, which drives targeted improvements across the Group. This annual process is complemented by anonymous suggestion boxes, providing a continuous, year-round channel for employee feedback.

BBAFC conducts an annual employee engagement survey with strong positive results for culture and openness. The company operates a suggestion box and Supervisory Board channels, and offers an anonymous whistleblowing channel to the internal audit department under a supporting policy.

Occupational Health and Safety

The Group is committed to maintaining a safe and healthy workplace for all employees and strictly adheres to applicable laws and regulations in the PRC, including Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》) and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). The Group promotes employee well-being through regular physical examinations and by encouraging participation in cultural and sports activities. Concurrently, a robust framework for workplace safety is maintained through the implementation of ISO 45001:2018 Occupational Health and Safety Management Systems at all major subsidiaries. Additionally, BBA has maintained ISO 45001:2018 certification for OHS management systems across all manufacturing sites, as well as the Work Safety Standardisation Class II Certification issued by the Liaoning Province Emergency Management Department.¹

The Group remains committed to maintaining fair and transparent labour relations, strictly adhering to relevant laws and regulations to safeguard employees' rights and well-being. By continuing to refine its labour-relations management and strengthening its occupational health and safety mechanisms, the Group aims to support sustainable development for both the business and its employees. During the Reporting Year, the Group was not aware of any material non-compliance with relevant laws and regulations regarding occupational health and safety. In 2025, there were no work-related fatalities recorded across the Group, extending this record for the past three consecutive years. A total of 5 lost working days were recorded during the Reporting Year, resulting from a single work-related injury at Xing Yuan Dong.

Hazard Identification and Risk Control

The Group is committed to proactive hazard identification and risk control to ensure a safe operating environment. This is achieved through a multi-layered approach that includes formal management systems, regular site inspections, robust process safety controls, and a culture of continuous improvement.

Note:

1. For more details, please refer to page 87 of the BMW Brilliance Sustainability Report 2024.

Environmental, Social and Governance Report (Cont'd)

Subsidiaries employ structured processes for identifying and mitigating risks. At Ningbo Yumin, occupational injury incidents are handled strictly in accordance with the Administrative Measures for Accident Reporting, Investigation and Handling. The Work Safety Management Department classifies accident types, conducts investigations, fulfils hierarchical reporting procedures, submits investigation results, and maintains an accident history register. During the Reporting Year, Ningbo Yumin organised 35 safety-inspection actions (including routine patrols, holiday-specific checks, seasonal hazard screenings and special supervision), identified 389 safety hazards, and implemented rectification measures for all. Similarly, Mianyang Ruian embeds safety accountability through annual KPIs covering injuries, occupational diseases and major incidents, reinforcing a top-down commitment to safety performance. Meanwhile, JSA requires its safety engineers to exercise daily on-site patrols and encourages workers to report spotted safety hazards pro-actively, as a result, no casualties are recorded in the Reporting Year, outperforming its pre-set targets of less than 2% work-related major injuries and 3% minor ones.

Given the nature of its operations, we place a strong emphasis on process and chemical safety. At Ningbo Yumin's R&D site, hazardous chemical management has been standardised, with strict protocols for segregation and storage. To safeguard personnel and assets, its chemical warehouse is equipped with explosion-proof lighting and ventilation, anti-static facilities, and compliant explosion-proof cabinets. In the event of a chemical leak, clear emergency procedures are in place, requiring operators to use appropriate PPE from dedicated emergency supplies while prohibiting unauthorised access. This is complemented by a "snap-a-hazard" digital reporting tool, which has driven tangible improvements, including an increase in the timely rectification rate from 85% to 98% and a reduction in emergency response time to under two minutes. JSA is also enhancing its infrastructure, with plans to upgrade ageing fire-protection facilities and establish a dedicated, high-standard battery storage area.

Safety Culture and Emergency Preparedness

The Group is dedicated to fostering a robust safety culture and ensuring a high level of emergency preparedness across all its operations. This is achieved through a combination of infrastructure enhancements, comprehensive training, and the continuous reinforcement of safety awareness.

To mitigate fire risk at the source, the Group continuously invests in and maintains its safety infrastructure. For instance, JSA plans to upgrade its fire-protection facilities in 2026, establish a dedicated high-standard battery-storage area at its R&D centre, and require its safety engineers to conduct a minimum of four hours of on-site patrols daily. Across all sites, offices are equipped with first aid kits, and equipment such as air-conditioning systems undergoes regular maintenance to prevent potential hazards.

This commitment to safety is embedded in the workforce through comprehensive training programmes and daily practices. Mianyang Ruian, for example, implements a three-level safety induction for new employees, supplemented by annual training on safety, occupational health and fire prevention. This is reinforced by practical drills across the Group. During the Reporting Year, all Ningbo Yumin workplaces completed at least one fire drill, achieving 100% facility coverage, and employees in other locations participated in regular fire evacuation exercises. To ensure ongoing vigilance, JSA requires its safety engineers to conduct a minimum of four hours of on-site patrols daily, promoting the continuous monitoring and updating of risk controls in line with any process changes. All members of staff are required to report any safety hazard, when spotted, to the departmental deputy manager or to the compliance committee for follow-up actions.

Development and Training

The Group considers the professional developments of its employees a strategic priority for enhancing both individual capabilities and organisational expertise. A structured annual training plan is in place to improve the overall quality of the workforces, with a focus on comprehensive career development, core competencies, and professional knowledge. A diverse range of training programmes is delivered through both online and offline formats, covering topics such as:

- Professional Skills: Technical expertise, quality management, and business and product knowledge.
- Compliance and Ethics: Occupational health and safety, ESG principles, anti-corruption, and relevant rules and regulations.
- Leadership and Management: Management skills, leadership development and teamwork.

Environmental, Social and Governance Report (Cont'd)

These training initiatives are tailored to the specific needs of different employee levels, including frontline, mid-level and senior management, to ensure relevant and impactful learning across the organisation.

The Group's commitment to employee development is put into practice through structured and tailored training programmes at its major subsidiaries.

- At Ningbo Yumin, training is conducted in accordance with the Administrative Measures for Education and Training. The facility employs a multi-faceted approach that combines internal and external courses, master-apprentice mentoring, and on-the-job coaching. Annual plans are developed based on departmental needs and cover topics such as quality awareness, role-specific onboarding, technical workshop operations and R&D capability building. Execution is closely monitored, with detailed records maintained to ensure that training targets for key teams are achieved.
- JSA implements an annual company-wide training plan with a strong focus on safety and compliance. All new hires are required to complete a three-level safety education programme – comprising classroom instruction, on-site practice, and a final assessment – to ensure they possess the necessary safety awareness before commencing duties. In addition, employees participate in mandatory training on anti-corruption, safety and management, as required by the Group and relevant authorities.
- Mianyang Ruian formulates its annual training plan based on departmental needs, offering a combination of skills-based and theoretical modules. The company funds all training activities and maintains comprehensive records of attendance, hours and content categories.
- At BBAFC, an in-house online learning platform has been developed, enabling employees to access training and financial product knowledge materials remotely, thereby enhancing efficiency and reducing the need for travel.

During the Reporting Year, the Group provided a total of 97,196 hours of training, with 83% of the workforce participating. This represents an average of 46.71 training hours per employee. And both male and female received equal and fair opportunities (around 25 hours per employee) to upskill and develop. With the onboarding of a significant number of new employees during the year, training resources were allocated to support business continuity while ensuring their progressive integration into established training programmes. Looking ahead, the Group remains committed to enhancing the accessibility and effectiveness of its learning initiatives to support the professional growth of all employees.

Community Involvement and Volunteering

The Group is committed to conducting its business in a socially responsible manner and to making a positive contribution to the communities in which it operates. Our community engagement efforts are primarily focused on local community support and environmental protection. Through targeted philanthropic activities and employee volunteerism, both at the Group level and through our subsidiaries, we aim to address local needs and build a harmonious relationship with society. This approach not only allows us to give back to the community but also reinforces our commitment to being a responsible corporate citizen.

The Group's commitment to community engagement is demonstrated through a range of initiatives undertaken by its subsidiaries:

- In March 2025, the Party Committee of JSA participated in a city-wide "Community Contribution Day", organising a volunteer programme in partnership with the local community. Employee volunteers contributed to local environmental hygiene and the maintenance of public spaces, demonstrating a tangible commitment to community well-being.
- Ningbo Yumin encourages employee volunteerism through a structured framework led by the union with support from the Human Resources department. To facilitate participation, employees retain their normal pay when volunteering on workdays, and their contributions are given favourable consideration in performance appraisals. During the Reporting Year, the facility organised three distinct volunteer service activities, with over 20 employees participating.
- JSA engaged in a diverse range of community and public-welfare activities. These included employee-led volunteer initiatives such as community clean-ups and voluntary blood donations. A fundraising drive was also organised, which saw 30 participants raise approximately RMB8,000 for a local cause. Furthermore, the company participated in community co-governance actions, addressing practical local issues such as drainage improvements and road maintenance near the facility entrance.

Environmental, Social and Governance Report (Cont'd)

Case study: Engineering Science in Classrooms, Green Ideas Grow

Ningbo Yumin's product development volunteers took their day jobs into local classrooms, partnering with neighbourhood committees and primary schools to make engineering and environmental protection tangible for children. Over five lively sessions, they brought tailored "mechanics + environment" lessons and set up weekend experience zones where pupils could handle simple devices, test ideas and turn discarded materials into new creations. The momentum built quickly: more than 100 entries poured into a creative competition, and feedback showed a strong rise in environmental awareness, with over 60% of participating students saying they had learned how to reuse waste at home. By term's end, three schools had adopted the programme as an after-school feature, establishing a lasting company-community-school link that continues to grow.

Case study: Energy-saving upgrades for old-estate public mechanical facilities

In two ageing residential estates, Ningbo Yumin's engineers spent three months side by side with property managers and residents, diagnosing and fixing tired public systems. They introduced sensor lighting, fitted energy-saving bearings to pumps and refurbished worn gears in communal washing machines, upgrading 25 units across the estates. At weekend "home-appliance clinics", they serviced more than 30 appliances for over 200 households, shared simple retrofit guides and trained the on-site maintenance teams to keep improvements in place. The change was immediate and measurable: public-facility energy use fell by around 40% – about RMB2,000 in electricity savings each month – household fault rates dropped, and more than 80 homes completed their own energy-saving retrofits, typically cutting 30 kWh per month. Residents recognised the effort, and the local housing bureau listed the work as a public-interest renovation case.

Through these programmes, we seek to deepen employee engagement, strengthen community partnerships and provide practical support to local needs, reinforcing our commitment to social responsibility and sustainable development.

PRODUCTS AND SERVICES

Product Health and Safety

The Group provides a diverse range of automotive components, vehicles, and financial products and services to a broad customer base and is committed to upholding the highest standards of quality, safety and responsibility for all its offerings.

Parts and automotive components

For components production, the Group's manufacturing subsidiaries have issued clear operating guidelines for employees, including the Standard Operation Book (《作業標準書》), and established policies such as the Monitoring and Measurement Procedures for Products and Manufacturing Processes (《產品和製造過程的監視和測量程序》), Product Quality Assurance Agreement (《產品品質保證協議》), and the Non-Conforming Product Management Procedures (《不合格品管理程序》). These measures ensure product quality consistently meets defined standards, with the Quality Assurance Department overseeing verification across production. The Group's manufacturing subsidiaries hold active certifications for their quality management systems, including ISO 9001:2015 (Quality Management Systems) and, for automotive-related production, IATF 16949:2016 (Automotive Quality Management System Standard).

To ensure customer health and safety, robust product recall procedures are in place to promptly address and mitigate any potential safety risks. During the Reporting Year, no products sold or shipped by the Group's certified manufacturing entities were subject to a recall.

At Ningbo Yumin, production process compliance is governed by an ex-ante, in-process and ex-post framework supported by standardised procedures and layered checks at the company, department and team levels. Ex-ante prevention: verification of process documents (e.g. PFMEA, control plans, work instructions), equipment capability and operator qualifications before launch or change; In-process monitoring: on-line execution checks, patrols and layered process audits, with immediate correction of non-conformities to keep processes in control; Ex-post traceability and improvement: full product and record traceability, internal audits and corrective-and-preventive action ("CAPA"), management review and annual risk identification with update and closure tracking. This closed-loop approach ensures design intent is realised on the line, deviations are identified and corrected early, and compliance is demonstrable through complete records and traceability.

Environmental, Social and Governance Report (Cont'd)

Ningbo Yumin: Integrated Product Safety and Quality Across the Lifecycle

Stage	What they do	Why it matters
Design & R&D	Safety built into design: risk analysis (FMEA), 35 design reviews, 56 safety issues rectified	100% design verification pass
Incoming Inspection	Supplier safety audits; non-conforming raw materials quarantined or returned	99.8% acceptance of key raw materials
First-Article Approval	First product of each shift retained and approved before mass production	Ensures process compliance
Mass Production	Hourly operator self-inspection; 2-hour patrol checks; electronic records; 42 critical control points	99.9% product pass rate
Final Inspection & Release	Trained inspectors; release only against QA/customer-signed sample and work instruction ¹	Third-party sampling: 100% pass
Logistics Inspection	Safety inspections under QA7-03-18 ² ; rectification plan QR6-02-07-04 ³ ; visual management	June 2025 hazard corrected; no recurrence
After-Sales Monitoring	24-hour recall readiness; complaint handling and traceability	Average complaint response: 12.8 hours; 94% satisfaction; 100% recall completion; 98% customer retention

Financial products and services

BBAFC provides financing solutions across the NEV ecosystem. NEV-related business remained a key component of BBAFC's portfolio in 2025, accounting for 99.85% of new business volume. Customer satisfaction is measured after each interaction and used to guide continuous improvement. Distribution is primarily through OEM-owned direct stores with select partner brands (e.g. Li Auto, Xiaomi and Xpeng), and OEM budget funds support zero-/low-rate offers within approved parameters. Since the second half of 2024, intake thresholds have been raised and credit decisions prioritise sustainable repayment capacity; pricing and risk are co-governed with partner banks. Service quality is reinforced by OEM pre-/in-/post-loan ratings (service attitude, approval timeliness/leniency, complaint handling), which we aggregate and analyse by brand to strengthen product governance. Most campaigns are now delivered digitally and without the use of paper.

¹ Product Inspection Work Instruction

² QA7-03-18 Safety Inspection Procedure

³ QR6-02-07-04 Safety & 5S Rectification Plan

Environmental, Social and Governance Report (Cont'd)

Customer Service and Satisfaction

Customer satisfaction reflects the level of fulfilment that customers experience and is fundamental to strengthening loyalty and long-term relationships. During the Reporting Year, we received 14 customer complaints (down from 62 the previous year) and achieved a 100% resolution rate through established handling processes and appropriate follow-up. To underpin this, the Group has formal consumer rights protection guidelines, a customer complaint management policy and a retail customer complaint management task manual that define responsibilities and procedures across intake, investigation, resolution and escalation.

The Group prioritises quality, efficient service, proactive feedback management, transparent communication, post-purchase support and continuous improvement to build trust. To reinforce this, our subsidiaries run a national 24/7 hotline and email with full call logging, clear response and closure Service Level Agreements (“SLAs”), and post-resolution callbacks. Customers receive technical support (remote and on-site) and warranty cover for product-quality issues. All cases are recorded and closed through a Corrective and Preventive Action process, ensuring timely resolution and continuous improvement.

Service Quality Guarantee

We safeguard service quality through trained teams, documented procedures and traceable records from intake to closure. Around-the-clock access, clear response and closure timeframes, post-resolution callbacks, and warranty and technical support provide assurance beyond the point of sale, reinforced by disciplined complaint registers and management oversight.

In practice, this framework is applied by each business unit. The main measures we apply through our operations are as follows:

- JSA runs a national 24/7 “400” hotline with full call logging and categorisation, provides remote diagnostics and on-site technical assistance where needed, maintains unified national parts pricing, and honours a three-year/60,000 km warranty for product-quality issues.
- At Ningbo Yumin, service levels include a 24-hour first response and CAPA closure within seven working days, with quality assurance checks during production and QA-stamped outbound inspection reports to ensure traceability for customers.
- At Mianyang Ruian, a customer service control procedure sets response timelines. The sales team acts as the intake window and tracks cases end-to-end to CAPA closure using formal registers.
- At Dongxing Automotive, a customer service control procedure sets response timelines. Internal and external teams are deployed to cross-track deliverable-related KPIs, collect customers’ feedback, and examine the after-sale service quality. Annual consumer satisfactory report is published to reflect its service assurance.
- BBAFC has put in place a formal complaint handling mechanism to facilitate the timely receipt, recording, review and resolution of customer complaints. Complaints may be lodged through designated channels, including hotline and email. In addition, the Legal and Compliance Department conducts daily monitoring of the regulator’s 12378 consumer complaint hotline and handles referred cases in accordance with applicable regulatory requirements. Written replies are issued within the prescribed 15 working days. BBAFC also maintains comprehensive complaint registers and established protocols to ensure proper case management, follow-up and resolution.

This framework provides customers with consistent, timely support across the lifecycle. We track a common set of KPIs for response and closure times, satisfaction and recurrence and review results at the management level with clear escalation where required. Lessons from cases are fed into product updates, process improvements and staff training, and independent reviews and regulatory feedback are used to validate our controls, ensuring continuous improvement and compliance.

Environmental, Social and Governance Report (Cont'd)

Responsible Marketing and Product Labelling

We present our products and services accurately, transparently, and in clear language that customers can understand. Our materials reflect true performance, specifications and pricing, and we are moving steadily towards digital, paperless communications to reduce environmental impact. To help customers and partners make informed choices, we also provide product knowledge through an online training platform.

In practice, this commitment is upheld by each business unit. JSA maintains unified national parts pricing and communicates a clear volume-based discount schedule for key accounts, ensuring quotations match what customers ultimately pay. At Ningbo Yumin, QA-stamped outbound shipment documents travel with the goods, while labels carry traceability identifiers and comply with customer and regulatory requirements – giving buyers confidence in what they receive. Mianyang Ruian ensures that marketing materials and labels align with the General Purchasing Agreement and the Product Quality Assurance Agreement, ensuring product claims consistent with drawings and technical specifications. BBAFC adheres to regulatory expectations for customer communications. The regulator's 12378 consumer complaint hotline is monitored daily, with written responses issued within the mandated timelines, and most campaigns are delivered digitally to enhance clarity and reduce resource consumption.

Together, these measures mean our promises match our products. We subject marketing and labelling materials to internal review prior to their distribution, keep version-controlled records, and act on customer and regulatory feedback to refine content and templates. The outcome is clearer product information, enhanced compliance and, most importantly, greater customer trust.

Research and Innovation

The Group attaches great importance to research and development. New projects progress through defined stage-gates, with technical and safety requirements set by R&D, formal legal compliance review and stamping by the Legal Department, and Environment, Health, and Safety (“EHS”) approval before any pilot build or mass production. R&D activities operate within certified environmental and occupational health and safety systems at relevant sites. Further details are provided in “Occupational Health and Safety” section.

Process automation is a priority to enhance precision, quality and efficiency. To provide context, hot-press lamination is a critical step in battery cell assembly in which layers are precisely aligned and bonded under heat and pressure; historically, manual operations could lead to alignment variation, bubbles and lower throughput. Over the past two years (2024-2025), Ningbo Yumin has replaced manual lamination with an automated hot-press lamination line, supported by a manufacturing execution system (“MES”) to control and trace process parameters in real time. The project has achieved ± 0.08 mm alignment, a 0.3% bubble rate, a 5.2-second cycle per cell and 6.8 N/25 mm peel strength; unit cost has fallen from RMB0.80 to RMB0.35, and single-shift capacity doubled from 500 to 1,000 units. The technology is now applied to customer projects including the Great Wall Tank 300/500, strengthening both quality and cost competitiveness.

Advanced technology and materials development underpin the transition to NEVs and lightweight design. Ningbo Yumin's “Lab cell” serves as a prototype to validate new chemistries and designs before pilot and mass production. Achieving 380 Wh/kg at cell level demonstrates strong potential for an extended driving range for a given battery mass. In parallel, 800 V fast-charging systems with higher-voltage architectures that reduce current and heat to enable quicker charging are already in mass production with supply to three major OEMs, while continuous exploration is underway into wireless charging (via contactless inductive pads) and intelligent battery storage management (utilising advanced battery management and energy-optimisation software). Complementing these technological advancements, digital innovation includes a low-power edge AI chip that achieves approximately a 40% reduction in power consumption to extend device life and reduce heat generated in embedded applications, alongside privacy-preserving computing in smart terminals, which processes and protects data locally to strengthen security and compliance.

Climate-aligned roadmaps shape medium-term priorities. JSA is advancing a range-extended EV (“REEV”) pathway – REEVs are battery-electric vehicles equipped with an on-board generator to extend range, envisaging joint development and pilot validation in 2025-2026, followed by in-house integration and the first dedicated REEV platform in 2027-2028 (with logistics and passenger derivatives). Further iterations are planned through 2029-2030, including methanol or hydrogen range extenders, 800 V fast charging and adoption of silicon carbide (“SiC”). In parallel, a methanol technology pathway targets hard-to-electrify commercial segments, with a 2026-2040 roadmap from pilots to scale-up and integration across methanol internal-combustion engines and fuel-cell systems and refuelling infrastructure, leveraging green methanol and partnerships to mitigate policy, fuel and technological risks and drive low-carbon innovation.

Environmental, Social and Governance Report (Cont'd)

Customer-led innovation and method improvements are being progressed at Mianyang Ruian. New product development is driven by customer performance targets and operating boundaries, with continuous on-site improvement and cost-down activities executed alongside QA team. Process innovations such as “turn instead of grind” for end faces and replacing rough grinding with milling on steel are raising efficiency. In parallel, a three- to five-year lightweighting strategy aims to lead commercial-vehicle mass reduction by integrating body and chassis optimisation, one-piece casting and use of targeted high-performance materials to improve efficiency, driving range, safety and profit margins across two to three benchmark NEV logistics and light commercial vehicle models. At the current stage, weight reduction is primarily achieved through process and simulation optimisation, with further opportunities identified as materials and manufacturing technologies scale up.

Intellectual Property Protection

The Group recognises the critical importance of intellectual property (“IP”) rights to its business operations and reputation. Our IP management system is guided by strict adherence to applicable legislation, including the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) and the National Standards for “Enterprise Intellectual Property Management” (《企業知識產權管理規範》).

At the Group level, we ensure that all softwares and information are legally authorised and procure only licenced products. The Group maintains vigilance over its trademarks and domain names, monitoring for unauthorised usage and renewing registrations as necessary to preserve brand integrity. Furthermore, we foster a culture of respect for IP across the workplace, requiring all staff to seek proper authorisation for software installations to mitigate the risk of inadvertent infringement.

Subsidiary-Level Implementation

- Ningbo Yumin: The facility’s comprehensive approach is validated by its IP Compliance Management System certification, which was obtained in June 2024 and remains valid. A designated department and IP officer oversee all patent filings and records. Internally, policies such as the Commercial Secrets Management Implementation Measures are enforced through strict access controls for technical documents and secure destruction of obsolete materials. This protection extends to personnel, with non-compete and confidentiality arrangements for key technical staff, and to the supply chain via technical confidentiality agreements with suppliers. A Knowledge Management Procedure ensures end-to-end IP protection throughout the product development process. To drive innovation, the facility operates incentive programmes for patent filings and targets filing over 10 new patent applications annually.
- JSA: Following a period of production suspension and restructuring, JSA’s patent portfolio has been strategically refocused. During the Reporting Year, 15 new patent applications were filed to rebuild the portfolio in alignment with the subsidiary’s new strategic direction.

Supply Chain Management

The Group expects suppliers to uphold the same social responsibilities it observes. Contract terms require suppliers to comply with applicable laws and social responsibility standards and to cascade these obligations to their upstream providers, ensuring compliance across the chain. Our supplier base spans raw and auxiliary materials for vehicles, IT solutions, office supplies, transportation, renovation services, business process outsourcing and IT consulting. To ensure fair and transparent procurement, we operate procurement management guidelines such as the Supplier Management Control Programme (《供應商管理控制程序》) to govern processes and protect consumer rights and customer data.

Environmental, Social and Governance Report (Cont'd)

Supplier Compliance Management

During the Reporting Year, we strengthened supplier admission controls and enhanced environmental and social responsibility assessments during admission audits and evaluations. Key suppliers must submit qualification certificates, product performance records, environmental documentation and credit information for review and are monitored on an ongoing basis. We conduct on-site inspections to verify submissions and confirm capabilities in product development, production, quality control and delivery. Reports are reviewed by department heads and approved by general managers; qualified suppliers are added to the Qualified Supplier Directory (《合格供應商目錄》). Ongoing performance assessments cover technical capability, quality, cost and delivery. Suppliers that consistently fail to meet requirements are delisted from the Qualified Supplier Directory. We also monitor supply chain risks to minimise ESG-related exposure and require interest disclosure declarations by suppliers and relevant employees, with prohibitions on accepting benefits, to prevent conflicts of interest.

Ningbo Yumin maintains a pool of potential suppliers, screens licences and operating status, and conducts third-party risk checks before audit. Mandatory on-site audits are conducted by a cross-functional team using a unified checklist covering quality (“IATF”), environment, safety and labour. Admission to the Approved Vendor List is granted only after successful sample approval. Suppliers with unsuccessful sample validation are not admitted.

Certification thresholds (simple list)

- IATF 16949 as the core standard (higher thresholds for critical suppliers)
- Legacy suppliers: at least ISO 9001 and ISO 14001
- Surface-treatment suppliers: ISO 45001
- Category C suppliers (e.g. cartons/wood crates/some machining): preferably certified to a recognised quality system

To maintain a compliant supplier base, Mianyang Ruian conducts annual supplier audits with issue tracking, feedback and claims in accordance with quality or warranty agreements; manages non-conformance through corrective actions and effectiveness verification; and approves new suppliers following site audits led by Quality Department with the participation of the Procurement and Engineering Departments.

During the bidding process, Dongxing Automotive applies strict requirements for selecting qualified suppliers. Supplier admission uses a scoring card and on-site inspection covering quality, technology and commercial standards (including quality management system (“QMS”), safety management system (“SMS”) and EMS. A minimum pass score is required; otherwise, suppliers must rectify deficiencies or are replaced. Any new supplier must undergo the complete admission process.

JSA applies legal pre-reviews to standard contracts and locks clauses. Any changes require cost workflows and legal department sign-off before contract execution. Integrity compliance is enforced with 100% of suppliers signing integrity and anti-bribery clauses in accordance with Party or Discipline requirements.

Responsible Sourcing

Responsible sourcing is embedded in supplier admission and audit instruments and reinforced through certification thresholds for higher-risk processes. During the Reporting Year, the Group developed its Supplier Code of Conduct, which was formally approved by the Board on 27th March, 2026. The code outlines that the Group encourages all its business partners, including vendors, contractors and distributors, will uphold common principles related to human rights, fair labour practices, health and safety environmental stewardship and business integrity. These principles are integrated into the Group’s procurement processes, from supplier admission and auditing to ongoing performance management. Take the tendering assessment at JSA, it highlights management capacity (including such as environmental performance and efficiency index) as well as cost competitiveness for all new suppliers, rating them in a holistic approach.

In addition, the Group is actively exploring ways to further strengthen its responsible sourcing framework. The Group is currently in discussion with legal counsel and professional consulting firms with the aim of developing standardised ESG-related clauses for integration into the commercial contracts of its subsidiaries. The intention is to incorporate clear contractual requirements covering areas such as environmental protection, human rights, occupational health and safety, and anti-corruption, thereby making adherence to the Group’s sustainability standards a binding obligation for suppliers at the subsidiary level.

Environmental, Social and Governance Report (Cont'd)

GOVERNANCE AND ETHICS

The Group maintains a comprehensive governance framework that integrates legal compliance, ethical conduct and information security. Within this framework, we manage compliance and risk control, uphold business ethics and anti-corruption standards, and protect information security and privacy across all operations.

Compliance and Risk Control

We operate defined controls to prevent, detect and remediate non-compliance in daily operations. Compliance risks are monitored on an ongoing basis, including checks on regulatory indicators, potential violations, commercial bribery and unfair competition. Employees are obliged to report suspected serious violations to the Company's audit committee via the designated whistleblowing channel. The audit committee will review concerns and arrange investigations. For more details of our compliance and risk control, please refer to pages 61 to 64 of the Corporate Governance Report.

Business Ethics and Anti-corruption

The Group and its employees adhere strictly to all applicable laws and regulations concerning corruption, bribery and money laundering in the jurisdictions where it operates, including the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》). We maintain zero tolerance for corruption. In the event that a violation is identified, the Group is committed to taking swift and decisive action. This includes the cessation of the misconduct, the implementation of appropriate disciplinary and remedial measures and, where required by law, the referral of the matter to the relevant judicial authorities.

The Group has established a comprehensive anti-corruption framework, underpinned by its Anti-corruption Policy (《反貪污政策》), Conflict of Interest Policy (《利益衝突政策》), and Whistleblowing Policy (《舉報政策》). These policies are published on the Group's website, are periodically reviewed, and apply to all directors, management and employees of the Company and its wholly-owned subsidiaries.

The Conflict of Interest Policy defines standards of ethical conduct and requirements for disclosure and recusal. These policies are communicated through induction and regular training, and compliance is actively monitored.

The Group's Whistleblowing Policy provides a confidential channel for employees and other stakeholders to report suspected misconduct. Reports are made directly to the Company's audit committee via a designated email address. While reporters are encouraged to disclose their identity, anonymous reports containing sufficient information to allow for an effective investigation are also accepted. The audit committee is responsible for reviewing all reports and determining the appropriate investigation procedure. This may involve appointing an internal investigating officer or, for serious allegations, engaging external investigators. The policy ensures that individuals making reports in good faith are protected against unfair dismissal, unwarranted disciplinary action or any form of victimisation, and the confidentiality of the reporter's identity is maintained unless disclosure is required by law.

The Group actively monitors the usage and effectiveness of its whistleblowing channels. During the Reporting Year, no whistleblowing reports relating to misconduct or non-compliance were received. Accordingly, no substantiated cases, disciplinary actions or remedial measures were recorded.

Our subsidiaries also establish anti-corruption and whistleblowing mechanisms tailored to their specific operational contexts. For example, as per the requirement listed on JSA's Compliance Manual, all business opportunities derived from work-related circumstances belong to the company, instead of individual staff, and shall be duly recorded by the company's legal department. Besides, no member of its staff is allowed to make external political or benevolent donations under the name of the company, unless prior approval from the general manager has been obtained; whilst gift and donation in all kinds are strictly prohibited towards the company from the third party for favourable terms in return. Ningbo Yumin has issued its Administrative Measures for Anti-bribery and Anti-corruption, which define behavioural standards, preventive mechanisms and procedures for handling violations, thereby establishing clear integrity "red lines" for all employees. It also organises annual integrity training to strengthen awareness, particularly in key positions, and to foster a culture of integrity.

Environmental, Social and Governance Report (Cont'd)

To foster an ethical business culture, the Group provides anti-corruption training for both directors and employees. During the Reporting Year, directors and employees attended an online seminar conducted by an external professional firm, which covered relevant laws, regulations and best practices in anti-corruption. Additionally, staff in the Hong Kong office were provided with supplementary anti-corruption reading materials. Employees are periodically reminded to adhere to established internal guidelines and policies, and training materials are made available to reinforce their knowledge and awareness. For details on the training hours provided, please refer to the “ESG KEY PERFORMANCE” section of this Report.

During the Reporting Year, the Group was not aware of any material non-compliance with applicable laws and regulations relating to bribery, extortion, fraud and money laundering. Furthermore, no concluded legal proceedings regarding corrupt practices were brought against the Group or its employees.

Information Security and Privacy Protection

The Group places a high priority on the security of its information assets and the protection of customer privacy. This commitment is supported by a governance framework encompassing clear policies, technical controls and adherence to applicable laws and regulatory expectations. To strengthen resilience against cyber incidents and potential data loss, the Group maintains both on-premises and offline data backups. Furthermore, annual cybersecurity drills are conducted to test and refine incident response and recovery procedures.

BBAFC places the highest priority on data security and the protection of customer information, supported by a comprehensive governance system that encompasses policies, technology, processes and oversight. The company strictly adheres to all applicable laws and regulations, with its approach founded on internal policies including the Administrative Measures for the Protection of Personal Financial Information and the Operational Manual for Personal Financial Data Sharing. These policies are continuously monitored by the Internal Control and Compliance department to ensure alignment with the latest legal and regulatory requirements.

To implement these policies, strict technical and procedural controls are in place. These include:

- A data classification system that grades personal financial information (C3, C2, C1) based on sensitivity to ensure differentiated protection.
- Secure transfer protocols, mandating the use of encrypted channels for sharing high-sensitivity data externally.
- Robust access and authorisation controls, based on the principle of least privilege, requiring management approval for cross-departmental data transfers.

The resilience of this framework is validated through independent security assessments. During the Reporting Year, multiple rounds of professional penetration testing were conducted on key business systems. Furthermore, critical information systems, including the core credit and retail workflow systems, have obtained Multi-Level Protection Scheme (“MLPS”) Level 3 certification, providing authoritative verification of their security posture.

Mianyang Ruian is strengthening information security governance through updated policies and technical controls, a formal incident response plan, company-wide security training and defined roles for security and backups. MLPS-based risk identification informs tiered protection of systems, while on-premises and offline backups, along with annual emergency drills, enhance recovery capability.

Multi-layered oversight and accountability mechanism ensures effective execution. This includes regular employee training on data security laws and best practices, an annual independent audit of personal financial information protection conducted by the Internal Audit department with findings reported directly to senior management and the Board, and an internal accountability system for investigating and addressing any breaches.

Environmental, Social and Governance Report (Cont'd)

ESG KEY PERFORMANCE

Environmental Performance^{1,2}

ESG Code	Indicator	Unit	2025	2024
	Air Emissions³			
A1.1	– Nitrogen Oxides (“NO _x ”)	Tonnes	0.26	0.47
	– Sulphur Oxides (“SO _x ”)	Tonnes	0.003	0.002
	– Particulate Matter (“PM”)	Tonnes	0.012	0.15
	GHG Emissions⁴			
	Scope 1 GHG Emissions ⁵	tCO ₂ e	7,365.22	331.00
	Scope 2 GHG Emissions ⁶	tCO ₂ e	23,968.65	19,226.17
Part D 28	Total emissions (Scope 1+Scope 2)	tCO ₂ e	31,333.87	19,557.17
	Intensity⁵ of GHG emissions (Scope 1+2)	tCO ₂ e/RMB million Operating Income	26.51	17.84
	Scope 3 GHG Emissions	tCO ₂ e	237,012.50	304.18
	Hazardous Waste			
	Total hazardous waste	Tonnes	1,034.09	4,571.52
A1.3	– JSA	Tonnes	57.31	3,464.08
	– In scope entities, exclude JSA	Tonnes	976.78	1,107.44
	Intensity of hazardous waste	Tonnes/RMB million Operating Income	0.87	4.17
	Non-hazardous Waste			
A1.4	Total non-hazardous waste	Tonnes	766.77	70.68
	Intensity of non-hazardous waste	Tonnes/RMB million Operating Income	0.65	0.06
	Energy Consumption⁷			
	Total energy consumption (excluding renewable energy)	MWh	55,076.61	38,856.44
	Direct energy consumption			
	– Petrol	MWh	886.82	805.46
	– Diesel	MWh	418.16	525.62
A2.1	– Natural gas	MWh	8,256.50	3,007.65
	– Towngas	MWh	342.40	406.60
	Total Direct energy consumption	MWh	9,903.88	4,745.32
	Indirect energy consumption			
	– Purchased electricity	MWh	45,172.74	33,712.39
	Intensity of energy consumption	MWh/RMB million Operating Income	46.60	35.45
	Renewable electricity⁸	MWh	431.23	398.73

GHG emissions (Scope 3) represents categories 1, 2, 3, 11 & 15. The increase in the total Scope 3 emissions compared to 2024 is due to the inclusion of additional Scope 3 categories in 2025.

Environmental, Social and Governance Report (Cont'd)

ESG Code	Indicator	Unit	2025	2024
A2.2	Water Consumption			
	Total water consumption	m ³	173,112.52	151,676.00
	Intensity of water consumption	m ³ /RMB million Operating Income	146.46	138.40
A2.5	Packaging Material Used			
	Total Packaging Material Consumption	Tonnes	925.31	1,913.18
	– Plastic	Tonnes	77.01	78.91
	– Paper	Tonnes	571.31	1,819.01
	– Others (carton, wood, and metal)	Tonnes	276.99	15.26

Social Performance

ESG Code	Indicator	Unit	2025	2024
B1.1	Total employees at year-end	Person	2,081	1,606
	By Employment Type			
	– Full-time	Person	1,960	1,604
	– Others	Person	121	2
	By Gender			
	– Male	Person	1,667	1,215
	– Female	Person	414	391
	By Age Group			
	– 30 or below	Person	244	178
	– Between 31-50	Person	1,617	1,230
	– 51 or above	Person	220	198
	By Geographical Region			
	– Chinese Mainland	Person	2,072	1,606
– Hong Kong	Person	8	–	
– Other Countries	Person	1	–	

Environmental, Social and Governance Report (Cont'd)

ESG Code	Indicator	Unit	2025	2024
	Total employee turnover	Person	311	232
	Total employee turnover rate^o	%	16.87	16.76
	Employee turnover rate by gender			
	– Male	%	17.63	18.43
	– Female	%	14.16	12
	Employee turnover rate by age group			
B1.2	– 30 or below	%	45.02	18.18
	– Between 31-50	%	13.91	17.52
	– 51 or above	%	8.61	14
	Employee turnover rate by geographical region			
	– Chinese Mainland	%	16.87	16.76
	– Hong Kong	%	0	0
	– Other countries	%	0	0
B2.1	Number of work-related fatalities	Person	0	0
B2.2	Lost days due to work injury	Days	5	250
	Total training hours of employee	Hours	97,196	38,671
	Coverage rate of employee training by gender			
	– Male	%	83.88	76.43
	– Female	%	16.12	23.57
B3.1	Coverage rate of employee training by types of employees			
	– Senior management	%	1.73	2.95
	– Middle management	%	8.17	11.05
	– General employees	%	90.10	86.00
	Average training hours per employee by gender			
	– Male	Hours	24.43	26.38
	– Female	Hours	25.08	16.92
B3.2	Average training hours per employee by types of employees			
	– Senior management	Hours	49.04	25.68
	– Middle management	Hours	17.93	8.24
	– General employees	Hours	28.49	25.63

Environmental, Social and Governance Report (Cont'd)

ESG Code	KPI	Indicator	Unit	2025	2024
B5.1		Total number of suppliers¹⁰	Number	780	168
		– Chinese Mainland	Number	780	168
		– Hong Kong	Number	0	0
		– Others	Number	0	0
B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0
B6.2		Complaints of product and service	Number	14	62
		Percentage of complaints handled	%	100	100
B7.1		Confirmed incidents of corruption and action taken	Number	0	0
B7.3		Total training hours of anti-corruption	Hours	1,670.5	746.5
		Average training hours of anti-corruption per director and employee	Hours	0.80	0.46
		Coverage rate of employees participated in anti-corruption training	%	9.13	5

Notes:

- During the Reporting Year, the Group's subsidiaries JSA and Dongxing gradually stabilised and moved onto a more stable footing; as a result, the Group's environmental and social data for the period show an overall improvement relative to the prior year.
- Intensity was calculated by dividing the Group's operating incomes in 2025, amounting to RMB1,181.9 million.
- The Group's NOx, SOx and PM emissions primarily originate from mobile sources and fixed-energy combustion; these emissions comply with applicable laws and regulations, as well as relevant permits and standards, and are subject to ongoing monitoring and disclosure.
- The data of GHG emissions are calculated with reference to the Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises, the Sixth Scientific Assessment Report of IPCC (2023) and the data released by government authorities.
- GHG emissions (Scope 1) are direct emissions from the use of direct energy such as natural gas, gasoline, and diesel.
- GHG emissions (Scope 2) are indirect emissions from the use of purchased electricity and steam. The emission factor of 0.5306 kgCO₂/kWh is used, referencing the 2023 national grid average CO₂ emission factors by the Ministry of Ecology and Environment and the National Bureau of Statistics.
- Energy consumption data is calculated with reference to the General Rules for Calculation of the Comprehensive Energy Consumption (GB 2589-2020). According to the relevant conversion coefficients of the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020) and Natural Gas (GB 17820-2018), direct energy consumption, indirect energy consumption, total energy consumption, and energy consumption density are calculated in MWh.
- Generated by the distributed solar photovoltaic power system at Ningbo Yumin.
- Turnover rate represents the total number of leaver during the year divided by the average of opening and closing number of employee as at 31 December 2025.
- JSA has reviewed and enhanced its supplier management framework, including policies, governance and processes during the Reporting Year. The system is being continually updated, and supplier tiering and classification management is being implemented. Other subsidiaries are also advancing their supply chain practices to strengthen oversight and consistency across the Group.

Independent Auditor's Report



**TO THE MEMBERS OF
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Brilliance China Automotive Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 115 to 202, which comprise the consolidated statement of financial position as at 31st December, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st 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 with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (Cont'd)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion on the Group's consolidated financial position thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How the matter was addressed in our audit

Interest in a major associate

The Group's 25% interest in BMW Brilliance Automotive Limited ("BBA") (note 15), is accounted for under the equity method. The Group's share of BBA's net assets was approximately RMB11,240,906,000 as at 31st December, 2025. The amounts noted below are those in the BBA financial statements (i.e. on a 100% basis).

In the context of our audit of the consolidated financial statements, the key audit matters relating to the Group's share of the net assets of BBA are summarised below:

- Sufficiency of warranty provision – BBA's warranty provision is mainly related to product guarantees for vehicles sold. As at 31st December, 2025, the warranty provision balance of BBA was approximately RMB5,338,132,000.

BBA is a major associate of the Group and is audited by an auditor other than Grant Thornton (the "Component Auditor"). We have met with the Component Auditor and discussed their identified audit risks and audit approach and have reviewed their work papers and discussed with them the results of their work. Together with their reporting package provided to us in accordance with our audit instructions, we have determined that the audit work performed and evidence obtained were sufficient for our purpose. We have met with the Group's management and have discussed with them and evaluated the impact on the consolidated financial statements of the key audit matters relating to BBA.

The audit procedures performed on the sufficiency of warranty provision included the following:

- obtaining an understanding of the process for determining the assumptions and parameters employed in the estimation of warranty provision;
- evaluating the appropriateness as well as effectiveness of controls for determining the assumptions and parameters; and
- evaluating the reasonableness of significant parameters.

Independent Auditor's Report (Cont'd)

KEY AUDIT MATTERS (Cont'd)

Key audit matter	How the matter was addressed in our audit
<p>Expected credit loss (“ECL”) allowances assessment on accounts receivable from third parties and affiliated companies, loan receivables, other receivables, and amounts due from affiliated companies (collectively referred to as “Receivables”)</p> <p>As at 31st December, 2025, the Group had, net of corresponding ECL allowances, (i) accounts receivable from third parties and affiliated companies of approximately RMB408,323,000; (ii) loan receivables of approximately RMB2,111,796,000; (iii) other receivables of approximately RMB235,070,000; and (iv) amounts due from affiliated companies of approximately RMB32,178,000.</p> <p>Management applied a simplified approach in calculating ECL allowance on accounts receivable from third parties and affiliated companies and recognised loss allowances based on lifetime ECL at each reporting date.</p> <p>And the Group measured the ECL allowances for other financial assets measured at amortised cost (including loan receivables, other receivables and amounts due from affiliated companies) at the 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognised lifetime ECL.</p> <p>The Group used judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting date.</p> <p>As a result, the impairment assessment involved significant management's judgement and use of estimates in the evaluation of ECL.</p>	<p>Our audit procedures in relation to the impairment assessment on Receivables included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of the basis of management's judgements about the recoverability of Receivables and evaluating the full provision of uncollectible amounts made by management for those individual balances with reference to correspondence between the Group and the debtors, the recovery plan and corroborated the inputs with our understanding of the matter and externally available information;• assessing the reasonableness of estimates used to determine the ECL allowance by considering cash collection performance against historical trends, default rates and forward-looking factors included in the assessment and considering any indicators for change in credit risk;• testing the arithmetical accuracy of the calculations and the data integrity of information used by management to develop the provision matrix, including account receivables' ageing analysis as at 31st December, 2025, on a sample basis;• Involving the valuation specialist to assess the ECL allowance and comparing to the management's estimation; and• evaluating the disclosures regarding the ECL allowance assessment of Receivables in notes 18, 21, 23 and 33 to the consolidated financial statements.

Independent Auditor's Report (Cont'd)

OTHER INFORMATION

The directors are responsible for other information. The other information comprises all information included in the 2025 annual report of the Company, but does not include 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 are responsible 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 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 HKSAs 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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.

Independent Auditor's Report (Cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- 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 to 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.

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.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

27th March, 2026

Han Pui Yu

Practising Certificate No.: P07101

Consolidated Statement of Profit or Loss

For the year ended 31st December, 2025

(Expressed in thousands of RMB except for earnings per share amounts)

	Note	2025 RMB'000	2024 RMB'000
Revenue	5	1,181,922	1,095,949
Cost of sales		(1,018,436)	(902,069)
Gross profit		163,486	193,880
Other income and other gains, net		208,947	23,578
Interest income		124,176	417,838
Selling expenses		(53,882)	(53,602)
General and administrative expenses		(631,858)	(528,637)
Net (provision) reversal of expected credit loss ("ECL") allowance on loans and receivables		(994)	109,159
Finance costs	6	(5,541)	(3,684)
Share of results of:			
Associates		2,566,256	4,361,370
A joint venture		(62,067)	–
Profit before income tax expense	7	2,308,523	4,519,902
Income tax expense	8	(446,314)	(1,474,278)
Profit for the year		1,862,209	3,045,624
Attributable to:			
Equity holders of the Company		1,985,686	3,101,075
Non-controlling interests		(123,477)	(55,451)
		1,862,209	3,045,624
Earnings per share	9		
– Basic		RMB0.39357	RMB0.61465
– Diluted		RMB0.39357	RMB0.61465

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	1,862,209	3,045,624
Other comprehensive income (expense) that will be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Share of other comprehensive income (expense) of associates	1,399,131	(947,404)
Fair value (loss) gain on notes receivable at fair value through other comprehensive income ("FVOCI")	(257)	39
	1,398,874	(947,365)
Other comprehensive (expense) income that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Share of other comprehensive income of a joint venture	4,393	–
Change in fair value of equity investments	(73)	68
	4,320	68
Total comprehensive income for the year	3,265,403	2,098,327
Attributable to:		
Equity holders of the Company	3,388,880	2,153,778
Non-controlling interests	(123,477)	(55,451)
	3,265,403	2,098,327

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2025

	Attributable to the owners of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment fair value reserve RMB'000	FVOCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Capital reserve RMB'000			
As at 1st January, 2025	397,176	(570,359)	2,476,082	(9,656)	(479)	39,179	120,000	23,609,035	1,036,903	27,097,881
Transactions with equity holders of the Company										
Dividends (note 10)	-	-	-	-	-	-	-	(8,423,338)	-	(8,423,338)
Profit for the year	-	-	-	-	-	-	-	1,985,686	(123,477)	1,862,209
Other comprehensive income										
Share of other comprehensive income of associates	-	1,399,120	-	-	11	-	-	-	-	1,399,131
Share of other comprehensive income of a joint venture	-	-	-	4,393	-	-	-	-	-	4,393
Change in fair value of financial assets	-	-	-	(73)	(257)	-	-	-	-	(330)
Total other comprehensive income	-	1,399,120	-	4,320	(246)	-	-	-	-	1,403,194
Total comprehensive income	-	1,399,120	-	4,320	(246)	-	-	1,985,686	(123,477)	3,265,403
As at 31st December, 2025	397,176	828,761	2,476,082	(5,336)	(725)	39,179	120,000	17,171,383	913,426	21,939,946

Consolidated Statement of Changes in Equity (Cont'd)

For the year ended 31st December, 2025

	Attributable to the owners of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment fair value reserve RMB'000	FVOCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Capital reserve RMB'000			
As at 1st January, 2024	397,176	377,084	2,476,082	(9,724)	(507)	39,179	120,000	47,718,864	773,081	51,891,135
Transactions with equity holders of the Company										
Reconsolidating a subsidiary	-	-	-	-	-	-	-	-	319,323	319,323
Dividends (note 10)	-	-	-	-	-	-	-	(27,210,904)	-	(27,210,904)
Profit for the year	-	-	-	-	-	-	-	3,101,075	(55,451)	3,045,624
Other comprehensive expense										
Share of other comprehensive expense of associates	-	(947,383)	-	-	(11)	-	-	-	-	(947,404)
Change in fair value of financial assets	-	-	-	68	39	-	-	-	-	107
Total other comprehensive expense	-	(947,383)	-	68	28	-	-	-	-	(947,297)
Total comprehensive income	-	(947,383)	-	68	28	-	-	3,101,075	(55,451)	2,098,327
As at 31st December, 2024	397,176	(570,358)	2,476,082	(9,656)	(479)	39,179	120,000	23,609,035	1,083,908	27,097,881

Consolidated Statement of Financial Position

As at 31st December, 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Intangible assets	12	129,393	131,425
Property, plant and equipment	13	1,273,303	1,297,242
Land lease prepayments	14	69,674	71,792
Interests in associates	15	12,296,010	12,450,008
Interests in a joint venture	16	642,326	–
Equity investments	17	1,766	1,839
Long-term loan receivables	18	1,286,784	1,602,089
Prepayments for property, plant and equipment		82,169	–
Other non-current assets		50,027	131,707
Total non-current assets		15,831,452	15,686,102
Current assets			
Cash and cash equivalents		4,500,027	10,539,550
Statutory deposit reserves at central bank		–	42,500
Short-term bank deposits	19	708,965	582,115
Inventories	20	516,607	260,658
Accounts receivable	21	408,323	403,551
Notes receivable	22	164,243	82,498
Short-term loan receivables	18	825,012	942,521
Other current assets	23	625,533	566,220
Total current assets		7,748,710	13,419,613
Current liabilities			
Accounts payable	24	447,595	260,379
Notes payable		209,930	279,853
Other current liabilities	25	537,034	408,187
Short-term bank borrowings	27	–	330,000
Income tax payable		3,475	3,031
Provision for loss	28	276,732	554,199
Total current liabilities		1,474,766	1,835,649
Net current assets		6,273,944	11,583,964
Total assets less current liabilities		22,105,396	27,270,066

Consolidated Statement of Financial Position (Cont'd)

As at 31st December, 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Other non-current liabilities	25	165,450	172,185
NET ASSETS		21,939,946	27,097,881
Capital and reserves			
Share capital	31(a)	397,176	397,176
Reserves	32	20,629,344	25,663,802
Total equity attributable to equity holders of the Company		21,026,520	26,060,978
Non-controlling interests		913,426	1,036,903
TOTAL EQUITY		21,939,946	27,097,881

Zhang Yue
Director

Jiang Bo
Director

Consolidated Statement of Cash Flows

For the year ended 31st December, 2025

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash (used in) generated from operations	34(a)	(401,760)	639,967
Interest and financing service income received		268,293	620,013
Corporate income tax paid		(445,870)	(1,474,187)
Net cash used in operating activities		(579,337)	(214,207)
Investing activities			
Acquisition of property, plant and equipment and additions of intangible assets		(226,199)	(142,537)
Prepayments made for acquisition of property, plant and equipment		(82,169)	-
Investment in an associate		(240,000)	-
Investment in a joint venture		(700,000)	-
(Increase) decrease in short-term bank deposits		(126,850)	1,918,860
Dividends received from associates		4,319,170	7,653,980
Net cash paid at time of resumption of control in JSA	35	-	(1,003,338)
Compensation received from government		234,199	217,203
Proceeds from disposal of property, plant and equipment		33,584	73
Capital returned from an equity investment		-	1,564
Increase in other non-current assets		81,680	(1,627)
Net cash generated from investing activities		3,293,415	8,644,178
Financing activities			
Payment of lease liabilities	34(b)	(19,189)	(19,582)
Government grants received	34(b)	2,087	3,588
Proceeds from bank borrowings	34(b)	430,000	790,000
Repayments of bank borrowings	34(b)	(760,000)	(1,384,500)
Dividends paid		(8,423,338)	(27,210,904)
Settlement of provision for loss		-	(915,745)
Finance charges paid for lease liabilities		(5,412)	(3,684)
Interest paid		(129)	-
Net cash used in financing activities		(8,775,981)	(28,740,827)
Decrease in cash and cash equivalents		(6,061,903)	(20,310,856)
Cash and cash equivalents, as at 1st January,		10,539,550	30,845,795
Retranslation of cash and cash equivalents		22,380	4,611
Cash and cash equivalents, as at 31st December,		4,500,027	10,539,550

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

1. CORPORATE INFORMATION

Brilliance China Automotive Holdings Limited (the “**Company**”) was incorporated in Bermuda on 9th June, 1992 with limited liability. The Company’s shares are traded on the main board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”). The address of the registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the operating subsidiaries are in the People’s Republic of China (the “**PRC**”).

Shenyang Automobile Group Co., Ltd. (“**Shenyang Automobile**”, formerly “Shenyang Automobile Co., Ltd.”) is currently indirectly holding 29.99% equity interest in the Company and is considered as the single largest shareholder of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are the manufacture and sale of BMW vehicles and components in the PRC through its major associate, BMW Brilliance Automotive Ltd. (“**BBA**”), the manufacture and sale of non-BMW vehicles and automotive components through its subsidiaries, Jinbei (Shenyang) Automotive Co., Ltd. (“**JSA**”), Ningbo Yumin Machinery Industrial Co., Ltd (“**Ningbo Yumin**”) and Mianyang Brilliance Ruian Automotive Components Co., Ltd. (“**Mianyang Ruian**”), and the provision of auto financing service through its subsidiary, Brilliance-BEA Auto Finance Co., Ltd. (“**BBAFC**”).

2. MATERIAL ACCOUNTING POLICIES

2.1. Statement of compliance

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“**HKFRS Accounting Standards**”) and the accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”).

These consolidated financial statements have been prepared on the basis consistent with the accounting policies adopted in the 2024 consolidated financial statements, except for the adoption for the first time the amended HKFRS Accounting Standards (collectively “**Amended HKFRS Accounting Standards**”) issued by the HKICPA, which are relevant to and effective for the annual consolidated financial statements for the annual period beginning on or after 1st January, 2025. The details of the respective amended HKFRS Accounting Standards are set out in note 2.2.

2.2. Adoption of Amended HKFRS Accounting Standards

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” (“**HKAS 21**”) which are effective for the Group’s consolidated financial statements for the annual period beginning on 1st January, 2025.

These amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments do not have a material impact on the financial statements of the Group.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.3. Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for financial instruments classified as finance assets which are measured at FVOCI and fair value through profit or loss ("FVTPL") as explained in note 2.9 below.

2.4. Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, 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. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In consolidated financial statements, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.4. Basis of consolidation (Cont'd)

(i) *Subsidiaries* (Cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gains or losses have been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 “*Financial Instruments*” or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

(ii) *Non-controlling interests*

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

(iii) *Associates and joint ventures*

An associate is an entity, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and the Group or Company has significant influence, but not control or joint control over its management. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the associate’s or the joint venture’s net assets and any impairment losses related to the investment. The consolidated statement of profit or loss includes the Group’s share of the post-acquisition, post-tax results of the associates and joint ventures for the year, including any impairment loss on goodwill relating to the investment in associates and joint ventures recognised for the year. The Group’s other comprehensive income for the year includes its share of the associate or joint venture’s other comprehensive income for the year.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.4. Basis of consolidation (Cont'd)

(iii) *Associates and joint ventures* (Cont'd)

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Where unrealised losses on asset sales between the Group and its associates or joint ventures are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.4. Basis of consolidation (Cont'd)

(iv) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities, including the Company, subsidiaries and associates, are all measured using Renminbi ("RMB") which is the currency of the primary economic environment in which the entities operate (the "functional currency").

Transactions in currencies other than the functional currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in other currencies at the reporting date are re-translated into the functional currency at rates of exchange prevailing at the reporting date. Exchange differences arising in these cases are dealt with in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

Cumulative translation adjustments under shareholders' equity represent exchange differences arising from the Company's change in functional currency in previous years.

2.5. Intangible assets

(i) Research and development costs

Research costs are charged to profit or loss as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are capitalised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so; costs are identifiable and can be reliably measured and there is an intention and ability to sell or use the asset for generating future economic benefits. Such development costs include the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable, and are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over 5 to 10 years. Development costs that do not meet the above criteria are charged to profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

(ii) Acquired intangible assets

Acquired intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over the estimated useful lives of 5 to 10 years.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.6. Property, plant and equipment

Property, plant and equipment, including land and buildings (if any) but other than construction-in-progress, and cost of right-of-use assets as described in note 2.19 are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net sales proceeds and the carrying amount of the assets and is recognised as income or expense in the profit or loss.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction-in-progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values of 5-10%, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	20-30 years
Machinery and equipment	10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Tools and moulds	5-10 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.7. Construction-in-progress

Construction-in-progress represents factories, office buildings and intangible assets for which construction work has not been completed and machinery pending installation and which, upon completion, management intends to hold for production or own use. Construction-in-progress is carried at cost which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less accumulated impairment losses. On completion, the construction-in-progress is transferred to corresponding classes of property, plant and equipment or intangible assets at cost less accumulated impairment losses. Construction-in-progress is not depreciated or amortised until such time as the assets are completed and ready for their intended use.

2.8. Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all of the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land lease prepayments" (which meet the definition of right-of-use assets) in the consolidated statement of financial position and is depreciated over the term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.9. Financial instruments

(i) *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all of their risks and rewards are transferred. Financial liabilities are derecognised when they expire, or when they are extinguished, discharged, cancelled or expired.

(ii) *Classification and initial measurement of financial assets*

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair values, and in case of financial assets not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for expected credit loss ("ECL") allowance on loans and receivables which is presented as a separate item in profit or loss.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.9. Financial instruments (Cont'd)

(iii) *Subsequent measurement of financial assets*

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, statutory deposit reserves at central bank, bank deposits, loan receivables, accounts receivable, other receivables and amounts due from affiliated companies fall into this category of financial instruments.

Financial assets at FVOCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, the respective financial assets are classified as financial assets at FVOCI. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss. The Group's notes receivable falls into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “investment fair value reserve” in equity. Such elections are made on an instrument-by-instrument basis, but will only be made if the investment meets the definition of equity from the issuer's perspective.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.9. Financial instruments (Cont'd)

(iii) *Subsequent measurement of financial assets* (Cont'd)

Debt investments (Cont'd)

Equity investments (Cont'd)

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in investment revaluation reserve will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as other income in profit or loss.

(iv) *Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings, lease liabilities, trade and other payables, and derivative financial instruments.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in note 2.19.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.9. Financial instruments (Cont'd)

(iv) *Classification and measurement of financial liabilities* (Cont'd)

Derivative financial instruments

Derivative financial instruments are recognised at fair value at the end of each reporting date with gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under HKFRS 9.

2.10. Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL – the “ECL Model”. Instruments within the scope include loans and other debt-type financial assets measured at amortised cost and FVOCI, accounts receivable recognised and measured under HKFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”); and
- financial assets that have objective evidence of impairment at the reporting date (“**Stage 3**”).

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 and Stage 3 categories.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.10. Impairment of financial assets (Cont'd)

(i) *Accounts receivable*

For accounts receivable, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, accounts receivable has been grouped based on the characteristics of credit.

(ii) *Loan receivables*

ECL allowances of loan receivables which are not credit-impaired, are considered based on 12-month ECL and estimated on collective basis taking into consideration of information such as past due status, customer age group, historical default record, collaterals (subject motor vehicles), ECL allowance rate recommended by regulators with available and forward-looking macroeconomic information and market of motor vehicle financing. The Group assesses the changes of credit risk since initial recognition of loan receivables at each balance sheet date. If the credit risk has increased significantly since initial recognition of the loan receivables, the Group recognises loss allowance at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the loan receivables, the Group recognises loss allowance at an amount equivalent to 12-month ECL. The Group has rebutted the presumption that, the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, as it has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. For stage determination, number of days past due is considered as an indicator which is recommended by regulators. Loan receivable which is more than 120 days past due is considered as credit-impaired. The Group considers a loan receivables as defaulted when the loan borrowers fail or are legally determined unable to repay principal and respective interest in accordance with loan agreements; and/or breach any terms of loan agreements including any changes in credit quality, ownership or legality of pledged assets and/or guarantees. The increase or reversal of credit loss provision for loan receivables is recognised as impairment loss or gain and included in profit or loss for the period. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The following criteria are applied to determine whether loans receivables should be written off:

- Account over 120 days of delinquency on the last day of the calendar month and has no repayment possibility and willingness according to collection records.
- Account less than 120 days of delinquency on the last day of the calendar month, but there is strong evidence to suggest that the account cannot be fully recovered, backed up by documentation (e.g. litigation result, confirmed fraud).
- Account less than 120 days of delinquency on the last day of the calendar month where the collateral has been liquidated, however the realised proceeds (resale, repayment by third party, third party settlement and insurance) do not fully cover the outstanding amount of the account. Delinquent debts of a small amount, where collections cost related to owed amount does not justify further collections activity.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.10. Impairment of financial assets (Cont'd)

(iii) Other receivables and other financial assets measured at amortised cost and debt investments at FVOCI

The Group measures the loss allowance for other receivables and amount due from affiliated companies which is equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition and the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of accounts receivable and other financial assets measured at amortised cost and debt investments at FVOCI are set out in note 4(a).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.10. Impairment of financial assets (Cont'd)

(iv) *Financial guarantee contracts*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

2.11. Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.9).

2.12. Financial guarantees contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other current liabilities. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income. The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e., the amount initially recognised less accumulated amortisation, where appropriate.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.10 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

2.13. Impairment of non-financial assets

At each reporting date, the Group reviews internal and external sources of information to determine whether its intangible assets, interests in subsidiaries, associates and a joint venture, property, plant and equipment (including right-of-use assets), land lease prepayments and prepayments for property, plant and equipment have suffered impairment losses, or whether an impairment loss previously recognised no longer exists or may be reduced. If any such indication is found, the recoverable amount of the asset is estimated based on the higher of its fair value less costs of disposal, and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit). The Group determines whether an asset is impaired at least on annual basis or where an indication of impairment arises. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.13. Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's 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.

2.14. Inventories

Inventories comprise raw materials, work-in-progress and finished goods and are stated at the lower of cost and net realisable value. Costs comprise all costs of purchase, direct labour, and an appropriate proportion of all production overheads and other costs incurred in bringing the inventories to their present location and condition. Costs are calculated on the moving weighted-average basis. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

2.15. 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.

Deposits with banks or other financial institutions with a maturity of more than three months and within one year at acquisition are classified as short-term deposits.

Pledged short-term deposits are the same as short-term deposits except that these deposits are pledged to banks for banking facilities granted.

Statutory deposit reserves at central bank is not available for use by the Group as they are mandatory deposits at central banks.

2.16. Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation 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.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.17. Share capital

Ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction are deducted from the share premium.

2.18. Government grants

Grants from government are recognised at their fair values. Conditional government grants are recognised in the consolidated statement of financial position initially as deferred government grants when there are reasonable assurance that the grants will be received and that the Group will comply with the conditions attached. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the costs of construction-in-progress, development of new or improved products, property, plant and equipment and land lease prepayments are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Any unconditional grant is recognised in profit or loss as revenue when the grant becomes receivable.

The deferred government grant recognised in the consolidated statement of financial position mainly represents the government grant received for the compensation of land lease prepayments without conditional clause.

2.19. Leases

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease, the Group allocates the consideration in the contract to each lease on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.19. Leases (Cont'd)

The Group as a lessee (Cont'd)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of machinery and equipment.

On the consolidated statement of financial position, right-of-use assets are included in property, plant and equipment, based on their nature, in the same line as if the assets of same nature are owned by the Group.

The prepaid lease payments for leasehold land are presented as "Prepaid lease payments" under non-current assets.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.20. Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus plans*

Bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Pension obligations*

The Group's contributions to defined contribution retirement plans administered by the government of the PRC are recognised as an expense in profit or loss. The assets of the schemes are held separately from those of the Group in independently administered funds. Further information is set out in note 30.

Contributions made to the Mandatory Provident Retirement Benefit Scheme for the Group's employees in Hong Kong are charged to profit or loss when incurred. There is no forfeited contribution when employees leave the MPF Scheme.

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remain with the Group.

The long service payment ("LSP") obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsettable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period.

In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met. The LSP are defined benefits plans.

2.21. Income tax expense

Income tax expense in profit or loss comprises current and deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. All changes to current tax assets or liabilities are recognised as a component of tax expenses in profit or loss.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the reporting date are used to determine deferred taxation.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.21. Income tax expense (Cont'd)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit and does not give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred taxation is provided on temporary differences arising from investments in subsidiaries, a joint venture and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.22. Revenue recognition

Revenue arises mainly from the sales of non-BMW vehicles and automotive components, and interest income and service charge income from the provision of auto financing service.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

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

Sale of non-BMW vehicles and automotive components

Revenue from the sale of non-BMW vehicles and automotive components is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods or service transferred are due upon receipt by the customer.

Sales-related warranties associated with automobiles cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised if it is material.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.22. Revenue recognition (Cont'd)

Finance service fee

Finance service fee for administrative service provided to customers in relation to the financing arrangement is recognised when the respective service is conducted.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23. Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors and the chief operating decision makers for their decisions about resource allocation to the Group's business segments, which are determined by the Group's different brands of vehicles or different nature of business, and their respective performances.

The Group has identified the following reportable segments:

- (1) the manufacture and sale of non-BMW vehicles and automotive components;
- (2) the manufacture and sale of BMW vehicles and components; and
- (3) the provision of auto financing services.

The measurement policies the Group adopts for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRS Accounting Standards, except that the following items are not included in arriving at the segment results of the operating segments:

- expenses related to share-based payments;
- share of results of associates;
- share of results of a joint venture;
- interest income;
- finance costs;
- corporate income and expenses which are not directly attributable to the business activities of any operating segment; and
- income tax expense.

In addition, the operating results of the operating segments include completed segment results of the manufacture and sale of BMW vehicles and components through BBA, which are currently reported on the basis of the Group's share of equity interests in BBA and included in the consolidated financial statements prepared under HKFRS Accounting Standards.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.23. Segment reporting (Cont'd)

Segment assets include all assets other than interests in associates (note 15), interest in a joint venture (note 16) and equity investments (note 17). In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Segment liabilities include all liabilities other than corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

In addition, segment assets and segment liabilities include assets and liabilities of the “manufacture and sale of BMW vehicles and components through BBA” segment, which are currently reported on the basis of the Group’s share of equity interests in BBA included in the consolidated financial statements prepared under HKFRS Accounting Standards.

2.24. Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

The party is

- (a) a person or a close member of that person’s family and 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 of a parent of the Group.

The party is

- (b) an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture or a member of a group of which the other entity is a member).
 - (iii) the entity and the Group 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 the parent of the Group.

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 (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.25. Future changes in HKFRS Accounting Standards

As at the date of authorisation of these consolidated financial statements, the HKICPA has issued certain new and amended HKFRS Accounting Standards which are relevant to the Group and not yet effective.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKAS 21	Translation to Hyperinflationary Presentation Currency ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

¹ Effective for annual periods beginning on or after 1st January, 2026

² Effective for annual periods beginning on or after 1st January, 2027

³ No mandatory effective date determined yet but available for adoption

The directors of the Group anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to impact the Group's accounting policies is provided above. Other new and amended HKFRS Accounting Standards do not have material impact on the Group's consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements” and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity's main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

2. MATERIAL ACCOUNTING POLICIES (Cont'd)

2.25. Future changes in HKFRS Accounting Standards (Cont'd)

HKFRS 18 “Presentation and Disclosure in Financial Statements” and related amendments to Hong Kong Interpretation 5 (Cont'd)

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1st January, 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMS. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as “other”.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies set out in note 2, management is required 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Depreciation and amortisation

The net book values of the Group's property, plant and equipment including right-of-use assets (other than construction-in-progress) (note 13) and land lease prepayments (note 14) as at 31st December, 2025 were approximately RMB819,508,000 (2024: approximately RMB704,533,000) and RMB69,674,000 (2024: approximately RMB71,792,000), respectively. The Group depreciates its property, plant and equipment, other than construction-in-progress, on a straight-line basis after taking into account their estimated residual value, over 5 to 30 years for property, plant and equipment.

The Group's intangible assets (note 12) as at 31st December, 2025 were approximately RMB129,393,000 (2024: approximately RMB131,425,000). Intangible assets are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years.

The depreciation and amortisation rates are determined based on the estimated useful lives and reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets with reference to the current condition and the level of technological advancement of these assets compared with the market. When there is a change in technological advancement in the market which reduces the expected useful lives of these assets, the depreciation and amortisation rates are adjusted which would have a negative impact on the Group's results.

(b) Impairment test of interests in associates and a joint venture

The Group determines whether interests in associates and a joint venture are required to be impaired based on an estimation of the value of the cash-generating units. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2025, carrying values of interests in associates (note 15) and a joint venture (note 16) were approximately RMB12,296,010,000 (2024: approximately RMB12,450,008,000) and RMB642,326,000 (2024: nil), respectively. A provision for impairment loss of approximately RMB42,207,000 was recognised for the interests in an unlisted associate but was written-off in the year as the respective investment was disposed of. Based on the assessment, no further impairment loss as at 31st December, 2025 is considered necessary by the directors. If the actual future cash flows of these associates and a joint venture are less than expected, the maximum potential impact to the consolidated financial statements would be the carrying amounts of interests in associates and a joint venture.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

(c) Provision for inventories

The Group's management reviews inventory aging analysis at each reporting date and makes allowance for obsolete and slow-moving items of inventories that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods and work-in-progress based principally on the selling prices of the respective finished goods and prevailing market conditions. The management carries out an inventory review on a product-by-product basis at each reporting date and makes allowance for obsolete items.

Situation in the PRC automobile market could change from time to time and this can put pressure on the selling prices and the turnover of the Group's inventories. As at 31st December, 2025, the Group had inventories (note 20) of approximately RMB516,607,000 (2024: approximately RMB260,658,000) (net of provision for inventories of approximately RMB69,065,000 (2024: approximately RMB65,093,000)). Should there be an unexpected change in market condition, the provision may not be adequate and further impairment may be required.

(d) ECL on receivables

The Group makes allowances on items subject to ECL (including accounts receivable from third parties and affiliated companies, loan receivables, other receivables and amounts due from affiliated companies) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting date. As at 31st December, 2025, the Group had accounts receivable from third parties and affiliated companies (notes 21 and 33(c)) totalling approximately RMB408,323,000, net of ECL allowance of approximately RMB56,073,000 (2024: approximately RMB403,551,000, net of ECL allowance of approximately RMB67,513,000), loan receivables (note 18) of approximately RMB2,111,796,000, net of ECL allowance of approximately RMB39,751,000 (2024: approximately RMB2,544,610,000, net of ECL allowance of approximately RMB47,948,000), compensation receivable from government of nil (2024: approximately RMB127,424,000), other receivables (note 23) totalling of approximately RMB235,070,000, net of ECL allowance of approximately RMB4,606,842,000 (2024: approximately RMB279,136,000, net of ECL allowance of approximately RMB4,601,038,000) and amounts due from affiliated companies (note 33(e)) of approximately RMB32,178,000, net of ECL allowance of approximately RMB1,321,085,000 (2024: approximately RMB63,970,000, net of ECL allowance of approximately RMB1,384,202,000).

When the actual future cash flows are different from expected, such difference will impact the carrying amount of financial assets mentioned above.

(e) Impairment test of assets

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. Where an indication of impairment exists, the recoverable amount of the asset is required to be determined. The recoverable amount is determined based on higher of value-in-use calculation or fair value less costs of disposal. Calculation of fair value less costs of disposal involves selection of valuation model, adoption of key assumptions, and input data, which are subject to management judgement. Based on assessment of directors of the Company, no further impairment for intangible assets and property, plant and equipment is required for the year.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

(f) Estimation of income taxes and deferred taxes

No deferred tax asset has been recognised in respect of the tax losses of approximately RMB2,277 million (2024: approximately RMB3,423 million) as well as the deductible temporary differences of approximately RMB339 million (2024: approximately RMB142 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal or further recognition takes place. Deferred tax assets relating to the certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB14,986 million (2024: approximately RMB21,098 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. During the year ended 31st December, 2025, withholding tax of approximately RMB445 million (2024: approximately RMB1,474 million) are charged to profit or loss for the dividends declared and paid by the PRC subsidiaries of approximately RMB8,900 million (2024: approximately RMB29,480 million).

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's major financial instruments include cash and cash equivalents, short-term bank deposits, loan receivables, amounts due from affiliated companies, equity investments, accounts and notes receivable, other receivables, accounts and notes payable, other payables and interest-bearing borrowings, accrued expenses, and amounts due to affiliated companies. Details of the policies on mitigating the risks from these financial instruments are set out below. The Group's management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit risk

The Group's credit risk primarily consists of accounts receivable, notes receivable, loan receivables, amounts due from affiliated companies, other receivables, cash and cash equivalents, statutory deposits reserves at central bank and short-term bank deposits from a variety of customers and debtors including state and local agencies, municipalities and private industries and their affiliated companies and bank balances and deposits.

In order to minimise credit risk, credit history and background of new customers and debtors are checked. Credit limits with credit terms of 30 to 90 days are set for customers. Customers considered to be high risk are traded on cash basis or upon receipt of bank guaranteed notes. Designated staff monitors accounts receivable and follow-up collection with customers.

The Group reviews regularly the recoverable amount of each individual receivable and adequate ECL allowance is made for any balance determined to be unrecoverable.

For loan receivables, the Group assesses the changes of credit risk since initial recognition of loan receivables at each balance sheet date. If the credit risk has increased significantly since initial recognition of the loan receivables, the Group recognises the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the loan receivables, the Group recognises the provision for losses at an amount equivalent to 12-month ECL. The credit risk on loan receivables are limited because all loan receivables are secured by the motor vehicles of the borrowers for retail auto financing and the counterparties have no material historical default record.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

(a) Credit risk (Cont'd)

For all other receivables and other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The following table analyses the financial instruments and the related allowance for ECL, and which comprised accounts receivable, loan receivables, amounts due from affiliated companies, dividends receivable from an affiliated company, compensation receivable from government, other receivables, short-term bank deposits, cash and cash equivalents and statutory deposit reserves at central bank and assessed based on the provision matrix, 12-month or life-time ECL as at 31st December, 2025 and 2024:

	2025		2024	
	Gross carrying amount RMB'000	ECL allowance RMB'000	Gross carrying amount RMB'000	ECL allowance RMB'000
Accounts receivable	450,170	44,678	448,698	46,509
Accounts receivable from affiliated companies	14,226	11,395	22,366	21,004
Loan receivables	2,151,547	39,751	2,592,558	47,948
Amounts due from affiliated companies	1,353,263	1,321,085	1,448,172	1,384,202
Dividends receivable from an affiliated company	45,854	–	–	–
Compensation receivable from government	–	–	127,424	–
Other receivables	4,841,912	4,606,842	4,880,174	4,601,038
Cash and cash equivalents	4,500,027	–	10,539,550	–
Statutory deposit reserves at central bank	–	–	42,500	–
Short-term bank deposits	708,965	–	582,115	–
	14,065,964	6,023,751	20,683,557	6,100,701

The credit risk on liquid funds with banks is limited because these banks are authorised banks in the PRC and Hong Kong with high credit ratings.

The Group's maximum exposure of credit risk for the component of the consolidated statement of financial position as at 31st December, 2025 and 2024 is the carrying amount as disclosed in note 4(e).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

(b) Liquidity risk

In managing liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. The Group relies on bank borrowings as a significant source of liquidity. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31st December, 2025 and 2024, the remaining contractual maturities of the Group's financial liabilities, based on undiscounted cash flows, are summarised below:

At 31st December, 2025

	Within 1 year or repayable on demand RMB'000	Over 1 year but within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Financial liabilities					
Accounts payable	447,595	-	-	447,595	447,595
Notes payable	209,930	-	-	209,930	209,930
Other payables and accrued expenses	441,552	-	-	441,552	441,552
Lease liabilities	18,512	68,053	44,809	131,374	113,892
Amounts due to affiliated companies	18,918	-	-	18,918	18,918
	1,136,507	68,053	44,809	1,249,369	1,231,887

At 31st December, 2024

	Within 1 year or repayable on demand RMB'000	Over 1 year but within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Financial liabilities					
Accounts payable	260,379	-	-	260,379	260,379
Notes payable	279,853	-	-	279,853	279,853
Other payables and accrued expenses	347,035	-	-	347,035	347,035
Bank borrowings	331,336	-	-	331,336	330,000
Lease liabilities	21,213	38,750	84,724	144,687	122,440
Amounts due to affiliated companies	21,187	-	-	21,187	21,187
	1,261,003	38,750	84,724	1,384,477	1,360,894

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

(c) Currency risk

The Group's business mainly operates in the PRC with most of its transactions denominated and settled in Renminbi. Receivables and payables, and cash and cash equivalents denominated in foreign currencies for the Group's operations are not significant; and therefore exposure to foreign currency translation risk is considered not significant and no specific financial instrument is used to hedge against foreign exchange risk for the operation. However, due to the depreciation of Renminbi, the Group has increased cash and cash equivalents in Hong Kong Dollars to hedge the potential exchange loss for dividend distribution. The Group's holding in other foreign currencies such as U.S. Dollars is insignificant.

At 31st December, 2025, if the Renminbi had strengthened/weakened by 3% against the relevant foreign currencies with all other variables held constant, the post-tax profit for the year would have been approximately RMB22 million lower/higher (2024: approximately RMB22 million lower/higher), mainly as a result of foreign exchange losses/gains on translation of the Hong Kong Dollar denominated cash and cash equivalents and short-term bank deposits.

(d) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing bank loans, discounted bank guaranteed notes and bank deposits except for the lease liabilities charging fixed interest rate.

Funds not required by the Group in the short-term are kept as temporary demand or time deposits in commercial banks and the Group does not hold any market risk-sensitive instruments for speculative purposes.

Assuming the cash and cash equivalents, short-term bank deposits, pledged short-term bank deposits, short-term bank borrowings, long-term bank borrowings, notes payable and statutory deposit reserves at central bank for financing outstanding as at 31st December, 2025 were outstanding for the whole year, a 50 basis point increase or decrease would decrease or increase the profit after tax and equity of the Group by approximately RMB19,978,000 (2024: decrease or increase the profit after tax and equity of the Group by approximately RMB42,608,000). The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis was performed on the same basis for 2024.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

(e) Summary of financial instruments by category

The carrying amounts of the Group's financial assets and financial liabilities at 31st December, 2025 and 2024 are categorised as follows:

	2025 RMB'000	2024 RMB'000
Financial assets		
<i>Financial assets at amortised cost:</i>		
Cash and cash equivalents	4,500,027	10,539,550
Statutory deposit reserves at central bank	–	42,500
Short-term bank deposits	708,965	582,115
Accounts receivable	408,323	403,551
Loan receivables	2,111,796	2,544,610
Compensation receivable from government	–	127,424
Other receivables	235,070	279,136
Dividends receivable from an affiliated company	45,854	–
Amounts due from affiliated companies	32,178	63,970
<i>Financial assets at FVOCI (non-recycling):</i>		
Listed equity securities	1,766	1,839
<i>Financial assets at FVOCI (recycling):</i>		
Notes receivable	164,243	82,498
	8,208,222	14,667,193
	2025	2024
	RMB'000	RMB'000
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Accounts payable	447,595	260,379
Notes payable	209,930	279,853
Other payables and accrued expenses	441,552	347,035
Lease liabilities	113,892	122,440
Bank borrowings	–	330,000
Amounts due to affiliated companies	18,918	21,187
	1,231,887	1,360,894

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

(f) Fair value measurements recognised in the consolidated statement of financial position

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The Group's financial assets and liabilities measured, on a recurring basis, at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	2025			2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Financial assets at FVOCI						
(non-recycling)						
- Listed equity investment	1,766	-	-	1,839	-	-
- Notes receivable	-	164,243	-	-	82,498	-
	1,766	164,243	-	1,839	82,498	-

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 2 is unchanged compared to the previous reporting periods. Future cash flows are estimated based on discount rates which are referenced to rates currently available for instruments issued by commercial banks with similar terms, observable forward exchange rates, credit risk and risk free rate corresponding to the maturity of the structured deposits.

There have been no transfers between Levels 1, 2 and 3 or issue or settlement of financial instruments of Levels 1, 2 and 3 during the reporting years.

The carrying amounts of the Group's financial assets measured at fair values were not material to the consolidated financial position as at 31st December, 2025 and 2024.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

5. REVENUE AND SEGMENT INFORMATION

Revenue earned during the year represents:

	2025 RMB'000	2024 RMB'000
Sale of non-BMW vehicles and automotive components, net of discounts and return	1,035,454	893,092
Interest and service charge income from provision of auto financing service, net of other indirect taxes	146,468	202,857
	1,181,922	1,095,949

Sale of non-BMW vehicles and automotive components are recognised at a point in time.

During the year, no customer had aggregate revenue reaching or exceeding 10% of the Group's revenue (2024: one largest customer with aggregate revenue of approximately RMB106,063,000 or 10% of the Group's revenue).

Although the Group's products are primarily sold in the PRC, the Group also has sale to the overseas markets and the sales by location of customers are as follows:

	2025 RMB'000	2024 RMB'000
PRC	885,510	751,784
Other Asian countries	11,961	7,466
Latin America and Caribbean Sea	32,823	46,099
Europe	84,210	81,434
Africa	16,402	-
Others	4,548	6,309
	1,035,454	893,092

All interest and service charge income from provision of auto financing service is derived in the PRC.

The directors and the chief operating decision makers identify the Group's operating segments as detailed in note 2.23. All segment assets are located in the PRC.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating segments – 2025

	Manufacture and sale of non-BMW vehicles and automotive components RMB'000	Provision of auto financing service RMB'000	Manufacture and sale of BMW vehicles and components through BBA RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales	1,035,454	146,468	165,556,000	(165,556,000)	1,181,922
Segment results	(129,860)	(58,501)	10,388,077	(10,388,077)	(188,361)
Unallocated costs net of unallocated income					(125,940)
Interest income					124,176
Finance costs					(5,541)
Share of results of					
– Associates					2,566,256
– A joint venture					(62,067)
Profit before income tax expense					2,308,523

Operating segments – 2024

	Manufacture and sale of non-BMW vehicles and automotive components RMB'000	Provision of auto financing service RMB'000	Manufacture and sale of BMW vehicles and components through BBA RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales	893,092	202,857	205,064,858	(205,064,858)	1,095,949
Segment results	(107,314)	(7,475)	17,450,301	(17,419,950)	(84,438)
Unallocated costs net of unallocated income					(171,184)
Interest income					417,838
Finance costs					(3,684)
Share of results of associates					4,361,370
Profit before income tax expense					4,519,902

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating segments – 2025

	Manufacture and sale of non-BMW vehicles and automotive components RMB'000	Provision for auto financing service RMB'000	Manufacture and sale of BMW vehicles and components through BBA RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	8,098,214	2,445,566	117,288,362	(118,138,976)	9,693,166
Interests in associates					12,296,010
Interests in a joint venture					642,326
Equity investments					1,766
Unallocated assets					946,894
Total assets					23,580,162
Segment liabilities	1,561,743	878,873	72,324,739	(73,175,353)	1,590,002
Unallocated liabilities					50,214
Total liabilities					1,640,216
Other disclosures:					
Capital expenditures					
– Owned assets	220,988	1,203	5,911,702	(5,911,702)	222,191
– Right-of-use assets	8,624	1,993	359,268	(359,268)	10,617
Depreciation of property, plant and equipment					
– Owned assets	69,644	937	4,997,576	(4,997,576)	70,581
– Right-of-use assets	27,988	2,842	403,744	(403,744)	30,830
Amortisation of land lease prepayments	2,118	-	86,518	(86,518)	2,118
Amortisation of intangible assets	24,308	5,715	274,651	(274,651)	30,023
Provision for inventories	54,563	-	2,094,201	(2,094,201)	54,563
Reversal of provision for inventories sold	6,465	-	1,549,414	(1,549,414)	6,465
Net reversal (provision) of ECL allowance	76,042	(77,036)	-	-	(994)
Impairment loss on property, plant and equipment	66,944	-	-	-	66,944
Income tax expense	1,314	-	3,539,823	(3,094,823)	446,314

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating segments – 2024

	Manufacture and sale of non-BMW vehicles and automotive components RMB'000	Provision for auto financing service RMB'000	Manufacture and sale of BMW vehicles and components through BBA RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	13,634,934	2,885,501	127,448,121	(128,298,970)	15,669,586
Interests in associates					12,450,008
Equity investments					1,839
Unallocated assets					984,282
Total assets					29,105,715
Segment liabilities	1,588,906	1,205,790	81,317,360	(82,168,208)	1,943,848
Unallocated liabilities					63,986
Total liabilities					2,007,834
Other disclosures:					
Capital expenditures					
– Owned assets	139,572	2,965	18,827,637	(18,827,637)	142,537
– Right-of-use assets	117,093	–	186,845	(186,845)	117,093
– Investment in JSA	1,054,355	–	–	–	1,054,355
Depreciation of property, plant and equipment					
– Owned assets	136,613	984	5,924,411	(5,924,411)	137,597
– Right-of-use assets	21,419	3,488	393,336	(393,336)	24,907
Amortisation of land lease prepayments	2,119	–	84,196	(84,196)	2,119
Amortisation of intangible assets	15,781	8,103	255,921	(255,921)	23,884
Provision for inventories	5,693	–	3,249,173	(3,249,173)	5,693
Reversal of provision for inventories sold	6,489	–	2,299,923	(2,299,932)	6,489
Net reversal (provision) of ECL allowance	159,556	(50,397)	531	(531)	109,159
Impairment loss on property, plant and equipment	1,285	–	–	–	1,285
Income tax expense	278	–	5,735,846	(4,261,846)	1,474,278

Note: The corresponding share of results of associates and a joint venture is disclosed in note 15 and note 16.

6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expense on:		
– Discounted bank guaranteed notes/net loss arising on FVOCI	129	–
– Finance charges on lease liabilities	5,412	3,684
	5,541	3,684

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging and crediting the following:

	Notes	2025 RMB'000	2024 RMB'000
Charging:			
ECL allowance on:			
– Loan receivables	18	65,453	56,262
– Accounts receivable	21(a)	3,311	4,269
– Other receivables	23(b)	7,587	–
– Accounts receivable from affiliated companies	33(c)	176	–
– Amounts due from affiliated companies	33(e)	6,955	–
Loss on disposal of equity investments (b)		–	2,574
Staff costs (including directors' emoluments)	11(a)	346,439	258,311
Amortisation of intangible assets (a)	12	30,023	23,884
Amortisation of land lease prepayments	14	2,118	2,119
Impairment loss on owned property, plant and equipment (b)	13	66,944	1,285
Loss on disposal/write-off of property, plant and equipment:			
– Owned assets		25,762	7,114
– Right-of-use assets		27	824
Depreciation of property, plant and equipment: (a)			
– Owned assets	13	70,581	137,597
– Right-of-use assets	13	30,830	24,907
Cost of inventories		989,559	838,989
Cost of provision for auto financing service		28,877	63,080
Exchange loss, net (b)		49,787	111,782
Provision for inventories (b)	20	54,563	5,693
Auditors' remuneration (b)		5,092	3,879
Research and development costs (b)		107,144	55,250
Warranty provision		7,083	2,748
Lease charges:			
– Short-term leases with lease terms of 12 months or shorter		5,773	3,205
– Low value items		60	94
Crediting:			
Reversal of provision for inventories sold (b)	20	6,465	6,489
Rental income from land and buildings		1,087	1,031
Reversal of ECL allowance on:			
– Accounts receivable	21(a)	2,631	–
– Other receivables grouped under current assets	23(b)	–	17,693
– Accounts receivable from affiliated companies	33(c)	9,785	8,580
– Amounts due from affiliated companies	33(e)	70,072	143,417

(a) Depreciation of property, plant and equipment and amortisation of intangible assets in relation to production were included in cost of sales; while the amounts attributable to other purposes were included in general and administrative expenses.

(b) Included in general and administrative expenses.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

8. INCOME TAX EXPENSE

The income tax expense recognised in the consolidated statement of profit or loss represents:

	2025	2024
	RMB'000	RMB'000
Current tax		
PRC corporate income tax		
– Current year	1,313	254
– Under provision in prior years	1	24
PRC withholding tax on dividend	445,000	1,474,000
Total income tax expense	446,314	1,474,278

(a) Bermuda tax

The Company was incorporated in Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1966, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, at least until year 2035.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2024: nil).

(c) PRC corporate income tax

The Group's subsidiaries incorporated in the PRC are subject to Corporate Income Tax. The Corporate Income Tax for the subsidiaries, except Mianyang Ruian, is calculated at 25% on their estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Mianyang Ruian received official designation by the local tax authority as a foreign-invested enterprise engaged in manufacturing activities and was also designated as an entity under "the encouraged industries under Catalogue for the Guidance of Foreign Investment Industries" and with its location in the Western region of the PRC, the applicable income tax rate for Mianyang Ruian is 15%.

With effect from 1st January, 2008, all profits of the PRC subsidiaries arising since that date that are distributed and remitted as dividend to the overseas parents are subject to 5% or 10% withholding tax on the amount remitted. For the profits generated by the Group's subsidiaries in the PRC, as it is the intention of the management that the Group would mainly reinvest these profits in the respective subsidiaries, no deferred tax is provided in respect of this withholding tax on profits of these PRC subsidiaries.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

8. INCOME TAX EXPENSE (Cont'd)

Reconciliation between tax expense and accounting profit using the weighted average taxation rate of the companies within the Group is as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax expense	2,308,523	4,519,902
Calculated at a weighted average statutory taxation rate in the PRC of 25.7% (2024: 25.46%)	592,769	1,150,705
Effect of tax holiday	(2,900)	(1,021)
Tax effect of non-taxable income net of non-deductible expenses	(111,093)	(31,721)
Profits attributable to associates and a joint venture	(626,047)	(1,089,321)
PRC withholding tax on dividend	445,000	1,474,000
Unrecognised temporary differences	49,115	(94,814)
Unrecognised tax losses net of utilisation of previously unrecognised tax losses	99,469	66,426
Under provision in prior years	1	24
Tax expense for the year	446,314	1,474,278

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately RMB1,985,686,000 (2024: approximately RMB3,101,075,000) by the weighted average number of ordinary shares of 5,045,269,000 shares (2024: 5,045,269,000 shares).

Diluted earnings per share is the same as basic earnings per share for the years ended 31st December, 2025 and 2024 as there was no potential dilutive ordinary share in issue during the two years.

10. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Special dividends	4,738,677	27,210,904
Interim dividends	3,684,661	–
	8,423,338	27,210,904

On 15th April, 2024 and 14th June, 2024, the directors of the Company declared special dividends of HK\$1.5 and HK\$4.3 per share, respectively, totalling approximately HK\$29,262,562,000 or RMB27,210,904,000.

On 3rd March, 2025, the directors of the Company declared a special dividend of HK\$1.0 per share, totalling approximately HK\$5,045,269,000 or RMB4,738,677,000.

On 22nd August, 2025, the directors of the Company declared an interim dividend of HK\$0.8 per share, totalling approximately HK\$4,036,152,000 or RMB3,684,661,000.

The directors of the Company did not recommend any further dividend payment at the Board meeting held on 27th March, 2026 in respect of the Group's results for the year ended 31st December, 2025 (2024: nil).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

11. STAFF COSTS AND DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

(a) Staff costs

	2025 RMB'000	2024 RMB'000
Wages, salaries and performance related bonus	247,934	192,748
Pension costs – defined contribution plans	21,464	16,316
Staff welfare costs	77,041	49,247
	346,439	258,311

(b) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments during 2025, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Other emoluments				Total RMB'000
	Fee RMB'000	Bonus RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	
2025					
<i>Executive directors</i>					
Mr. Zhang Yue (Note 1)	-	-	-	-	-
Mr. Zhang Wei	-	-	2,758	-	2,758
Mr. Guo Hongbo (Note 2)	-	-	-	-	-
Mr. Xu Daqing (Note 3)	-	-	-	-	-
	-	-	2,758	-	2,758
<i>Independent non-executive directors</i>					
Mr. Song Jian	260	92	-	-	352
Mr. Jiang Bo	260	92	-	-	352
Mr. Dong Yang	260	92	-	-	352
Dr. Lam Kit Lan, Cynthia	260	92	-	-	352
	1,040	368	-	-	1,408
	1,040	368	2,758	-	4,166

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

11. STAFF COSTS AND DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT (Cont'd)

(b) Directors' and chief executive's emoluments (Cont'd)

The aggregate amounts of emoluments paid and payable to the directors of the Company during 2024 are as follows:

	Other emoluments				Total RMB'000
	Fee RMB'000	Bonus RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	
2024					
<i>Executive directors</i>					
Mr. Zhang Yue (Note 1)	-	-	-	-	-
Mr. Wu Xiao An (Note 4)	-	4,612	2,930	12	7,554
Mr. Shen Tie Dong (Note 5)	-	-	-	-	-
Mr. Zhang Wei	-	-	2,685	-	2,685
Mr. Xu Daqing (Note 3)	-	-	-	-	-
	-	4,612	5,615	12	10,239
<i>Independent non-executive directors</i>					
Mr. Song Jian	254	92	-	-	346
Mr. Jiang Bo	254	92	-	-	346
Mr. Dong Yang	254	92	-	-	346
Dr. Lam Kit Lan, Cynthia	254	92	-	-	346
	1,016	368	-	-	1,384
	1,016	4,980	5,615	12	11,623

Note 1: Mr. Zhang Yue was appointed as a director and the chief executive officer of the Company on 11th April, 2024 and also the chairman of the board on 4th November, 2024.

Note 2: Mr. Guo Hongbo was appointed on 21st March, 2025.

Note 3: Mr. Xu Daqing resigned on 20th March, 2025.

Note 4: Mr. Wu Xiao An resigned on 11th September, 2024.

Note 5: Mr. Shen Tie Dong resigned on 20th March, 2024.

In both 2025 and 2024,

- no share option was granted to any of the directors;
- no emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office; and
- no directors waived their emoluments.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

11. STAFF COSTS AND DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT (Cont'd)

(b) Directors' and chief executive's emoluments (Cont'd)

The ultimate objective of the Group's emolument policy is to ensure that the pay levels of its employees are in line with industry practices and prevailing market conditions so as to enable the Group to attract and retain persons of high quality and experience which is essential to the success of the Group.

In determining the level of fees and other emoluments paid to directors of the Company, market rates and factors such as each director's workload and required commitment are taken into account:

- Remuneration of executive directors comprises basic remuneration determined with reference to their qualifications, industry experience and responsibilities within the Group, and a performance-based remuneration. In determining the performance-based remuneration of executive directors, reward is given to the Company's corporate goals and objectives set by the board from time to time and the performance and contribution of the individual to the Group's overall performance.
- Non-executive director is compensated with reference to his qualifications, expertise and experience and the amount of time allocated to the affairs of the Group.
- Independent non-executive directors are compensated with reference to the level of compensation awarded to independent non-executive directors by other companies listed on the SEHK; the responsibilities assumed by such independent non-executive directors; complexity of the automobile industry and the business of the Group; goodwill and reputational value brought to the Group by the relevant independent non-executive director.

During the process of consideration, no individual director is involved in decisions relating to his own remuneration.

(c) Remuneration of senior management

Pursuant to Appendix D2 to the Listing Rules, the remuneration of senior management, excluding directors, is within the following bands:

	2025 Number	2024 Number
Nil to HK\$2,000,000	4	3
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$4,500,001 to HK\$5,000,000	–	–
HK\$5,000,001 to HK\$5,500,000	–	–
HK\$5,500,001 to HK\$6,000,000	–	–

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

11. STAFF COSTS AND DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT (Cont'd)

(d) Five highest paid individuals

The five highest paid individuals in the Group during the year included one director (2024: two directors), details of whose emoluments have been disclosed in note (b) above. The emoluments paid to the remaining four individuals (2024: three individuals) for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	6,751	7,918
Performance related bonus	1,924	1,603
Contributions to retirement benefits schemes	33	17
	8,708	9,538

The number of the highest paid individuals, other than the directors, whose emoluments fell within the following bands is as follows:

	2025 Number	2024 Number
Nil to HK\$1,000,000	-	-
HK\$1,000,001 to HK\$1,500,000	1	-
HK\$1,500,001 to HK\$2,000,000	1	-
HK\$2,000,001 to HK\$2,500,000	-	-
HK\$2,500,001 to HK\$3,000,000	-	2
HK\$3,000,001 to HK\$3,500,000	2	-
HK\$3,500,001 to HK\$4,000,000	-	-
HK\$4,000,001 to HK\$4,500,000	-	1
HK\$4,500,001 to HK\$5,000,000	-	-
HK\$5,000,001 to HK\$5,500,000	-	-
HK\$5,500,001 to HK\$6,000,000	-	-

The emoluments represent the amounts paid to or receivable by the individuals in the respective financial year, which include the benefits derived from the share options granted, if any.

During the year, no emoluments were paid to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office (2024: same).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

12. INTANGIBLE ASSETS

	Development costs RMB'000	Specialised software RMB'000	Total RMB'000
Cost			
As at 1st January, 2024	12,902	76,863	89,765
Resumption of control in JSA (<i>note 35</i>)	109,663	10,781	120,444
Additions	96	2,685	2,781
As at 31st December, 2024	122,661	90,329	212,990
As at 1st January, 2025	122,661	90,329	212,990
Additions	22,057	5,934	27,991
As at 31st December, 2025	144,718	96,263	240,981
Accumulated amortisation and impairment losses			
As at 1st January, 2024	5,468	52,213	57,681
Amortisation	13,539	10,345	23,884
As at 31st December, 2024	19,007	62,558	81,565
As at 1st January, 2025	19,007	62,558	81,565
Amortisation	21,153	8,870	30,023
As at 31st December, 2025	40,160	71,428	111,588
Net book value			
As at 31st December, 2025	104,558	24,835	129,393
As at 31st December, 2024	103,654	27,771	131,425

Development costs at 31st December, 2025 represent development costs for patented technology know-how developed by the Group for manufacture of auto components and automobiles (2024: same).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Tools and moulds, machinery and equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction- in-progress RMB'000	Total RMB'000
Cost						
As at 1st January, 2024	352,546	677,765	58,116	17,158	37,147	1,142,732
Resumption of control of JSA (note 35)	197,348	289,250	36,790	2,678	669,387	1,195,453
Additions	117,093	4,035	13,598	3,371	118,752	256,849
Inter-transfer	2,124	23,050	5,968	148	(31,290)	-
Disposals/Write-off	(238,946)	(11,606)	(1,976)	(3,074)	(201,287)	(456,889)
As at 31st December, 2024	430,165	982,494	112,496	20,281	592,709	2,138,145
As at 1st January, 2025	430,165	982,494	112,496	20,281	592,709	2,138,145
Additions	10,989	90,728	3,809	1,257	98,034	204,817
Inter-transfer	99	199,275	3,556	250	(203,180)	-
Disposals/Write-off	(10,416)	(74,647)	(13,578)	(1,831)	(4,089)	(104,561)
As at 31st December, 2025	430,837	1,197,850	106,283	19,957	483,474	2,238,401
Accumulated depreciation and impairment losses						
As at 1st January, 2024	201,376	483,663	42,742	13,324	-	741,105
Charge for the year	37,367	114,382	10,071	684	-	162,504
Impairment loss	-	1,285	-	-	-	1,285
Eliminated on disposals/Write-off	(51,810)	(7,913)	(1,424)	(2,844)	-	(63,991)
As at 31st December, 2024	186,933	591,417	51,389	11,164	-	840,903
As at 1st January, 2025	186,933	591,417	51,389	11,164	-	840,903
Charge for the year	40,606	49,393	10,331	1,081	-	101,411
Impairment loss (note)	-	37,265	-	-	29,679	66,944
Eliminated on disposals/Write-off	(10,413)	(28,321)	(3,938)	(1,488)	-	(44,160)
As at 31st December, 2025	217,126	649,754	57,782	10,757	29,679	965,098
Net book value						
As at 31st December, 2025	213,711	548,096	48,501	9,200	453,795	1,273,303
As at 31st December, 2024	243,232	391,077	61,107	9,117	592,709	1,297,242

Note: Impairment loss of approximately RMB66,944,000 was recognised during the year due to the idle moulds identified.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The carrying amounts and movements of property, plant and equipment which are right-of-use assets are as follows:

	Buildings RMB'000	Machinery and equipment RMB'000	Total RMB'000
As at 1st January, 2024	23,981	4,141	28,122
Additions	117,093	–	117,093
Disposals/Write-off	(1,991)	–	(1,991)
Depreciation	(22,996)	(1,911)	(24,907)
As at 31st December, 2024	116,087	2,230	118,317
Additions	1,198	–	1,198
Modification of leases	9,419	–	9,419
Disposals/Write-off	(3)	–	(3)
Depreciation	(28,919)	(1,911)	(30,830)
As at 31st December, 2025	97,782	319	98,101

In addition to the above right-of-use assets, the details of the right-of-use assets of land lease prepayments are set out in note 14.

The details of the lease liabilities in respect of the above right-of-use assets are set out in note 26.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

14. LAND LEASE PREPAYMENTS

The carrying value of land lease prepayments represents cost less accumulated amortisation paid for land use rights in the PRC under medium term leases of not more than 50 years. The prepaid lease payments fall into the scope of HKFRS 16 as they meet the definition of right-of-use assets. The value to be amortised within the next twelve months after 31st December, 2025 amounts to approximately RMB2,118,000 (2024: approximately RMB2,118,000).

	2025 RMB'000	2024 RMB'000
Cost		
At 1st January, and at 31st December,	102,416	102,416
Accumulated amortisation		
As at 1st January,	30,624	28,505
Charge for the year	2,118	2,119
As at 31st December,	32,742	30,624
Net book value		
As at 31st December,	69,674	71,792

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

15. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
<i>Share of net assets by equity method and goodwill:</i>		
Associates listed in Hong Kong	622,829	620,016
Less: impairment loss for interests in an associate listed in Hong Kong (<i>Note i</i>)	(72,799)	(72,799)
	550,030	547,217
Unlisted associates		
– BBA	11,240,906	11,532,690
– Other unlisted associates	505,074	412,308
	11,745,980	11,944,998
Less: impairment loss for interests in an unlisted associate (<i>Note ii</i>)	–	(42,207)
	11,745,980	11,902,791
	12,296,010	12,450,008
Fair value of investment in associates listed in Hong Kong	115,610	70,719

Note i: The assessment of the impairment loss is based on the projected cash flow forecast of Xincheng China Power Holdings Limited (“**Power Xincheng**”)

Note ii: As a result of the completion of the transfer of 49.00% equity interest in Shenyang Brilliance Power Train Machinery Co., Ltd. (“**Brilliance Power**”) at nil consideration to Huancheng Automotive Group Holdings Company Limited, a subsidiary of Shenyang Automobile, as a part of its restructuring, the respective investment interest of RMB42,207,000 and full accumulated impairment loss was written off during the year. There was no material impact to the results and financial position of the Group arising from this transfer.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

15. INTERESTS IN ASSOCIATES (Cont'd)

Details of the Group's associates as at 31st December, 2025 and 2024 were as follows:

Name of company	Place of principal operations and establishment	Registered capital/issued and paid up capital	Legal structure	Percentage of effective equity interest/voting right held		Principal activities
				2025	2024	
BBA	Shenyang, the PRC	Euro150,000,000	Equity joint venture	25.00%	25.00%	Manufacture and sale of BMW vehicles and components
Power Xinchen (<i>Note ii</i>)	Cayman Islands	HK\$12,822,118	Company with limited liability	31.20%	31.20%	Development, manufacture and sale of automotive engines
Southern State Investment Limited	British Virgin Islands	US\$1	Company with limited liability	31.20%	31.20%	Investment holding
Mianyang Xinchen Engine Co., Ltd. (" Mianyang Xinchen ")	Mianyang, the PRC	US\$190,000,000	Wholly foreign owned enterprise	31.20%	31.20%	Development, manufacture and sale of automotive engines
Shenyang Guoqing Power Technology Co., Ltd. (Formerly Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd.)	Shenyang, the PRC	RMB738,250,000	Equity joint venture	21.00%	21.00%	Manufacture and sale of automotive engines
Shenyang JinBei Vehicle Dies Manufacturing Co., Ltd.	Shenyang, the PRC	RMB29,900,000	Equity joint venture	48.00%	48.00%	Manufacture and sale of automotive components
Shenyang ChenFa Automobile Component Co., Ltd. (" Shenyang ChenFa ") (<i>Note i</i>)	Shenyang, the PRC	US\$19,000,000	Equity joint venture	25.00%	25.00%	Development, manufacture and sale of engines and engine components
Shenyang Chunqing Eco-Tech Co., Ltd. (" Shenyang Chunqing ") (<i>Note iii</i>)	Shenyang, the PRC	RMB500,000,000	Equity joint venture	41.92%	-	Promotion and sale of new energy fueled motor vehicles
Brilliance Power	Shenyang, the PRC	US\$29,900,000	Equity joint venture	-	49.00%	Manufacture and sale of power trains

Note i: As at 31st December, 2025, Shenyang ChenFa was directly held by the Company. Other associates are indirectly held by the Company through subsidiaries.

Note ii: Power Xinchen, which holds directly 31.20% equity interest in Mianyang Xinchen, is an indirectly held associate of the Company. As at 31st December, 2025, the fair value of the Group's interest in Power Xinchen, which is a company listed on the SEHK, was approximately RMB115,610,000 (equivalent to approximately HK\$128,000,000) (2024: approximately RMB70,719,000 (equivalent to approximately HK\$75,200,000)). The fair value is based on quoted market price and is within Level 1 of the fair value hierarchy.

Note iii: During the year, JSA invested RMB240,000,000, representing 48.00% of the total paid-up registered capital of RMB500,000,000 in Shenyang Chunqing. Such investment has been pledged to a supplier, whom is also a related company of the controlling shareholder of Shenyang Chunqing.

Pursuant to the pledge of asset agreement dated 3rd December, 2025 signed between the Group and the supplier, the Group pledged all its 48.00% equity interest in Shenyang Chunqing to the supplier for a maximum facility of RMB240,000,000, which covering payable balances and associated costs for collection related to purchase from the supplier for the three years from the agreement date. As at 31st December, 2025, the Group's accounts payable to this supplier amounted to RMB56,549,000. The pledge was released by the date of this annual report.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

15. INTERESTS IN ASSOCIATES (Cont'd)

BBA is individually material to the Group. The aggregate financial information of BBA which are accounted for using equity method is summarised as follows:

	2025 RMB'000	2024 RMB'000
Current assets	44,041,582	54,098,346
Non-current assets	73,246,780	73,349,775
Current liabilities	(56,447,833)	(62,675,133)
Non-current liabilities	(15,876,906)	(18,642,227)
Net assets	44,963,623	46,130,761
Proportion of ownership interests held by the Group	25%	25%
Carrying amount of the interests in BBA	11,240,906	11,532,690
	2025 RMB'000	2024 RMB'000
Revenue	165,556,000	205,064,858
Cost of sales	(134,926,881)	(162,959,360)
Other income	1,258,489	1,821,627
Total expenses	(17,959,707)	(20,740,978)
Profit before income tax expense	13,927,901	23,186,147
Income tax expense	(3,539,824)	(5,735,846)
Profit for the year	10,388,077	17,450,301
Other comprehensive income (expense)	5,596,481	(3,789,572)
Total comprehensive income	15,984,558	13,660,729
Dividends received from BBA	4,287,924	7,653,980

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

15. INTERESTS IN ASSOCIATES (Cont'd)

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,055,104	917,317
Aggregate amounts of the Group's share of those associates:		
Loss for the year	(30,763)	(1,205)
Other comprehensive income (expense)	11	(11)
Total comprehensive expense	(30,752)	(1,216)
Dividends from individually immaterial associates	77,100	–

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

16. INTEREST IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets by equity method		
– Unlisted joint venture	642,326	–

In December 2024, the Group entered into a joint venture agreement to hold 50.00% equity interest at a cash consideration of RMB700,000,000 in Yuxin Zhixing Technology (Shenyang) Co., Ltd. (“Yuxin”), an equity joint venture established in Shenyang, the PRC with paid-up registered capital of RMB500,000,000 and principal activity of manufacture of intelligent cockpits and displays. The joint venture was officially established in April 2025.

Aggregate information of Yuxin are as follows:

	RMB'000
As at 31st December, 2025	
Carrying amount in the consolidated financial statements	642,326
From date of acquisition to 31st December, 2025:	
Loss for the period	(124,134)
Other comprehensive income	8,786
Total comprehensive expense	(115,348)

As at 31st December, 2025, the Group had no significant commitments or contingent liabilities relating to its interests in the joint venture.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

17. EQUITY INVESTMENTS

	2025 RMB'000	2024 RMB'000
Financial assets at FVOCI (non-recycling)		
– Listed equity investment in Hong Kong	1,766	1,839

The Group designated its investment in these listed equity investments as FVOCI (non-recycling) as these investments are held for strategic purpose.

The listed equity securities are denominated in Hong Kong dollars. Fair value has been determined by reference to the quoted bid price at the reporting date and has been translated using the spot foreign currency rate at the end of the reporting year where appropriate.

18. LOAN RECEIVABLES

	2025 RMB'000	2024 RMB'000
Gross loan receivables	2,151,547	2,592,558
Less: ECL allowance	(39,751)	(47,948)
Net loan receivables	2,111,796	2,544,610
Less: current portion	(825,012)	(942,521)
Long-term loan receivables	1,286,784	1,602,089
Gross loan receivables recoverable based on repayment schedule:		
– No later than 1 year	846,015	969,875
– Later than 1 year and no later than 5 years	1,305,532	1,622,683
	2,151,547	2,592,558

BBAFC has joint auto financing service with an affiliated company of a non-controlling interest of BBAFC (“**Joint Lender**”). The credit risk under this joint auto financing to the Group is only up to the amount financed by the Group and motor vehicles secured by retail borrowers are also shared proportionately between the Group and the Joint Lender in case of default by the retail borrowers. As at 31st December, 2025, loan receivables of approximately RMB113,778,000 (2024: approximately RMB202,822,000) were the outstanding balances to the Group under this joint auto financing arrangement.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

18. LOAN RECEIVABLES (Cont'd)

All loan receivables were derived from the business of provision of auto financing by BBAFC during the year. These loan receivables are denominated in Renminbi and secured by the motor vehicles of the borrowers for retail auto financing. These loan receivables bear fixed effective interest rates ranging from 5.19% to 12.98% (2024: from 5.03% to 14.00%) per annum. The actual interest rate offered to borrowers were determined with reference to the market rates from competitors at the material time, customer profiles and the brand of the motor vehicle which BBAFC is cooperating with.

The gross overdue loan receivables analysed by overdue period as at 31st December, 2025 is as follows:

	2025 RMB'000	2024 RMB'000
Overdue		
– 1 to 60 days	106,044	99,498
– 61 to 90 days	8,597	11,087
– 91 to 120 days	3,563	7,796
– more than 120 days	5,080	8,855
	123,284	127,236

The analysis by methods for assessing impairment losses under ECL model is shown as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 31st December, 2024				
Gross loan receivables	2,575,907	7,796	8,855	2,592,558
Less: ECL allowance	(34,416)	(4,677)	(8,855)	(47,948)
Net loan receivables	2,541,491	3,119	–	2,544,610
ECL allowance ratio	1.34%	60%	100%	
At 31st December, 2025				
Gross loan receivables	2,142,904	3,564	5,079	2,151,547
Less: ECL allowance	(32,534)	(2,138)	(5,079)	(39,751)
Net loan receivables	2,110,370	1,426	–	2,111,796
ECL allowance ratio	1.52%	60%	100%	

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

18. LOAN RECEIVABLES (Cont'd)

The movement in ECL allowance in loan receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	47,948	64,808
ECL allowance recognised	65,453	56,262
Write-off of uncollectible amounts	(73,650)	(73,122)
At 31st December,	39,751	47,948

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1st January, 2024	61,770	1,058	1,980	64,808
Transfer from Stage 1 to Stage 2	(4,602)	4,602	-	-
Transfer from Stage 1 to Stage 3	(78,756)	-	78,756	-
Transfer from Stage 2 to Stage 3	-	(1,058)	1,058	-
Provision for the year	56,004	75	183	56,262
Write-off of uncollectible amounts	-	-	(73,122)	(73,122)
At 31st December, 2024 and 1st January, 2025	34,416	4,677	8,855	47,948
Transfer from Stage 1 to Stage 2	(2,138)	2,138	-	-
Transfer from Stage 1 to Stage 3	(65,197)	-	65,197	-
Transfer from Stage 2 to Stage 3	-	(4,677)	4,677	-
Provision for the year	65,453	-	-	65,453
Write-off of uncollectible amounts	-	-	(73,650)	(73,650)
At 31st December, 2025	32,534	2,138	5,079	39,751

During the year ended 31st December, 2025, impairment losses of RMB65,453,000 (2024: RMB56,262,000) was recognised, of which RMB65,453,000 (2024: RMB56,004,000) under Stage 1 of the ECL model was mainly due to additional business opportunities for auto financing which leads to increase in overall loan receivables.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

19. SHORT-TERM BANK DEPOSITS

Details of short-term bank deposits as at 31st December, 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Time deposits with maturities over three months	253,000	–
Restricted short-term deposits (<i>Note i</i>) (<i>Note 28</i>)	276,732	347,200
Pledged short-term deposits for bank guaranteed notes issued by the Group (<i>Note ii</i>)	164,233	234,915
Pledged short-term deposits for other banking facilities	15,000	–
	455,965	582,115
	708,965	582,115

Note i: As detailed in note 28, the local courts had released the restricted short-term deposits down to approximately RMB276,732,000 as at 31st December, 2025 (2024: approximately RMB347,200,000) which represented potential loss to the claim from the remaining one bank.

Note ii: As at 31st December, 2025, in addition to short-term deposits pledged, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB70.9 million (2024: approximately RMB45.6 million) to secure the issue of bank guaranteed notes.

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	272,395	189,389
Work-in-progress	9,926	35,347
Finished goods	303,351	101,015
	585,672	325,751
Less: provision for inventories	(69,065)	(65,093)
	516,607	260,658

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

20. INVENTORIES (Cont'd)

The reconciliation of provision for inventories in the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	65,093	73,260
Provision for the year	54,563	5,693
Reversal for the year	(6,465)	(6,489)
Write-off of obsolete inventories	(44,126)	(7,371)
At 31st December,	69,065	65,093

The reversal of provision for inventories represents the reversal for provision previously recognised for inventories that were sold during the year (2024: same).

21. ACCOUNTS RECEIVABLE

	Notes	2025 RMB'000	2024 RMB'000
Accounts receivable	21(a)	405,492	402,189
Accounts receivable from affiliated companies	33(c)	2,831	1,362
		408,323	403,551

(a) An aging analysis of accounts receivable based on invoice date is set out below:

	2025 RMB'000	2024 RMB'000
Less than six months	404,854	407,906
Six months to one year	583	1,323
Above one year to two years	7,873	883
Above two years but less than five years	3,139	20,629
Five years or above	33,721	17,957
	450,170	448,698
Less: ECL allowance	(44,678)	(46,509)
	405,492	402,189

As at 31st December, 2025, accounts receivable from third parties of approximately RMB18 million (2024: approximately RMB14 million) are substantially denominated in U.S. Dollar or Euro and the rest are denominated in Renminbi. The Group's credit policy is set out in note 4(a).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

21. ACCOUNTS RECEIVABLE (Cont'd)

(a) An aging analysis of accounts receivable based on invoice date is set out below: (Cont'd)

The table below provides information about the exposure to credit risk and the ECL model for accounts receivable which are assessed based on the provision matrix as at 31st December, 2025 and 2024.

	2025			2024		
	Gross carrying amount RMB'000	Weighted average loss rate %	ECL allowance RMB'000	Gross carrying amount RMB'000	Weighted average loss rate %	ECL allowance RMB'000
Less than six months	404,854	0.7	2,896	407,906	2.2	9,031
Six months to one year	583	1.0	6	1,323	3.3	44
Above one year to two years	7,873	65.0	5,117	883	90.6	800
Above two years but less than five years	3,139	93.6	2,938	20,629	90.5	18,677
Five years or above	33,721	100.0	33,721	17,957	100.0	17,957
	450,170		44,678	448,698		46,509

The movement in ECL allowance in accounts receivable during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	46,509	42,240
Provision for the year	3,311	4,269
Reversal for the year	(2,631)	-
Write-off of uncollectible amounts	(2,511)	-
At 31st December,	44,678	46,509

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

22. NOTES RECEIVABLE

	Notes	2025 RMB'000	2024 RMB'000
Notes receivable	22(a)	160,860	78,795
Notes receivable from affiliated companies	33(d)	3,383	3,703
		164,243	82,498

- (a) All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at reporting date, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 31st December, 2025 (2024: same).
- (b) The Group does not hold the notes receivable until maturity but endorses or discounts these notes receivable before maturity for the settlement of the Group's creditors. Accordingly, these notes receivable are classified as financial assets at FVOCI (recycling) and are stated at fair value. The fair value is based on the net present value at reporting date from expected timing of endorsements and discounting at the interest rates for the respective notes receivable (2024: same). The fair value is within Level 2 of the fair value hierarchy.

23. OTHER CURRENT ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Compensation receivable from government	23(a)	–	127,424
Other receivables	23(b)	235,070	279,136
Amounts due from affiliated companies	33(e)	32,178	63,970
Prepayments and other current assets		170,570	30,161
Prepayments to affiliated companies	33(f)	21,405	–
Dividends receivable from an affiliated company	33(g)	45,854	–
Other taxes recoverable		120,456	65,529
		625,533	566,220

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

23. OTHER CURRENT ASSETS (Cont'd)

(a) Compensation receivable from government

Compensation receivable from government represented the remaining receivable amount from Shenyang Dadong District People's Government (the "Dadong Government") for the mandatory expropriation of factory and office premises of JSA by the Dadong Government and was fully received in the year.

(b) Other receivables

	2025 RMB'000	2024 RMB'000
Amounts due from third parties	4,841,912	4,880,174
Less: ECL allowance	(4,606,842)	(4,601,038)
At 31st December,	235,070	279,136

Other receivables are all due from third parties and denominated in Renminbi. ECL allowance includes full amounts of ECL allowance of in aggregate of approximately RMB4,074,300,000 (2024: approximately RMB4,074,300,000) provided for the loss of the unauthorised pledged short-term deposits of the Group for banking facilities granted to and advances to some third parties.

The directors consider that the fair values of carrying value of other receivables are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods.

The movement in ECL allowance in other receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	4,601,038	4,620,825
Transfer to ECL allowance for amounts due from affiliated companies	-	(2,094)
Provision for the year	7,587	-
Reversal for the year	-	(17,693)
Write-off of uncollectible amounts	(1,783)	-
At 31st December,	4,606,842	4,601,038

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

23. OTHER CURRENT ASSETS (Cont'd)

(b) Other receivables (Cont'd)

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1st January, 2024	1,360	-	4,619,465	4,620,825
Transfer from ECL allowance from amounts due from affiliated companies	-	-	(2,094)	(2,094)
Transfer from Stage 1 to Stage 2	(1,360)	1,360	-	-
ECL allowance recognised (reversed) during the year	426	(1,324)	(16,795)	(17,693)
At 31st December, 2024 and 1st January, 2025	426	36	4,600,576	4,601,038
Amounts written off during the year	-	-	(1,783)	(1,783)
Transfer from Stage 1 to Stage 2	(426)	426	-	-
(Reversal) Provision for the year	389	(457)	7,655	7,587
At 31st December, 2025	389	5	4,606,448	4,606,842

As at 31st December, 2025, included in ECL allowance is RMB4,074,300,000 (2024: RMB4,074,300,000) for the amounts due from some third parties under Stage 3.

24. ACCOUNTS PAYABLE

	Notes	2025 RMB'000	2024 RMB'000
Accounts payable	24(a)	436,552	249,835
Accounts payable to affiliated companies	33(h)	11,043	10,544
		447,595	260,379

(a) An aging analysis of accounts payable based on the invoice date is set out below:

	2025 RMB'000	2024 RMB'000
Less than six months	367,038	178,048
Six months to one year	3,575	9,828
Above one year but less than two years	18,928	13,255
Two years or above	47,011	48,704
	436,552	249,835

Accounts payable with balances denominated in currencies other than Renminbi are considered not significant. All these amounts are payable within one year.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

25. OTHER CURRENT LIABILITIES

	Notes	2025 RMB'000	2024 RMB'000
Contract liabilities		33,679	11,316
Other payables and accrued expenses		441,552	347,035
Other taxes payable		20,313	3,705
Deferred government grants	25(a)	74,130	74,689
Lease liabilities	26	113,892	122,440
Amounts due to affiliated companies	33(i)	18,918	21,187
		702,484	580,372
Less: non-current portion		(165,450)	(172,185)
Current portion		537,034	408,187

Contract liabilities represent deposits received before production activity commences, which give rise to contract liabilities at the start of a contract until the revenue recognised on the project exceeds the amount of the deposits.

Non-current portion of other liabilities at 31st December, 2025 composed of the following:

	Notes	2025 RMB'000	2024 RMB'000
Deferred government grants	25(a)	69,250	69,810
Lease liabilities	26	96,200	102,375
		165,450	172,185

(a) Deferred government grants

	2025 RMB'000	2024 RMB'000
Government grants to be recognised as income		
– within one year	4,880	4,879
– over one year	69,250	69,810
	74,130	74,689

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025 RMB'000	2024 RMB'000
Total minimum lease payments		
– due within the first year	18,512	21,213
– due over the first to second year	24,039	13,456
– due over the second to the fifth years	44,014	25,294
– due after the fifth year	44,809	84,724
	131,374	144,687
Less: future finance charges on lease liabilities	(17,482)	(22,247)
Present value of lease liabilities	113,892	122,440
	2025 RMB'000	2024 RMB'000
Present value of total minimum lease payments		
– due within one year	17,692	20,065
– due in the first to second years	22,994	12,430
– due in the second to fifth years	38,411	12,474
– due after the fifth year	34,795	77,471
	113,892	122,440
Less: portion due within one year included under current liabilities	(17,692)	(20,065)
Portion due after one year included under non-current liabilities	96,200	102,375

As at 31st December, 2025, all lease liabilities are effectively secured by the related underlying assets as the right-to-use assets would be reverted to the lessors in the event of default of lease payment by the Group.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

26. LEASE LIABILITIES (Cont'd)

During the year ended 31st December, 2025, the total cash outflows for the leases are RMB30,434,000 (2024: RMB26,565,000).

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office and factory buildings	Buildings in "property, plant and equipment"	2025: 22 2024: 21	2025: 0.08 to 8.63 years 2024: 0.83 to 9.71 years	Some of the contracts contain an option to renew the leases after the end of the contracts by giving a two-month to six-month notice to landlords before the end of the contracts
Machinery and equipment	Machinery and equipment in "property, plant and equipment"	2025: 1 2024: 1	2025: 0.16 2024: 1.16	This contract does not contain any renewal and termination options

The Group considered that no extension option would be exercised at the lease commencement date.

27. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
<i>Short-term bank borrowings:</i>		
Secured bank borrowings	–	100,000
Unsecured bank borrowings	–	230,000
	–	330,000

The short-term bank borrowings as at 31st December, 2024, were interest-bearing at rates from 2.85% to 4.75% per annum and repayable from 7th January, 2025 to 5th March, 2025.

Included in short-term bank borrowings at 31st December, 2024 were bank borrowings of RMB140 million from a non-controlling interest of BBAFC. As at 31st December, 2024, secured short-term bank borrowings were secured by the Group's loan receivables of approximately RMB126.2 million.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

28. PROVISION FOR LOSS

	2025 RMB'000	2024 RMB'000
As at 1st January,	554,199	1,469,944
Over provision in prior years	(277,467)	–
Settlements	–	(915,745)
As at 31st December,	276,732	554,199

Shenyang JinBei Automotive Industry Holdings Co., Ltd. (“SJAI”), a subsidiary of the Group has been claimed by certain banks for the unauthorised guarantees for bank borrowings granted to Huachen in 2019. As a result, the Group has a provision for the loss recognised. The Group had already settled approximately RMB1,362,863,000 up to 31st December, 2025.

As at 31st December, 2025, local courts had final rulings on the final claims from banks and ordered the release of certain restricted bank deposits, except for approximately RMB276,732,000 (note 19) relating to the remaining one bank. Accordingly, the management expected the estimated loss against the remaining one bank would not be higher than this amount and therefore an adjustment was made to the provision for the loss in the year.

29. DEFERRED TAX ASSET

As at 31st December, 2025, the Group had unrecognised deferred tax asset in respect of tax losses of approximately RMB2,277 million (2024: approximately RMB3,423 million) which will expire at various dates up to and including 2030 (2024: 2029).

In addition, as at 31st December, 2025, the Group also had not recognised deferred tax asset in respect of temporary differences of approximately RMB339 million (2024: approximately RMB142 million), which had mainly arisen from provision for impairment losses, deferred income and depreciation allowances, for the reason that it is uncertain as to their recoverability.

30. RETIREMENT PLAN AND EMPLOYEES' BENEFITS

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 15% to 16% (2024: 15% to 16%) of salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

The Group's Hong Kong employees are covered by the mandatory provident fund which is managed by an independent trustee. The Group and its Hong Kong employees each makes monthly mandatory contributions to the scheme at 5% (2024: 5%) of the employee's salary with the maximum amount of HK\$1,500 (2024: HK\$1,500) by each of the Group and the employee per month. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the fund.

The Group's contributions for staff in Hong Kong and the PRC for the year ended 31st December, 2025 were approximately RMB21.5 million (2024: approximately RMB16.3 million).

At 31st December, 2025 and 2024, the Group had no forfeited contributed available to reduce its contributions to the pension schemes in future years.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

31. SHARE CAPITAL AND SHARE OPTIONS

(a) Share capital

	2025		2024	
	Number of shares '000	Amount US\$'000	Number of shares '000	Amount US\$'000
Authorised:				
Ordinary shares at par value of US\$0.01 each				
As at 1st January, and 31st December,	8,000,000	80,000	8,000,000	80,000

	2025		2024	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Issued and fully paid:				
As at 1st January, and 31st December,	5,045,269	397,176	5,045,269	397,176

During the year and at 31st December, 2025, the Company did not have any outstanding share option.

(b) 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 products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

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 securely afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in business and economic conditions, including adjustments to the amount of dividends paid to shareholders, issue of new shares and return of capital to shareholders, etc.

Management monitors the Group's capital structure on the basis of the debt-to-equity ratio. For this purpose, the Group defines debts as the sum of all short-term debts and long-term debts, including bank borrowings. As the Group did not have any short-term or long-term debts outstanding as at 31st December, 2025, debt-to-equity ratio was nil. (2024: 1.2% based on bank borrowings of approximately RMB330.0 million divided by the total equity of approximately RMB27,098 million).

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

31. SHARE CAPITAL AND SHARE OPTIONS (Cont'd)

(c) Share options

On 4th June, 2019, the Company adopted a new share option scheme (the “Share Option Scheme”). The Share Option Scheme came into effect on 5th June, 2019 and will remain in force for a period of 10 years till 4th June, 2029 (inclusive). The terms of the Share Option Scheme allow for the Company’s board of directors to grant options to the participants (including the Group’s employees, non-executive directors, suppliers and customers, etc.) to subscribe for the Company’s shares at a price which should not be lower than the higher of:

- (i) the closing price of the shares on the SEHK as stated in SEHK’s daily quotation sheet on the date of grant, which must be a business date;
- (ii) the average closing price of the shares on the SEHK as stated in SEHK’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share of the Company.

As at 31st December, 2025, the Company had no outstanding share option under the Share Option Scheme (2024: nil).

32. RESERVES

(a) Retained earnings

The Group’s retained earnings included an amount of approximately RMB1,738,040,000 (2024: approximately RMB1,737,066,000) reserved by the subsidiaries in the PRC in accordance with the relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to allocate 10% of their profits after tax (determined under PRC GAAP) to their respective statutory reserves. No allocation to the statutory reserves is required after the balance of such reserve reaches 50% of the registered capital of the respective companies. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company’s production operations, or to increase the capital of the company.

(b) Capital reserve

Capital reserve represents dedicated capital of a subsidiary of the Group, Shenyang XingYuanDong Automobile Co., Ltd. (“**Xing Yuan Dong**”), released for capitalisation of paid-up registered capital as approved by the board of directors in accordance with the relevant laws and regulations in prior years. Such release of dedicated capital is credited to the capital reserve.

(c) Hedging reserve

It represents the Group’s share of the hedging reserve in the equity of BBA. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS

Related parties include those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 (revised) Related Party Disclosures, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government (“**government-related entities**”) are regarded as related parties of the Group.

For the related party transactions disclosure purpose, an affiliated company is a company in which one or more of the directors or substantial shareholders of the Company have direct or indirect beneficial interests in the company or are in a position to exercise significant influence over the company, including associates of the Group. Parties are also considered to be affiliated if they are subject to common control or common significant influence.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into the ordinary and usual course of business and balances between the Group and its related parties, including other government-related entities.

During the year, the Group had significant transactions and balances with the following related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules.

Name	Relationship
Shenyang Automobile	Major shareholder of the Company
The Bank of East Asia (China) Limited	An affiliated company of Bank of East Asia, and CaixaBank S.A., collectively holding 45% of BBAFC

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (a) The related party transactions in respect of items listed below also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Particulars of the connected transactions and continuing connected transactions are detailed in the Report of the Directors.

	2025 RMB'000	2024 RMB'000
Transactions with affiliated companies of Shenyang Automobile:		
– Sales of goods	13,494	1,419
– Purchases of goods	1,335	–
– Purchases of services (<i>note i</i>)	9,654	1,395
– Purchases of property, plant and equipment	48,146	–
– Lease payments rent (<i>note ii</i>)	877	629
Transaction with non-controlling interest of a subsidiary:		
– Service fees from	–	4,273
– Interest payment to (<i>note ii</i>)	2,694	13,151

Note i: As at 31st December, 2024, there was approximately RMB1,543,000 of services acquired by the Group which constituted de minimis continuing connected transactions and are fully exempt from announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Note ii: These transactions are fully exempt from announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

- (b) In addition to the above and disclosed elsewhere in these consolidated financial statements, the Group also had the following material related party transactions:

	2025 RMB'000	2024 RMB'000
Transactions with associates:		
– Sales of goods	12,477	11,221
– Purchases of goods	75,326	2,057
– Purchases of property, plant and equipment	42,677	85
– Comprehensive service income from	–	481
– Lease payments rent	908	–
Transactions with a joint venture:		
– Purchases of goods	18	–
– Comprehensive service fee to	38	–

The above sale and purchase transactions were carried out after negotiations between the Group and the associates in the ordinary course of business and on the basis of estimated market values as determined by the directors.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(c) As at 31st December, 2025, the Group's accounts receivable from affiliated companies consisted of the following:

	2025 RMB'000	2024 RMB'000
Accounts receivable from related parties:		
– Affiliated companies of Shenyang Automobile	11,360	20,969
– Associates	2,866	1,397
	14,226	22,366
Less: ECL allowance	(11,395)	(21,004)
	2,831	1,362

The Group's credit policy is to offer credit to affiliated companies following financial assessment and established payment track record. These affiliated companies are generally required to settle 25% to 33% of the previous month's ending balances.

The directors consider that the fair values of accounts receivable from affiliated companies which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair values are within Level 2 of the fair value hierarchy.

The aging analysis of gross accounts receivable due from affiliated companies based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Less than six months	3,618	1,397
Above two years but less than five years	–	7,303
Five years or above	10,608	13,666
	14,226	22,366

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(c) (Cont'd)

The table below provides information about the exposure to credit risk and ECL model for accounts receivable from affiliated companies which are assessed based on the provision matrix as at 31st December, 2025 and 2024.

	2025			2024		
	Gross carrying amount RMB'000	Weighted average loss rate %	ECL allowance RMB'000	Gross carrying amount RMB'000	Weighted average loss rate %	ECL allowance RMB'000
Less than six months	2,912	2.8	81	1,397	2.5	35
Above two years but less than five years	706	100.0	706	7,303	100.0	7,303
Five years or above	10,608	100.0	10,608	13,666	100.0	13,666
	14,226		11,395	22,366		21,004

The movement in ECL allowance in accounts receivable from affiliated companies during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	21,004	30,608
Provision for the year	176	-
Reversal for the year	(9,785)	(8,580)
Write-off of uncollectible amounts	-	(1,024)
At 31st December,	11,395	21,004

(d) As at 31st December, 2025, the Group's notes receivable from affiliated companies arising from trading activities consisted of the following:

	2025 RMB'000	2024 RMB'000
Notes receivable from associates	3,383	3,703

All notes receivable from affiliated companies are guaranteed by established banks in the PRC and have maturities of six months or less from 31st December, 2025 (2024: same).

For the same reason as stated in note 22, the notes receivable from affiliated companies are classified as financial assets at FVOCI (recycling) and stated at fair value. The fair value is within Level 2 of the fair value hierarchy.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(e) As at 31st December, 2025, the amounts due from affiliated companies consisted of:

	2025 RMB'000	2024 RMB'000
Amounts due from related parties:		
– Associates	945,563	989,168
– Xinhua Investment, a shareholder of Power Xincheng	364,924	364,924
– Affiliated companies of Shenyang Automobile	4,907	48,742
– Non-controlling interest of a subsidiary	37,869	45,338
	1,353,263	1,448,172
Less: ECL allowance	(1,321,085)	(1,384,202)
	32,178	63,970

The amounts due from affiliated companies are unsecured, interest-free and repayable on demand.

As at 31st December, 2025, the ECL allowance was provided for the following affiliated companies:

	2025 RMB'000	2024 RMB'000
– Associates	945,093	988,014
– Xinhua Investment	364,924	364,924
– Affiliated companies of Shenyang Automobile	4,494	31,264
– Non-controlling interest of a subsidiary	6,574	–
	1,321,085	1,384,202

The movement in ECL allowance in amounts due from affiliated companies during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1st January,	1,384,202	1,526,605
Provision for the year	6,955	–
Reversal for the year	(70,072)	(143,417)
Write-off of uncollectible amounts	–	(1,080)
Transfer from ECL allowance for other receivables (note 23(b))	–	2,094
At 31st December,	1,321,085	1,384,202

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(e) (Cont'd)

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1st January, 2024	399	926	1,525,280	1,526,605
Transfer to ECL allowance for other receivables	-	-	2,094	2,094
Reversal for the year	(399)	-	(143,018)	(143,417)
Write-off of uncollectible amounts	-	-	(1,080)	(1,080)
At 31st December, 2024 and 1st January, 2025	-	926	1,383,276	1,384,202
Provision for the year	6,955	-	-	6,955
Reversal for the year	(381)	(926)	(68,765)	(70,072)
At 31st December, 2025	6,574	-	1,314,511	1,321,085

(f) As at 31st December, 2025, the Group had made prepayments to affiliated companies for the purchases of raw materials.

	2025 RMB'000	2024 RMB'000
Prepayments to		
– Associates	21,306	-
– A joint venture	99	-
	21,405	-

(g) As at 31st December, 2025, the Group had dividends receivable of RMB45,854,000 from an associate and were received in full by the date of these consolidated financial statements.

(h) As at 31st December, 2025, the Group's accounts payable to affiliated companies arising from trading activities consisted of the following:

	2025 RMB'000	2024 RMB'000
Due to related parties:		
– Associates	2,486	2,844
– A joint venture	337	-
– Affiliated companies of Shenyang Automobile	8,220	7,700
	11,043	10,544

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(h) (Cont'd)

The accounts payable to affiliated companies are unsecured and interest-free. Accounts payable to affiliated companies are generally settled on a monthly basis at 25% to 33% of the previous month's ending balance. The aging analysis of accounts payable to affiliated companies based on invoice date is as follows:

	2025	2024
	RMB'000	RMB'000
Less than six months	4,779	–
Six months to one year	462	–
Two years or above	5,802	10,544
	11,043	10,544

(i) As at 31st December, 2025, the amounts due to affiliated companies by the Group consisted of:

	2025	2024
	RMB'000	RMB'000
Amounts due to related parties:		
– An associate	172	69
– Affiliated companies of Shenyang Automobile	16,166	18,414
– Non-controlling interest of a subsidiary	2,580	2,704
	18,918	21,187

Amounts due to affiliated companies by the Group are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

33. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (j) Compensation benefits to key management personnel are as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits and post-employment benefits	11,016	21,142

Other than the related party transactions disclosed above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

- (k) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by government-related entities. During the year, the Group had entered into various transactions with government-related entities including, but not limited to sales of non-BMW vehicles and automotive components, purchases of raw materials and automotive components, and utilities services.

The directors consider that transactions with other government-related entities are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other government-related entities are ultimately controlled or owned by the PRC Government. The Group has established pricing policies for its products and services, and such pricing policies do not depend on whether or not the customers are government related entities. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with government-related entities as disclosed above and majority parts of bank balances, short-term and pledged short-term deposits with and bank borrowings from state-owned financial institutions. The directors are of the opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

34. CASH GENERATED FROM OPERATIONS AND RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(a) Cash (used in) generated from operations:

	2025 RMB'000	2024 RMB'000
Profit before income tax expense	2,308,523	4,519,902
Share of results of associates	(2,566,256)	(4,361,370)
Share of results of a joint venture	62,067	-
Adjustment to provision for loss	(277,467)	-
Unrealised gain on cash and cash equivalents in foreign currencies	(22,380)	(4,611)
Interest and financing service income	(270,644)	(620,695)
Finance costs	5,541	3,684
Reversal of provision for inventories sold	(6,465)	(6,489)
Depreciation of property, plant and equipment	101,411	162,504
Amortisation of intangible assets	30,023	23,884
Amortisation of land lease prepayments	2,118	2,119
Loss on disposal of property, plant and equipment	25,789	7,938
Government grants	(6,966)	(8,467)
Loss on disposal of equity investment	-	2,574
Impairment loss on property, plant and equipment	66,944	1,285
Provision for inventories	54,563	5,693
Net provision (reversal) of ECL allowance on:		
- Accounts receivable	680	4,269
- Accounts receivable from affiliated companies	(9,609)	(8,580)
- Amounts due from affiliated companies	(63,117)	(143,417)
- Loan receivables	65,453	56,262
- Other receivables grouped under other current assets	7,587	(17,693)
Operating loss before working capital change	(492,205)	(381,208)
Decrease in statutory deposit reserves at central bank	42,500	15,000
(Increase) Decrease in inventories	(305,678)	48,122
Decrease (Increase) in accounts receivable	4,157	(50,636)
Decrease in loan receivables	367,361	828,984
(Increase) Decrease in notes receivable	(82,002)	17,459
(Increase) Decrease in other current assets	(85,353)	219,270
Increase (Decrease) in accounts payable	187,216	(36,901)
(Decrease) Increase in notes payable	(69,923)	60,523
Increase (Decrease) in other current liabilities	32,167	(80,646)
Cash (used in) generated from operations	(401,760)	639,967

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

34. CASH GENERATED FROM OPERATIONS AND RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Cont'd)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities for the year.

	Deferred government grant <i>(Note 25)</i> RMB'000	Bank borrowings <i>(Note 27)</i> RMB'000	Lease liabilities <i>(Note 26)</i> RMB'000	Total RMB'000
At 1st January, 2025	74,689	330,000	122,440	527,129
<i>Changes from financing cash flows:</i>				
Cash received from financing				
from banks	-	430,000	-	430,000
Repayments to banks	-	(760,000)	-	(760,000)
Payments	-	-	(19,189)	(19,189)
Interest paid for lease liabilities	-	-	(5,412)	(5,412)
<i>Changes from non-cash movements:</i>				
Reclassification from other payables	4,321	-	-	4,321
Deferred income recognised	(4,880)	-	-	(4,880)
Termination of leases	-	-	24	24
Inception of lease liabilities/ modification of leases	-	-	10,617	10,617
Interest expense recognised <i>(note 6)</i>	-	-	5,412	5,412
At 31st December, 2025	74,130	-	113,892	188,022

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

34. CASH GENERATED FROM OPERATIONS AND RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Cont'd)

(b) Reconciliation of liabilities arising from financing activities: (Cont'd)

	Deferred government grant (Note 25) RMB'000	Bank borrowings (Note 27) RMB'000	Lease liabilities (Note 26) RMB'000	Total RMB'000
At 1st January, 2024	79,568	924,500	26,094	1,030,162
<i>Changes from financing cash flows:</i>				
Cash received from financing from banks	–	790,000	–	790,000
Repayments to banks	–	(1,384,500)	–	(1,384,500)
Payments	–	–	(19,582)	(19,582)
Interest paid for lease liabilities	–	–	(3,684)	(3,684)
Government grant received	3,588	–	–	3,588
<i>Changes from non-cash movements:</i>				
Deferred income recognised	(8,467)	–	–	(8,467)
Termination of leases	–	–	(1,165)	(1,165)
Inception of lease liabilities	–	–	117,093	117,093
Interest expense recognised (note 6)	–	–	3,684	3,684
At 31st December, 2024	74,689	330,000	122,440	527,129

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

35. RE-ACQUISITION OF ASSETS AND LIABILITIES OF RESUMPTION OF CONTROL IN JSA

In 2024, the Group resumed the control of JSA after the completion of Capital Contribution in the JSA Restructuring. The Group injected in aggregate approximately RMB1,336,912,000 to re-acquire the fair value of the following identifiable net assets of JSA.

	RMB'000
Property, plant and equipment (<i>note 13</i>)	1,195,453
Intangible assets (<i>note 12</i>)	120,444
Other long-term assets	2,006
Inventories	180,546
Accounts receivable	4,554
Other receivables	315,513
Prepayments and other current assets	46,539
Cash and cash equivalents	51,017
Other payables and accrued expenses	(258,276)
Other taxes payable	(1,561)
<hr/>	
Total net assets	1,656,235
Non-controlling interests	(319,323)
<hr/>	
Capital Contribution	1,336,912
Less: Capital Contribution paid in 2023 and recognised as prepayment for investment	(282,557)
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Capital Contribution paid in the year	1,054,355
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Cash paid in the year	(1,054,355)
Bank balances and cash of JSA acquired	51,017
<hr/>	
Net cash paid at time of re-gaining control of JSA	(1,003,338)

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

36. COMMITMENTS

(a) Capital commitments

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
– Acquisition of plant and machinery and intangible assets	119,256	164,873
– Capital injection into Yuxin	–	700,000
	119,256	864,873

(b) Lease commitments

As at 31st December, 2024, the Group had future aggregate minimum lease payments of approximately RMB23,000 which were payable within one year under non-cancellable short-term operating leases in respect of leased properties.

37. CONTINGENT LIABILITIES

The Group has entered into a guarantee agreement with a bank to provide financing facilities of up to RMB100,000,000 for its vehicle dealers. These facilities finance up to 70% of the costs of purchases of the non-BMW vehicles from the Group. As at 31st December, 2025, approximately RMB9,897,000 (2024: Nil) of the facilities were utilised and outstanding by these vehicle dealers.

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025	2024
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	15,875	24,282
Interests in subsidiaries	3,255,287	3,268,633
Interests in associates	6,482	6,482
Equity investments	1,766	1,839
Total non-current assets	3,279,410	3,301,236
Current assets		
Cash and cash equivalents	925,478	952,807
Other current assets	5,541	6,508
Total current assets	931,019	959,315
Current liabilities		
Other current liabilities	14,790	19,815
Total current liabilities	14,790	19,815
Net current assets	916,229	939,500
Total assets less current liabilities	4,195,639	4,240,736
Non-current liabilities		
Lease liabilities	7,191	14,849
Total non-current liabilities	7,191	14,849
NET ASSETS	4,188,448	4,225,887
Capital and reserves		
Share capital	397,176	397,176
Reserves (<i>Note</i>)	3,791,272	3,828,711
TOTAL EQUITY	4,188,448	4,225,887

Zhang Yue
Director

Jiang Bo
Director

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

Note: The movement of the Company's reserves are as follows:

	Share premium RMB'000	Investment fair value reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1st January, 2024	2,476,082	(9,724)	39,179	602,777	3,108,314
Dividends	-	-	-	(27,210,904)	(27,210,904)
Profit and total comprehensive income for the year	-	68	-	27,931,233	27,931,301
As at 31st December, 2024 and 1st January, 2025	2,476,082	(9,656)	39,179	1,323,106	3,828,711
Dividends	-	-	-	(8,423,338)	(8,423,338)
Profit and total comprehensive income for the year	-	(73)	-	8,385,972	8,385,899
As at 31st December, 2025	2,476,082	(9,729)	39,179	1,285,740	3,791,272

The directors consider that the Company had approximately RMB1,325.0 million (2024: approximately RMB1,362.3 million) available for distribution to shareholders.

39. INTERESTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31st December, 2025 and 2024 were as follows:

Name of company	Registered capital/ issued and fully paid capital	Legal structure	Percentage of effective equity interest/ voting right attributable to the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
JSA ¹	US\$1,795,963,000	Equity joint venture	-	87.34%	-	80.72%	Test run on manufacturing of non-BMW vehicles and automotive components
Ningbo Yumin ²	US\$22,500,000	Wholly foreign owned enterprise	-	100%	-	100%	Manufacture and sale of automotive components
Xing Yuan Dong ¹	US\$150,000,000	Wholly foreign owned enterprise	100%	-	100%	-	Manufacture and trading of automotive components
Ningbo Brilliance Ruixing Auto Components Co., Ltd. ²	US\$5,000,000	Wholly foreign owned enterprise	100%	-	100%	-	Manufacture and trading of automotive components
Mianyang Ruian ³	US\$22,910,000	Wholly foreign owned enterprise	100%	-	100%	-	Manufacture and trading of automotive components
Shenyang Brilliance Dongxing Automotive Component Co., Ltd. ¹	RMB222,000,000	Wholly foreign owned enterprise	-	100%	-	100%	Manufacture and trading of automotive components and remodeling minibuses and sedans

Notes to the Consolidated Financial Statements (Cont'd)

For the year ended 31st December, 2025

39. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of company	Registered capital/ issued and fully paid capital	Legal structure	Percentage of effective equity interest/ voting right attributable to the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Shenyang Jianhua Motors Engine Co., Ltd. ¹	RMB155,032,500	Equity joint venture	-	100%	-	100%	Investment holding
China Brilliance Automotive Components Group Limited ⁶	US\$12,000	Company with limited liabilities	100%	-	100%	-	Investment holding
Brilliance Investment Holdings Limited ⁵	US\$1	Company with limited liabilities	100%	-	100%	-	Investment holding
Beston Asia Investment Limited ⁵	US\$1	Company with limited liabilities	100%	-	100%	-	Investment holding
Pure Shine Limited ⁵	US\$1	Company with limited liabilities	100%	-	100%	-	Investment holding
Key Choices Group Limited ⁵	US\$50,000	Company with limited liabilities	100%	-	100%	-	Investment holding
Brilliance China Finance Limited ⁵	US\$50,000	Company with limited liabilities	100%	-	100%	-	Investment holding
SJAI ¹	RMB1,500,000,000	Company with limited liabilities	-	100%	-	100%	Investment holding
Shanghai Hidea Auto Design Co., Ltd. ⁴	US\$2,000,000	Equity joint venture	25%	75%	25%	75%	Design of automobiles
BBAFC ⁴	RMB1,600,000,000	Equity joint venture	55%	-	55%	-	Provision of auto financing service
Shenyang Jinbei Zhuyuan Trading Co., Ltd. ¹	RMB2,000,000	Company with limited liabilities	-	87.34%	N/A	N/A	Trading of non-BMW vehicles and automotive components
Shenyang Yusheng Machinery Industry Co., Ltd. ¹	RMB20,000,000	Company with limited liabilities	-	100%	N/A	N/A	Manufacture and trading of automotive components

1. Established and with principal activities in Shenyang, the PRC
2. Established and with principal activities in Ningbo, the PRC
3. Established and with principal activities in Mianyang, the PRC
4. Established and with principal activities in Shanghai, the PRC
5. Incorporated in the British Virgin Islands
6. Incorporated in Bermuda
7. For subsidiaries with principal activity of investment holding, their investments are all located in the PRC.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 115 to 202 were approved and authorised for issue by the board of directors on 27th March, 2026.