

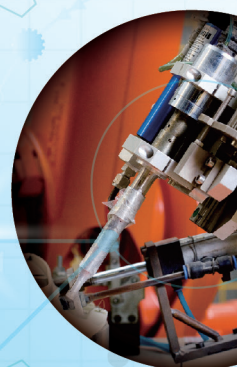
# Huazhong In-Vehicle Holdings Company Limited 華眾車載控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

Stock code: 6830

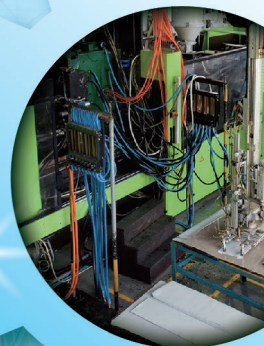
# 2025

## Annual Report



# CONTENT

- 2** Corporate Information
- 4** Company Profile
- 5** Chairman's Statement
- 6** Management Discussion and Analysis
- 14** Company Structure
- 16** Corporate Governance Report
- 33** Directors and Senior Management
- 38** Report of the Directors
- 51** Independent Auditor's Report
- 55** Consolidated Statement of Profit or Loss
- 56** Consolidated Statement of Comprehensive Income
- 57** Consolidated Statement of Financial Position
- 59** Consolidated Statement of Changes in Equity
- 61** Consolidated Statement of Cash Flows
- 63** Notes to Financial Statements
- 152** Financial Summary





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhou Minfeng  
*(Chairman and Chief Executive)*  
Mr. Liu Genyu

### Non-executive Directors

Ms. Lai Cairong  
Mr. Guan Xin  
Mr. Yu Zhuoping

### Independent non-executive Directors

Ms. Xu Li *(Vice-chairman)*  
*(appointed on 30 June 2025)*  
Mr. Wang Dongchen  
Mr. Xu Jiali  
Mr. Wong Luen Cheung Andrew *(Vice-chairman)*  
*(resigned on 30 June 2025)*

## AUDIT COMMITTEE

Ms. Xu Li *(Chairman)*  
*(appointed on 30 June 2025)*  
Mr. Wang Dongchen  
Mr. Xu Jiali  
Mr. Wong Luen Cheung Andrew *(Chairman)*  
*(resigned on 30 June 2025)*

## REMUNERATION COMMITTEE

Mr. Wang Dongchen *(Chairman)*  
Mr. Zhou Minfeng  
Mr. Xu Jiali

## NOMINATION COMMITTEE

Mr. Wang Dongchen *(Chairman)*  
Ms. Lai Cairong  
Mr. Xu Jiali

## COMPANY SECRETARY

Ms. Ho Wing Yan *(ACG, HKACG(PE))*

## AUTHORISED REPRESENTATIVES

Mr. Zhou Minfeng  
Ms. Ho Wing Yan *(ACG, HKACG(PE))*

## REGISTERED OFFICE

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

## HEADQUARTERS IN CHINA

No. 104 Zhenan Road  
Xizhou Town  
Xiangshan County  
Zhejiang Province  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3005-7, 30/F  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Bank of China  
Agricultural Bank of China



## **LEGAL ADVISER AS TO HONG KONG LAW**

Long An & Lam LLP

## **AUDITOR**

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## **SHARE REGISTRARS**

### ***Principal Share Registrar and Transfer Office in the Cayman Islands***

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1110  
Cayman Islands

### ***Hong Kong Branch Share Registrar and Transfer Office***

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## **LISTING EXCHANGE INFORMATION**

The Stock Exchange of Hong Kong Limited  
Main Board

## **STOCK CODE**

6830

## **COMPANY WEBSITE**

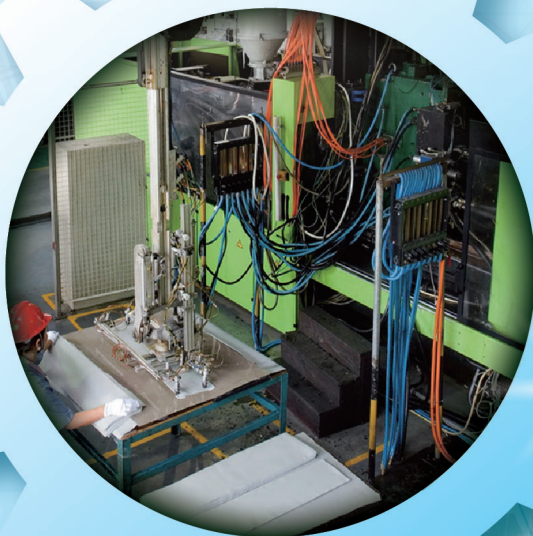
[www.cn-huazhong.com](http://www.cn-huazhong.com)

Huazhong In-Vehicle Holdings Company Limited (the “**Company**” or “**Huazhong Holdings**”) and its subsidiaries (together the “**Group**”) are one of the principal suppliers of automobile body parts in China.

Vertical integration of business operation enables the Group to offer one-stop total solutions to customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet customers’ functional requirements and specifications.

With an extensive product range, strong product development and production capabilities and refined manufacturing and tooling techniques, the Group has maintained long-term business relationships with both multinational automakers and well-established automakers and suppliers for automakers in China.

The Group’s network of production bases at strategic locations also contributes to such stable customer relationships. Headquartered in Ningbo, the Group has factories operating in different regions in China to cover major automakers in China.





On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company and all of our staff, I hereby present to the shareholders of the Company (the “**Shareholders**”) the annual results of the Group for the year ended 31 December 2025 (the “**Year**”).

Given the complex global economic conditions, 2025 has been a challenging year for the Group. The Group's total revenue increased 38.8% to approximately RMB2,563.96 million from approximately RMB1,846.7 million. Gross profit increased by approximately 10.1% year-on-year to approximately RMB555.78 million (2024: approximately RMB505.04 million). Profit attributable to the owners of the parent decreased by approximately 14.2% year-on-year to approximately RMB35.98 million (2024: approximately RMB41.91 million).

The Group adhered to the strategy of striving for progress while maintaining stability, expedited the transformation and upgrading of industrial structure, and overcame obstacles through effective measures. With the unremitting efforts of all the staff and the new production plants which were completed and put into operation by the Group, productivity was effectively enhanced. In addition to various measures to increase market share and uplift profitability, the Group vigorously implemented stringent costs control, fortified the overall business competitiveness, strengthened research and development capabilities and kept track of the latest trend on the information technology market.

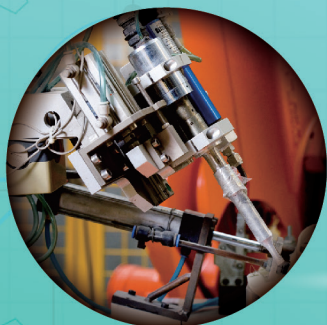
At the same time, active actions were also taken to identify favorable acquisition opportunities, so as to increase market share, enhance business expansion capabilities and diversify revenue streams.

In addition, on 30 November 2021, the Group has been included in the MSCI China Small Cap Index, representing the capital market's recognition of the Group's value and performance. As always, the Group will maintain robust financial position to provide flexibility for future development opportunities, business sustainability and profitability and seize the industrial development opportunities ahead, so as to deliver better and sustainable returns for the Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our management and staff for their outstanding performance over the year, as their contribution was the key to the Group's success. I would also like to take this opportunity to cordially thank all Shareholders, customers and business partners for their support and assistance.

**Zhou Minfeng**  
*Chairman and Chief Executive*

Hong Kong, 31 March 2026





# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

During 2025, the automobile industry production and sales level had increased slightly. According to the statistics from China Association of Automobile Manufacturers, over 34.53 million vehicles were manufactured and over 34.40 million vehicles were sold in 2025, representing an increase of approximately 10.4% and approximately 9.4%, respectively, from the previous year. In terms of sales and manufacturing volumes, China has again ranked number one in the world for another year.

As a tier-one supplier with scalable production capacity and strong research and development (the “R&D”) capability, the Group has established long-term business relationships with the leading players in the market. The solid partnership with industry leaders has provided a strong foothold for the Group to capture the growth of the automobile industry.

### BUSINESS REVIEW

The Group offers one-stop solutions to its customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet its customers’ functional requirements and specifications.

The Group offers a wide range of automobile body parts, including internal and external structural and decorative parts (such as front/rear bumper, front-end carrier, dashboard, ABCD-pillars, air inlet grille and rocker panel), air conditioning unit casings and liquid tanks through our subsidiaries and jointly controlled entities.

The Group also produces moulds and tooling for our manufacturing arm, with the ability to produce moulds and tooling for complex or large-size automobile body parts such as bumper and front-end carrier. Apart from automobile-related products, the Group also manufactures other products such as top cowl cover for engine of motorboat and office chair parts.

During the Year, the Group faced with continuously increasing production costs. As such, the Group rigorously enforced the implementation of cost controls, improved staff quality and strengthened administrative efficiency internally. Externally, the Group strived to fortify the long-term cooperation with customers, develop new market opportunities, maintain sound business operation capability, consolidate the Group’s resources and improve market competitiveness. These actions successfully helped the Group in achieving the annual targets, and laid the foundation for its sustainable operation in the future.

For the Year, the Group’s revenue was approximately RMB2,563.96 million, representing an increase of approximately 38.8% as compared to approximately RMB1,846.70 million in 2024. Profit attributable to the owners of the parent for the Year was approximately RMB35.98 million, representing a decrease of approximately 14.2% as compared to approximately RMB41.91 million in 2024.



## OPERATIONS ANALYSIS

The Board believes that the Group's achievements are attributable to the following aspects:

- The Group provides one-stop product development and manufacturing solutions to customers. This vertically integrated service has enabled the Group to improve production efficiency, shorten the roll-out time for new products, stringently control production cost and quality throughout the whole production process and strengthen its business relationships with customers.
- The Group has strong R&D capacity to develop new products with customers simultaneously. This enables the Group to establish close relationships with its major customers and deepen its understanding of the customers' needs.
- The Group established production bases that are located close to the production bases of most of the key automakers in China. The geographic proximity advantage enables the Group to provide services to its customers in a timely manner, strengthen its relationships with these customers and reduce transportation costs, and thereby further enhancing its competitiveness.
- The Group maintains long-term business relationships with both domestic and multinational automakers, while rigorously engaging new customers.
- The Group is equipped with strong production capabilities and refined manufacturing technology. The Group has adopted the most advanced technologies and production equipment in this industry.
- The Group has an experienced management team with deep knowledge and understanding of the automobile body parts industry.
- The Group monitors its product quality in a stringent manner. It implements sophisticated quality monitoring procedures to select and examine raw materials, semi-finished and finished products to ensure a high standard of quality.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group was primarily derived from five categories of products:

- (i) automotive interior and exterior structural and decorative parts;
- (ii) moulds and tooling;
- (iii) casings and liquid tanks of air conditioners and heaters;
- (iv) non-automobile products; and
- (v) sale of raw materials.



	2025		2024	
	Revenue RMB'000	Gross profit Margin %	Revenue RMB'000	Gross profit Margin %
Automotive interior and exterior structural and decorative parts	<b>2,123,148</b>	<b>22.3</b>	1,476,310	29.1
Moulds and tooling	<b>201,047</b>	<b>14.3</b>	145,172	20.1
Casings and liquid tanks of air conditioners and heaters	<b>133,048</b>	<b>19.3</b>	135,272	16.9
Non-automobile products	<b>52,842</b>	<b>42.0</b>	43,277	34.8
Sale of raw materials	<b>53,879</b>	<b>9.0</b>	46,668	17.2
<b>Total</b>	<b>2,563,964</b>	<b>21.7</b>	1,846,699	27.3

For the Year, the total revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB2,123,148,000 (2024: approximately RMB1,476,310,000), accounting for approximately 82.8% of the Group's total revenue for the Year (2024: approximately 79.9%). Gross profit margin decrease from approximately 29.1% in 2024 to approximately 22.3% in 2025.

For the Year, revenue from moulds and tooling was approximately RMB201,047,000 (2024: approximately RMB145,172,000), accounting for approximately 7.8% of the Group's total revenue for the Year (2024: approximately 7.9%). Gross profit margin decrease from 20.1% in 2024 to 14.3% in the Year.

For the Year, revenue from casings and liquid tanks of air conditioners and heaters was approximately RMB133,048,000 (2024: approximately RMB135,272,000), accounting for approximately 5.2% of the Group's total revenue for the Year (2024: approximately 7.3%). Gross profit margin increase from 16.9% in 2024 to 19.3% in the Year.

For the Year, revenue from non-automobile products was approximately RMB52,842,000 (2024: approximately RMB43,277,000), accounting for approximately 2.1% of the Group's total revenue for the Year (2024: approximately 2.3%). Gross profit margin increase from approximately 34.8% in 2024 to approximately 42.0% in the Year.

For the Year, revenue from sale of raw materials was approximately RMB53,879,000 (2024: approximately RMB46,668,000), accounting for approximately 2.1% of the Group's total revenue for the Year (2024: approximately 2.5%). Gross profit margin decrease to approximately 9.0% (2024: approximately 17.2%) during the Year.



### Other Income and Gains

Other income and gains of the Group for the Year amounted to approximately RMB44,194,000 (2024: approximately RMB47,759,000), representing a decrease of approximately 7.5% from last year. The decrease in other income was mainly attributable to a decrease in government grants and value-add tax preferences.

### Selling and Distribution Expenses

The Group's selling and distribution expenses for the Year amounted to approximately RMB147,014,000 (2024: approximately RMB129,273,000). The proportion of selling and distribution expenses in sales revenue for the Year was approximately 5.7% (2024: approximately 7.0%).

### Administrative Expenses

The Group's administrative expenses for the Year amounted to approximately RMB383,369,000, representing an increase of approximately 14.7% as compared to approximately RMB334,153,000 in 2024.

### Share of Profits of Joint Ventures and Associates

During the Year, the Group recorded approximately RMB20,327,000 of the share of profits of joint ventures as well as RMB257,000 of the share of loss of associates, as compared to the share of profits of a joint venture approximately RMB25,043,000 for 2024.

### Finance Income

The Group's finance income increased by approximately 28.6% from approximately RMB1,465,000 in 2024 to approximately RMB1,884,000 in the Year.

### Finance Costs

The Group's finance costs decreased from approximately RMB22,191,000 in 2024 to approximately RMB21,317,000 in the Year, representing a decrease of approximately 3.9%, which was attributable to a decrease of borrowing interest rate during the Year.



### Taxes

The Group's tax expenses increased by approximately 108.3% from approximately RMB10,332,000 in 2024 to approximately RMB21,523,000 in the Year.

### Liquidity and Financial Resources

For the Year, the net cash generated from operating activities was approximately RMB199,348,000 (2024: approximately RMB355,544,000). The cash generated from operating activities was mainly from the profits during the Year.

The net cash used in investing activities was approximately RMB240,639,000 (2024: net cash used approximately RMB272,486,000). The net cash used in financing activities was approximately RMB57,306,000 (2024: net cash used approximately RMB33,835,000). The net cash used in investing activities was mainly used for procurement of fixed assets. The net cash used in financing activities was mainly used for repayment of bank loans.

As a result of the above-mentioned comprehensive factors, the net cash outflow of the Group was approximately RMB98,597,000 (2024: net cash inflow of approximately RMB49,223,000).

As at 31 December 2025, the cash and cash equivalents of the Group (including cash and bank deposits) was approximately RMB62,496,000 (31 December 2024: approximately RMB161,143,000).

As at 31 December 2025, the interest-bearing bank borrowings of the Group were approximately RMB593,729,000 (31 December 2024: approximately RMB583,221,000). All the interest-bearing bank borrowings were borrowed in RMB, and approximately RMB406,529,000 were due within one year. Most of the bank borrowings were borrowed at fixed interest rate.

The Board expects that the bank loans would either be settled by fund from internal resources or rolled over as it was due. All principal banks will continue to provide fund to the Group for its business operation.

### Capital Commitments

As at 31 December 2025, the Group had capital commitments amounting to approximately RMB72,874,000 (31 December 2024: approximately RMB118,475,000) mainly including commitment for purchasing property, plant, and equipment.

### Foreign Exchange Exposure

The sales and purchases of the Group were mainly denominated in RMB. The cash and cash equivalents of the Group were mainly denominated in RMB and Hong Kong dollars. The borrowings are denominated in RMB. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

### Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 31 December 2025 was 1,769,193,800.

### Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities (31 December 2024: Nil).



## Pledge of Assets

As at 31 December 2025, the Group's assets of approximately RMB96,744,000 (2024: approximately RMB103,418,000) were pledged to secure some of the Group's interest-bearing bank borrowings. The book value of the pledged assets is set out below:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	32,724	34,624
Leasehold land	34,020	38,794
Pledged deposits	30,000	30,000
<b>Total</b>	<b>96,744</b>	<b>103,418</b>

As at 31 December 2025, pledged deposits with a carrying value of RMB30,000,000 (2024: RMB30,000,000) were pledged to secure the bank loans granted to the Group.

## Gearing Ratio

As at 31 December 2025, the Group's gearing ratio was approximately 66.9%, representing an increase of about 8.1% as compared with the gearing ratio of approximately 58.8% as at 31 December 2024. The gearing ratio is derived by dividing net liabilities (including interest-bearing bank and other borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the respective years.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

### Connected Transaction in Relation to acquisition of 15% Equity Interest in Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.

On 20 February 2025, its indirectly held, wholly-owned subsidiary, Ningbo Huazhong Automotive Decorative Parts Technology Co., Limited\* (寧波華眾汽車飾件科技有限公司) (the "**Purchaser**"), entered into a share purchase agreement with Roekona Textilwerk GmbH & Co. KG (the "**Vendor**"), to acquire a 15% equity interest in its existing non-wholly-owned subsidiary, Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.\* (寧波華樂特汽車裝飾布有限公司) (the "**Target Company**"), for a total consideration of EUR 4,500,000 (approximately RMB34,290,000).

The Vendor, which held a 25% interest in the Target Company prior to the transaction, was a substantial shareholder of a subsidiary of the listed company and thus constituted a connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules.

\* For identification purpose only



The acquisition was undertaken to consolidate the Group's control by increasing its aggregate stake in the Target Company from 65% to 80%, thereby enhancing operational and decision-making efficiency, which aligns with the Group's strategic objective of strengthening its management of automotive parts manufacturing operations.

The consideration, determined through arm's length negotiations with reference to an independent asset-based valuation, is payable in three equal instalments of EUR 1,500,000 by bank transfer within three, six, and nine months following the completion of the equity transfer and its formal registration with the relevant authorities in the PRC.

Please refer to the announcement of the Company dated 20 February 2025 for further details.

Save as disclosed herein, during the Year, the Group did not have any significant investments or acquisition or disposal of subsidiaries, associates and joint ventures.

### Employees and Remuneration Policies

The Group had a total of 3,519 (2024: 3,407) employees as at 31 December 2025. Total staff costs of the Group (excluding the Directors' and chief executive's remuneration) for the Year was approximately RMB329,204,000 (2024: approximately RMB312,659,000). The increase in staff cost was mainly attributable to the increase in average salary of employees. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. Share options would be granted to certain eligible persons with outstanding performance and contributions to the Group.

### Events after the Year

There were no significant events after the Year and up to the date of this report.

### PROSPECT

From January to December in 2025, the manufacturing and sales volumes of automobiles in China reached 34.53 million and 34.40 million, respectively, with a year-on-year increase of 10.4% and 9.4%, among of which, the manufacturing and sales volumes of new energy automobiles reached 16.63 million and 16.49 million, respectively, with a year-on-year increase of 29.0% and 28.2%, accounted for 50.8% of the market share. China Association of Automobile Manufacturers expects that the total sales volume of new energy vehicles in China will reach 19.00 million in 2026, representing a growth of about 15.2% as compared with last year.

The Group will actively facilitate its work regarding the deployment of aspects including customers, products and manufacturing to promote overall development. Firstly, we will continue to strive for expanding our cooperation with traditional automotive brands. As we pursue top quality craftsmanship and innovative manufacturing constantly, we will also endeavor to extend the scope of cooperation from traditional automotives to new energy automotives and aim to develop new lightweight products made of new and high-performance plastics together, in substitution for metal automotive parts. Secondly, we will continue to improve our deployment in the new energy market and strengthen our connection with new energy automotive brands. We have successful exploration in the new energy market and has worked with industry leaders in the past. We will fight for more orders and customers on that basis and seek to expand economies of scale. Lastly, we will strengthen our manufacturing deployment comprehensively. We plan to set up new manufacturing facilities in Mexico in order to achieve global business development and compete for orders from overseas manufacturers.



During the coming year, Huazhong In-Vehicle will focus on the improvement of its product mix, to better meet the demand of its automotive brand customers and enhance the cooperation with its customers. We will continue to increase the utilisation rate of our production capacity to maximise the efficiency of mass production; meanwhile, we will strengthen our management on business expenses and take revenue generating and cost control measure, striving for remarkable results of profits during the recovery of the industry.

### **Forward Looking Statements**

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.





## Notes:

1. Ningbo Huazhong Automotive Decorative Parts Technology Co., Limited (i)  
(寧波華眾汽車飾件科技有限公司)
  2. Ningbo Huazhong Automobile Parts Co., Ltd. (ii)  
(寧波華眾汽車零部件有限公司)
  3. Ningbo Huafeng Plastic and Latex Products Co., Ltd. (iii)  
(寧波華峰橡塑件有限公司)
  4. Chengdu Huazhong Automobile Parts Co., Ltd. (iii)  
(成都華眾汽車零部件有限公司)
  5. Guangzhou Huazhong Automobile Decorative Parts Co., Ltd. (iii)  
(廣州華眾汽車飾件有限公司)
  6. Ningbo Huazhong Moulding Manufacturing Co., Ltd. (iii)  
(寧波華眾模具製造有限公司)
  7. Ningbo Roekona-Zoeppritex-TEX-Line Co., Ltd. (ii)  
(寧波華樂特汽車裝飾布有限公司)
  8. Changchun Huateng Automobile Parts Co., Ltd. (iii)  
(長春市華騰汽車零部件有限公司)
  9. Wuhu Huazhong Automotive Parts Co., Ltd. (iii)  
(蕪湖華眾汽車零配件有限公司)
  10. Yantai Huaxiang Automotive Parts Co., Ltd. (iii)  
(煙台華翔汽車零部件有限公司)
  11. Ningbo Xinxing Automobile Plastic Parts Manufacturing Co., Ltd. (iii)  
(寧波新星汽車塑料件製造有限公司)
  12. Chongqing Huazhong Automobile Decorative Parts Co., Ltd. (iii)  
(重慶市華眾汽車飾件有限公司)
  13. Foshan Huazhong Automobile Parts Co., Ltd. (iii)  
(佛山華眾汽車零部件有限公司)
  14. Shanghai Huaxin Automobile Latex and Plastic Co., Ltd. (ii)  
(上海華新汽車橡塑製品有限公司)
  15. Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co., Ltd. (iii)  
(長春華眾延鋒彼歐汽車外飾有限公司)
  16. Texline Investment Co., Limited  
(華樂特投資有限公司)
  17. Changchun Huaxiang Automobile Plastic Parts Manufacturing Co., Ltd. (iii)  
(長春華翔汽車塑料件製造有限公司)
  18. Changxing Huaxin Automobile Latex and Plastic Co., Ltd. (iii)  
(長興華新汽車橡塑製品有限公司)
  19. Ningbo Huadun New Energy Technology Co., Ltd.  
(寧波華盾新能源科技有限公司)
  20. Ningbo Tex Line Automotive Textiles Co., Ltd. (i)  
(寧波華絡特汽車內飾有限公司)
  21. Changchun Yuehong Investment Co., Ltd. (iii)  
(長春閱宏投資有限公司)
  22. Ningbo Chunfeng Investment Co., Ltd. (iii)  
(寧波春峰投資有限公司)
  23. Qingdao Huazhong Automotive Parts Co., Ltd. (iii)  
(青島華眾汽車零部件有限公司)
  24. Tianjin Huayou Automotive Parts Co., Ltd. (iii)  
(天津華友汽車零部件有限公司)
  25. Nanchang Huayue Plastic Products Company Co., Ltd. (iii)  
(南昌華越塑料製品有限公司)
  26. Ningbo Huazhong In-Vehicle Technology Co., Ltd. (iii)  
(寧波華眾車載技術有限公司)
  27. Changshu Huaxin Automobile Latex and Plastic Co., Ltd. (iii)  
(常熟華新汽車零部件有限公司)
  28. Ningbo Huazhong Holdings Co., Ltd. (iii)  
(寧波華眾控股有限公司)
  29. Changzhou Huazhong Automobile Decorative Parts Co., Ltd. (iii)  
(常州華眾汽車飾件科技有限公司)
  30. Hefei Huazhong Automotive Parts Co., Ltd. (iii)  
(合肥華眾汽車零部件有限公司)
  31. Xi'an Huadun Automotive Parts Co., Ltd. (iii)  
(西安華盾汽車零部件有限公司)
  32. Hangzhou Huaxiang Automotive Parts Co., Ltd. (ii)  
(杭州華翔汽車零部件有限公司)
- These companies are:
- (i) registered as wholly-foreign-owned enterprises under PRC law.
  - (ii) registered as foreign equity joint venture enterprises under PRC law.
  - (iii) incorporated in the PRC as domestic companies.
33. Changchun Huayou Automotive Parts Co., Ltd.  
(長春市華友汽車零部件有限公司)
  34. Mexico Huazhong Automotive Technology S. de R.L.de C.V.  
(墨西哥華眾汽車科技有限公司)
  35. Jinhua Huazhong Automobile Parts Co., Ltd.  
(金華華眾汽車零部件有限公司)
  36. Chongqing Huazhong Automobile Parts Co., Ltd.  
(重慶市華眾汽車配件有限公司)
  37. Wuhan Huateng Automobile Parts Co., Ltd.  
(武漢華騰汽車零部件有限公司)



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as risk management and internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize returns for the Shareholders.

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as the code of the Company.

The Board is of the view that the Company has complied with all applicable provisions set out in the CG Code throughout the Year, except for the following deviations.

## Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Please refer to the paragraph under “Chairman and Chief Executive” below for details.



## THE BOARD

During the Year, the Board consists of eleven Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. During the Year, four Board meetings and an annual general meeting was held. Details of the attendance of the Directors are as follows:

Names of Directors	Attendance/Number of	
	Board Meetings	Shareholders' Meetings
<i>Executive Directors</i>		
Mr. Zhou Minfeng ( <i>Chairman and Chief Executive</i> )	4/4	1/1
Mr. Liu Genyu	4/4	1/1
<i>Non-Executive Directors</i>		
Ms. Lai Cairong	4/4	1/1
Mr. Guan Xin	4/4	1/1
Mr. Yu Zhuoping	4/4	1/1
<i>Independent Non-Executive Directors</i>		
Ms. Xu Li ( <i>Vice-chairman</i> ) ( <i>appointed on 30 June 2025</i> )	2/2	0/0
Mr. Wang Dongchen	4/4	1/1
Mr. Xu Jiali	4/4	1/1
Mr. Wong Luen Cheung Andrew ( <i>Vice-chairman</i> ) ( <i>resigned on 30 June 2025</i> )	2/2	1/1



The functions and duties conferred on the Board include convening Shareholders' meetings, reporting on the work of the Board to the Shareholders at Shareholders' meetings as may be required by applicable laws, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the articles of association of the Company (the "**Articles**") and applicable laws. The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well-balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The non-executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense. All Directors also have access to the company secretary of the Company (the "**Company Secretary**") who is responsible for ensuring that the Board's procedures and all applicable rules and regulations are followed. An agenda and accompanying Board committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by the Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by the Directors.

Among the members of the Board, Mr. Zhou Minfeng, an executive Director, is the son of Ms. Lai Cairong, a non-executive Director. Save as disclosed herein, there is no other relationship among the Board members.

### Appointment and Re-election of Directors

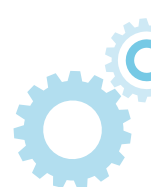
Each non-executive Director, whether independent or not, is appointed for a specific term and is subject to retirement by rotation at least once every three years.

All of them subject to the termination by not less than three months' notice in writing served by the respective non-executive Directors and independent non-executive Directors on the Company, or by immediate notice in writing served by the Company on the respective non-executive Directors and independent non-executive Directors.

According to Articles 84(1) and 84(2) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Therefore, Ms. Lai Cairong, Mr. Wang Dongchen and Mr. Xu Jiali will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

According to Article 83(3) of the Articles, Ms. Xu Li appointed by the Board to fill a causal vacancy shall hold office until the first general meeting of Shareholders after her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.



## Directors' Training

According to the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the Year, the Company has received from each of the Directors confirmation of taking continuous professional training.

A summary concerning the participation of the Directors in continuous professional development under Rules 3.09F, 3.09G and 3.09H of the Listing Rules during the Year according to the records provided by the Directors is as follows:

Names of Directors	Board Roles and Effectiveness	Legal and Regulatory Duties (including Listing Rules updates)	Corporate Governance and ESG	Risk Management and Internal Controls	Industry-Specific Developments	Total Hours
<i>Executive Directors</i>						
Mr. Zhou Minfeng (Chairman and Chief Executive)	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
Mr. Liu Genyu ** (appointed on 24 September 2024)	4*	4 <sup>#</sup>	8*	4 <sup>^</sup>	4 <sup>^</sup>	24
<i>Non-Executive Directors</i>						
Ms. Lai Cairong	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
Mr. Guan Xin	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
Mr. Yu Zhuoping	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
<i>Independent Non-Executive Directors</i>						
Ms. Xu Li ** (Vice-chairman) (appointed on 30 June 2025)	4*	4 <sup>#</sup>	8*	4 <sup>^</sup>	4 <sup>^</sup>	24
Mr. Wang Dongchen	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
Mr. Xu Jiali	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10
Mr. Wong Luen Cheung Andrew (Vice-chairman) (resigned on 30 June 2025)	2*	2 <sup>#</sup>	2*	2 <sup>^</sup>	2 <sup>^</sup>	10

\* Internal Training

<sup>#</sup> External Training (Training has been provided by BMI Professional Training Centre Limited)

<sup>^</sup> Self-study

\*\* Pursuant to Rule 3.09F of the Listing Rules, as at the date of his/her appointment, the Director has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law regarding the requirements under the Listing Rules applicable to his/her role as Director, including the potential consequences of submitting a false declaration or providing false information to the Stock Exchange. The Directors have confirmed their understanding of these obligations.

In compliance with Rule 3.09H of the Listing Rules, Mr. Liu Genyu and Ms. Xu Li have 18 months from the date of their appointment to complete not less than 24 hours of training on regulation and legal matters, including the Listing Rules, within the required period following their appointment.



### CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the Company Secretary, the chairman of the Board (the “**Chairman**”) seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Since Mr. Zhou Minfeng now serves as both the Chairman and the chief executive of the Company (the “**Chief Executive**”), such practice deviates from code provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group’s business strategies and operation. Furthermore, there are various experienced individuals in charge of the daily business operation and the Board comprises two executive Directors, four non-executive Directors and three independent non-executive Directors, with a balance of skill and experience appropriate for the Group’s further development. The Board will review such deviation from time to time to enhance the best interest of the Group as a whole.

### Non-Executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinizing the Group’s performance. Their views carry significant weight in the Board’s decisions; in particular, they bring an impartial view to bear on issues arising from the Group’s strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided professional advice to the Board. The independent non-executive Directors provide independent advice on the Group’s business strategy, results and management so that all interests of all the Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors representing one-third of the Board.

Among the three independent non-executive Directors, Ms Xu Li has appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company, pursuant to which each of them is appointed for service with the Company for a term of three years, except Mr. Yu Zhouping and Ms Xu Li are appointed for service with the Company for a term of two years. Their terms of appointment shall be subject to the rotational retirement provision of the Companies Act (As Revised).

### Compliance with Listing Rules Requirements for INEDs

To ensure the independence and effectiveness of the Independent Non-Executive Directors (“**INEDs**”), the Company strictly adheres to and has adopted the following policies in compliance with the HKEX Listing Rules:



### a. Tenure Policy

Pursuant to Rule 3.13A of the Listing Rules, the Company's Board shall not include any INED who has served for a period of nine years or more. As transitional arrangements, the Company will ensure that:

- (i) as at the conclusion of its first annual general meeting held on or after 1 July 2028, INEDs who have served for nine years or more do not represent a majority of its INEDs; and
- (ii) as at the conclusion of its first annual general meeting held on or after 1 July 2031, the Board does not include any INED who has served for a period of nine years or more.

The Board (or the Nomination Committee) will review the independence of long-serving INEDs on an annual basis.

### b. Policy on Multiple Directorships

Pursuant to Rule 3.12A of the Listing Rules, an INED must not concurrently hold more than six directorships of issuers listed on the Main Board or GEM. As a transitional arrangement, an INED who concurrently holds more than six such directorships as at 30 June 2028 must comply with this rule by the conclusion of the earliest annual general meeting held on or after 1 July 2028 by any of these issuers.

The Company will periodically review the time commitments of all Directors (including INEDs) to ensure they can devote sufficient attention to the Company's affairs.

## BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs:

### Audit Committee

The Company has established an audit committee (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 7 December 2011 in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditors, review the financial statements and give material advice in respect of financial reporting, and oversee the risk management and internal control systems of the Company. As at the date of this annual report, the Audit Committee comprises three members, namely Ms Xu Li, Mr. Wang Dongchen and Mr. Xu Jiali, all of whom are independent non-executive Directors. Ms Xu Li, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the Audit Committee.

The Audit Committee mainly performed the following duties during the Year:

- reviewed the Group's audited annual results for the year ended 31 December 2024 and the unaudited interim results for the six months ended 30 June 2025, met with the external auditor to discuss such annual results and interim results (without the Company's management being present), and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure had been made; and
- assisted the Board in meeting its responsibilities for maintaining effective systems of risk management and internal control and the Company's internal audit function.



During the Year, two meetings were held by the Audit Committee. The individual attendance record of each member at the meetings of the Audit Committee is set out below:

Names of members	Attendance/Number of Meetings
Ms. Xu Li ( <i>Chairman</i> ) ( <i>appointed on 30 June 2025</i> )	1/1
Mr. Wang Dongchen	2/2
Mr. Xu Jiali	2/2
Mr. Wong Luen Cheung Andrew ( <i>Chairman</i> ) ( <i>resigned on 30 June 2025</i> )	2/2

### Remuneration Committee

The Company established a remuneration committee (the “**Remuneration Committee**”) on 7 December 2011 with written terms of reference. The primary duties of the Remuneration Committee are to determine the specific remuneration packages of all executive Directors and senior management of the Group, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), make recommendations to the Board on the remuneration of non-executive Directors and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. As at the date of this annual report, the Remuneration Committee comprises three members, namely, Mr. Wang Dongchen, an independent non-executive Director who is the chairman of the Remuneration Committee, Mr. Zhou Minfeng, an

executive Director and Mr. Xu Jiali, an independent non-executive Director. The Board expects the Remuneration Committee to exercise independent judgment and ensure that executive Directors do not participate in the determination of their own remunerations.

The Remuneration Committee reviewed and made recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remunerations (i.e. the Model described in the Code provision E.1.2(c)(ii) is adopted) and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the Year, one meeting was held by the Remuneration Committee. The individual attendance record of each member at the meeting of the Remuneration Committee is set out below:

Names of members	Attendance/Number of Meeting
Mr. Wang Dongchen ( <i>Chairman</i> )	1/1
Mr. Zhou Minfeng	1/1
Mr. Xu Jiali	1/1



The remuneration of Directors is determined with reference to their duties and responsibilities in the Company as well as the prevailing market conditions. Details of emoluments of Directors for the year ended 31 December 2025 are set out in note 9 to the financial statements. The number of senior management of the Group whose remuneration for the year ended 31 December 2025 fell within the following band is as follows:

	Number of senior management
Nil to RMB1,000,000	3

### Nomination Committee

The Company established a nomination committee (the “**Nomination Committee**”) on 7 December 2011 with written terms of reference. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to recommend to the Board suitable candidates for Directors after consideration of the nominees’ independence and quality in order to ensure fairness and transparency of all nominations.

During the year ended 31 December 2025, the Nomination Committee reviewed the Board’s structure, size, and composition against the Board Skills Matrix, assessing the skills, knowledge, experience, independence, and time commitment of each Director. Based on this review, the Committee recommended changes to better align the Board with the corporate strategy. Its responsibilities also included identifying and selecting qualified director candidates, making recommendations on appointments, re-appointments, and succession planning for the Chairman, Chief Executive, and other directors, and supporting the regular evaluation of Board performance.

During the Year, two meetings were held by the Nomination Committee. The individual attendance record of each member at the meeting of the Nomination Committee is set out below:

Names of members	Attendance/Number of Meeting
Mr. Wang Dongchen ( <i>Chairman</i> ) ( <i>appointed on 28 March 2025</i> )	2/2
Ms. Lai Cairong ( <i>appointed on 28 March 2025</i> )	2/2
Mr. Xu Jiali	2/2
Mr. Zhou Minfeng ( <i>Chairman</i> ) ( <i>resigned on 28 March 2025</i> )	2/2

As at the date of this annual report, the Nomination Committee comprises three members, namely, Mr. Wang Dongchen, an Independent non-executive Director as the chairman of the Nomination Committee, and Ms. Lai Cairong, as a non-executive Director and Mr. Xu Jiali, an independent non-executive Director.

The Nomination Committee mainly performed the following duties:

- reviewed the annual confirmation of independence submitted by the independent non-executive Directors and assessed their independence;
- reviewed the structure, size and composition of the Board during the year of 2025;
- made suggestion to the Board on the retirement and re-election of Directors; and
- conduct a board performance review.



### CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with provision A.2.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

### COMPANY SECRETARY

The Company has engaged Ms. Ho Wing Yan ("**Ms. Ho**") as the Company Secretary. Mr. Zhou Minfeng, the Chairman and an executive Director, is the primary corporate contact person of the Company with Ms. Ho.

Ms. Ho is responsible for facilitating the Board process, as well as communications among Board members, with the Shareholders and management. Ms. Ho has complied with the requirements to undertake over 15 hours of professional training under Rule 3.29 of the Listing Rules for the Year.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all

Directors, who have confirmed that, during the Year, they were in compliance with the required provisions set out in the Model Code. All of the Directors declared that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

### RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Company has conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries in accordance with Code Provision D.2.1 of the Corporate Governance Code. The review is conducted at least annually and the following disclosures are made:

#### (a) Board's Responsibility and Acknowledgement

A statement from the Board:

- (i) acknowledging its overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and for maintaining appropriate and effective risk management and internal control systems; and
- (ii) confirming that these systems are appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code.

#### (b) Key Features of the Systems

The main features of the risk management and internal control systems include a comprehensive framework of policies, standards, and procedures established by the management in areas of operational, financial, and risk controls. The systems are designed to manage the risk of failure to achieve business objectives and provide reasonable assurance against material misstatement, loss, fraud, and errors. Key features include:



- A structured process for identifying, evaluating, and managing significant risks through regular risk assessment surveys and management self-assessments.
- Procedures for safeguarding assets against unauthorized use, maintaining proper accounting records, and ensuring the reliability of financial information.
- Procedures for the timely, accurate, and complete disclosure of discloseable information, including inside information and any other information required to prevent a false market in the Company's securities, in accordance with the Listing Rules.

The Company has established information disclosure procedures in accordance with regulatory requirements such as the Securities and Futures Ordinance and the Listing Rules, which outline the processes and internal controls for handling and disseminating inside information; additionally, it has adopted a disclosure policy that provides a general guide to directors, senior management, and relevant employees of the Group for the handling and/or monitoring of inside information disclosure pursuant to the relevant rules and regulations.

### **(c) Changes in the Reporting Period**

There were no significant changes during the Year in (i) the Company's assessment of significant risks (including ESG risks) or (ii) the risk management and internal control systems.

### **(d) Internal Audit Function**

The Company has an internal audit function supervised by the Audit Committee and assisted by the Internal Control Department. The internal audit department is responsible for periodically assessing the effectiveness of the risk management and internal control systems on a regular basis, ensuring through systematic reviews that internal control measures are effectively implemented. The Audit Committee conducts a comprehensive review at least annually and reports the findings and recommendations for improvement to the Board.

### **(e) Review Process, Responsibilities, and Frequency**

Regarding the responsibility, process, and frequency of reviews, the internal audit department, under the supervision of the Audit Committee, is responsible for conducting reviews to assess the effectiveness of the risk management and internal control systems on a regular basis. The review process includes: identifying key risk areas through systematic evaluation, testing the design and operational effectiveness of control measures, and reviewing relevant documents and records. Reviews are conducted at least once a year, with the Audit Committee reviewing and reporting the results and recommendations to the Board.



### (f) Information Supporting the Board's Conclusion

The Board's conclusion on the appropriateness and effectiveness of the risk management and internal control systems is supported and corroborated by multiple sources, including: confirmation from management through periodic assessments and assurances to the Board regarding the operation of internal controls; confirmation from the relevant Board committee responsible for risk management and internal controls (i.e., the Audit Committee) regarding the effectiveness of its supervisory functions; and confirmation from the internal audit department on the effectiveness of its functions, further corroborating the effectiveness of internal controls over financial reporting.

### (g) Review Scope and Findings

The scope of the year-end review covered all material controls, including financial, operational, and compliance controls. The review findings concluded that the systems were effective and adequate. No significant control failings or weaknesses were identified during the current reporting period. Consequently, no remedial actions were required.

The Board has, through the Audit Committee, conducted annual review of the effectiveness of the risk management and internal control systems of the Group. The review covered the budget of the Group's accounting and financial reporting function, adequacy of resources, staff qualifications and experience and training programmes during the year ended 31 December 2025. The Board considers that the Group's risk management and internal control systems are adequate and effective.

## WHISTLEBLOWING AND ANTI-CORRUPTION POLICIES

In accordance with Code Provisions D.2.6 and D.2.7 of the Corporate Governance Code, the Board has established a whistleblowing policy and system, as well as policies and systems that promote and support anti-corruption laws and regulations.

The whistleblowing policy provides secure and confidential channels for employees and external parties to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matter related to the Company. The Board affirms that no individual will be penalized for reporting concerns in good faith.

The anti-corruption policy clearly defines ethical standards and codes of conduct, adopts a zero-tolerance stance towards bribery and corruption, and provides guidance on the offering and acceptance of business gifts. In addition, the Group has established channels for employees and those dealing with the Group to report suspected improprieties. The Group has also implemented policies and systems to promote and support compliance with anti-corruption laws and regulations.

Further details on the implementation of these policies, including training provided and monitoring activities, are set out in the Environmental, Social and Governance ("ESG") Report of this annual report.

## FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group for each financial period in accordance with the requirements of the laws and regulations and applicable accounting standards to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the Year, the Directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



The statement of the auditor of the Company concerning its responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 48 to 49 of this annual report.

## AUDITOR'S REMUNERATION

The Company has appointed Ernst & Young as the external auditor of the Company. During the year ended 31 December 2025, the Group was required to pay an aggregate of approximately RMB2.6 million (2024: approximately RMB2.6 million) to the external auditor for their audit services relating to financial information and no non-audit services were provided.

## BOARD DIVERSITY

The Nomination Committee adopted the board diversity policy on 30 August 2013. The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at Board level as an essential element in achieving a sustainable and balanced development of the Company. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board, all of whom are anchored by the common trait of having a natural aptitude and singular drive for the industry so as to bring sustainable growth to the Company. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole in order for the Board to be effective. The selection process of the Board members will include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

In respect of the gender diversity of the Board, as at the date of this report, 6 Directors are male and 2 Directors are female. (representing a female Director ratio of 25%). The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the ratio of female Directors will reach more than 10% in the following years. The Company will achieve this goal through active nomination of suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

## WORKFORCE DIVERSITY

Moreover, the current gender ratio of senior management is 1 male per 0 female and the company workforce (excluding senior management) is 100 males to 67 females. Hence, the Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labour and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.



The following table further illustrates the diversity of the Board members as of the date of this report:

Name of Directors	Account and Finance Industry	Corporate Governance and Law Industry	Business Development; Business Consultation and Advisory; Business Management
<i>Executive Directors</i>			
Mr. Zhou Minfeng (Chairman and Chief Executive)			✓
Mr. Liu Genyu			✓
<i>Non-executive Directors</i>			
Ms. Lai Cairong			✓
Mr. Guan Xin			✓
Mr. Yu Zhuoping			✓
<i>Independent Non-executive Directors</i>			
Ms. Xu Li (Vice-chairman)	✓		✓
Mr. Wang Dongchen			✓
Mr. Xu Jiali		✓	

## MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.
2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also Directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.



5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy. The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

## BOARD PERFORMANCE REVIEW

The Company has implemented regular evaluation of the performance and effectiveness of the Board once every two years in the form of a questionnaire to all Directors individually. Each Director is invited to provide his/her views on the performance of the Board and any suggestions for improving the board process. The results of the evaluation are reviewed by the Nomination Committee and submitted to the Board.

A board performance review has been conducted for the year ended 31 December 2025. Based on the evaluation conducted, the Directors were satisfied with the performance of the Board and considered the Board continued to operate effectively.

## NOMINATION POLICY

The Board has adopted the nomination policy (the "**Nomination Policy**") on 29 August 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

- (1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;
- (2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;
- (3) reviewing the profiles of the shortlisted candidates and interview them; and
- (4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.



### SHAREHOLDERS' RIGHTS

#### To convene an extraordinary general meeting

Pursuant to Article 50 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail at Room 907B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company Secretary forward communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the Directors.

#### Procedures for putting forward proposals at general meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's headquarters in China and principal place of business in Hong Kong in the case of:

- (i) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
- (ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with necessary procedures.

### INVESTOR RELATIONS

#### Constitutional documents

During the year, there has been no significant change in the Company's constitutional documents.



## Communication with Shareholders

The Board recognizes the importance of maintaining clear, timely and effective communication with the Shareholders and investors of the Company. The Board also recognizes that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors of the Company and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at [www.cn-huazhong.com](http://www.cn-huazhong.com). The Board, including Independent Non-Executive Directors, maintains an ongoing dialogue with Shareholders. The primary forum for direct interaction is the general meeting. The Directors and members of various Board committees will attend the annual general meeting of the Company to answer questions raised by the Shareholders. The resolution of every important proposal will be proposed at general meetings separately.

Voting at general meetings of the Company are conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. All these activities are designed to promote the development of the Company through mutual and efficient communications. In addition, the Company regularly meets with institutional investors, financial analysts and financial media to keep them informed of the Group's strategies, operations, management and plans, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

## Shareholders' Communication Policy

### Purpose

The Company recognises the importance of providing current and relevant information to its shareholders (the "**Shareholders**"). This shareholders' communication policy (the "**Shareholders' Communication Policy**") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

### General Policy and Communication Channels

The Board shall maintain an on-going dialogue with Shareholders and will regularly review the Shareholders' Communication Policy to ensure its effectiveness.



Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and other corporate publications on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.cn-huazhong.com](http://www.cn-huazhong.com)).

Effective and timely dissemination of information to Shareholders shall be ensured at all times.

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the website of the Stock Exchange immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Any questions, requests and comments can be addressed to the Company by mail to Suites 3005-7, 30/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong or through the Company's share registrar. Shareholders are provided with these designated contacts in order to enable them to make any query in respect of the Company.

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

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the Shareholders' Communication Policy conducted for the year ended 31 December 2025 and considered that the Shareholders' Communication Policy has been well implemented and effective.

### DIVIDEND POLICY

The Board has adopted the dividend policy (the "**Dividend Policy**") on 29 August 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends of approximately 10% to 15% of the profit for each year in cash and shares its profits with the Shareholders. The dividend distribution decision of the Company is subject to the decision of the Board and will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis. All dividend decisions made by the Board are made in accordance with the Dividend Policy as stated above. In the event of any material variation in the dividend rate compared to that for the previous corresponding period, the reasons for such variation will be provided. In the event the Board decides not to declare any dividend, the reasons for the Board's decision and the measures that the Company intends to take to enhance investors' return will be disclosed.



## DIRECTOR

### Executive Directors

**Mr. Zhou Minfeng (周敏峰)**, aged 59, was appointed as an executive Director on 3 December 2010. He is the chairman of the Board and an executive Director. He was appointed as the chief executive of the Company on 31 July 2019. He is also a member of the Remuneration Committee. Mr. Zhou has over 25 years of experience in the automobile body parts industry and is primarily responsible for the overall corporate strategic planning and business development of the Group. Mr. Zhou is the founder of the Group and is also a director of all the subsidiaries of the Company. Mr. Zhou assumes several social positions, such as the vice chairman of the Ningbo Enterprise Federation (寧波企業聯合會), Ningbo Entrepreneurs Association (寧波市企業家協會) and Ningbo Federation of Industrial Economy (寧波市工業經濟聯合會) since 2009. Mr. Zhou is also a representative of the 12th and 13th Standing Committee of Ningbo Municipal People's Congress (寧波市第十二、十三屆人民代表大會常務委員會代表). Mr. Zhou received a diploma of Master Business Administration from the China Europe International Business School (中歐國際工商學院) in March 2003. Mr. Zhou is the son of Ms. Lai Cairong (賴彩絨), a non-executive Director.

**Mr. Liu Genyu (劉根鈺)**, aged 62, was appointed as an executive Director on 24 September 2024. Mr. Liu received his bachelor's degree in industrial electric automation from Harbin Institute of Technology in June 1991 and was awarded an Executive Master's degree in Business Administration (EMBA) from Tsinghua University in July 2005.

He served the chief executive officer and executive director of the Company from 4 January 2016 to 1 September 2017 and was re-designated as a non-executive director from 1 September 2017 to 31 August 2018. Mr. Liu served as an executive director and the vice chairman of GCL New Energy Holdings Limited (協鑫新能源控股有限公司) from 7 December 2020 to 9 September 2022, which is a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 451) mainly engaging in the sales of electric power and the development, construction, operation and management of photovoltaic power stations. Mr. Liu currently serves as an executive director since 30 June 2017, has been the vice chairman of the Board from 30 June 2017 to 10 May 2022 and has been the co-chief executive officer from 10 May 2022 to 29 March 2023 of China Nuclear Energy Technology Corporation Limited (中國核能科技集團有限公司), a listed company on the Main Board of the Stock Exchange (stock code: 611) which engages in EPC operations and consulting services, solar power generation operations and financing operations. Mr. Liu is currently an executive director since 1 July 2023 and has served as an independent non-executive director of China Boqi Environmental (Holding) Co., Ltd. (中國博奇環保(控股)有限公司) from 28 February 2018 to 1 July 2023, a listed company on the Main Board of the Stock Exchange (stock code: 2377).



### Non-executive Directors

**Ms. Lai Cairong (賴彩絨)**, aged 81, was appointed as a non-executive Director on 7 December 2011 and also a member of the Nomination Committee on 28 March 2025. Ms. Lai served as a director of Ningbo Huazhong Plastic since September 1999. Since August 2008, Ms. Lai also served as the chairperson of the board of Xiangshan Huangxiang International Hotel (象山華翔國際大酒店). Ms. Lai is the mother of Mr. Zhou Minfeng, an executive Director, the chairman and the chief executive of the Company. Ms. Lai graduated from Xizhou Middle School (西周中學) in July 1961.

**Mr. Guan Xin (管欣)**, aged 64, was appointed as a non-executive Director on 7 November 2014. Mr. Guan has been the head of the Institute of Automotive Research of Jilin University (吉林大學汽車研究院) since May 2010 and the director of the State Key Laboratory of Automotive Simulation and Control of Jilin University (吉林大學汽車仿真與控制國家重點實驗室) since March 1998. Mr. Guan is also a professor specializing in automotive design and manufacture. From December 2004 to December 2012, Mr. Guan was the dean of the College of Automotive Engineering of Jilin University (吉林大學汽車工程學院). From June 1993 to March 1998, he was the executive deputy director of the State Key Laboratory of Automotive Dynamic Simulation of Jilin University of Technology (吉林工業大學汽車動態模擬國家重點實驗室). From February 1989 to June 1993, he was a lecturer and associate professor at Jilin University of Technology. Mr. Guan obtained a bachelor's degree, a master's degree and a doctoral degree in engineering from Jilin University of Technology (吉林工業大學) in 1982, 1985 and 1990 respectively.

**Mr. Yu Zhuoping (余卓平)**, aged 66, was appointed as a non-executive Director on 5 August 2019. He obtained his bachelor's and master's degrees in mechanical engineering from Tongji University in 1982 and 1985, respectively, and his doctor's degree in automotive design and manufacturing from Tsinghua University in 1996.

Since 1985, Mr. Yu had been a professor in Tongji University, engaging in teaching and scientific research in automotive engineering. Currently, he is the head of the Collaborative Innovation Center for Intelligent New Energy Vehicle at Tongji University (同濟大學智能型新能源汽車協同創新中心), the counselor of Shanghai Municipal People's Government, the chairman of Tongji Automotive Design and Research Institute Co., Ltd. (同濟汽車設計研究院有限公司), a member of the general expert panel of the national "New Energy Vehicle" pilot special project, a member of Academic Sub-Committee of the Science and Technology Committee of the Ministry of Education (教育部科技委學部委員) of the State, a member of the Academic Committee of the State's Key Labs of Automotive Safety and Energy-saving, a member of the Academic Committee of the State's Key Labs of Automobile Simulation and Control, a member of the State Key Laboratory of Advanced Design and Manufacturing of Vehicle Body and the vice president of executive council of Shanghai SAE.

Mr. Yu has led and engaged in projects including fuel cell automotive power system integration and control technology, key technologies of fuel cell automotive power platform, key technologies and applications for the integration and control of vehicles powered by multiple energy sources, and high-performance fuel cell extended-range four-wheel drive electric vehicles, which earned him the related prizes. Mr. Yu also received a number of awards, including the 2017 Outstanding Contribution Award of China SAE and the Person of the Year in the event Commemorating the 40th Anniversary of the Reform and Opening by China Automotive Industry in 2018. Currently, he is an independent Director of each of Weichai Power Co., Ltd. (Stock Code: 000338), Ningbo Shenglong Automotive Powertrain System Co., Ltd. (Stock Code: 603178), Jiangling Motors Co., Ltd. (Stock Code: 000550, 200550), HUAYU Automotive Systems Company Limited (Stock Code: 600741), and Shanghai Highly (Group) Co., Ltd. (Stock Code: 600619). Mr. Yu had been an external Director of SAIC Motor, and an independent Director of each of Shanghai Aerospace Automobile Electromechanical Co., Ltd. and Guangdong Dazhi Environmental Protection Technology Co., Ltd.



## Independent non-executive Directors

**Ms. Xu Li (徐黎)**, aged 62, was appointed as an independent non-executive Director and the vice-chairman of the Company on 30 June 2025. Ms. Xu is also the chairman of the Audit Committee. Ms. Xu has a Chinese nationality and without the right of permanent residence abroad, graduated with a bachelor's degree. She graduated from Jilin University of Finance and Economics (吉林財貿學院) in 1985 majoring in Accounting, and obtained a bachelor's degree in Economics. She obtained the senior accountant professional title in 1999. She has previously served as the principal officer of Changchun Bureau of Light Industry\* (長春市輕工業局), as well as the deputy director and director of finance department of Changchun Light Chemical State-Owned Assets Operation Co., Ltd.\* (長春輕化國有資產經營有限公司) from 1985 to 1999. She also served as the deputy general manager, chief accountant and chief financial officer of Changchun Xuyang Industrial Group Co., Ltd.\* (長春旭陽工業(集團)股份有限公司) in 2000, and a director (appointed by Stateowned Assets Supervision and Administration Commission) of Changchun Xuyang Industrial Group Co., Ltd. from 2005 to 2007. She has held various positions, including the chairman of supervisory-committee, of Jilin Liyuan Precision Manufacturing Co., Ltd. (Shenzhen Stock exchange: 002501) from August 2022 to March 2025, and is currently holding various positions, including chief accountant, in Changchun Xuyang Industrial Group Co., Ltd.

\* For identification purposes only

**Mr. Wang Dongchen (王東晨)**, aged 58, is appointed as an independent non-executive Director on 1 July 2023 and also the chairman of the Nomination Committee on 28 March 2025. Mr. Wang graduated from the Automobile Design Department of Jilin University of Technology (吉林工業大學) in 1992 and obtained a bachelor's degree and master's degree. Mr. Wang has over 30 years of experience in automotive technology development. From 1994 to 2015, Mr. Wang was the division chief of the engineering department, the head of the product department, the head of the technology development department and the director of FAW-Volkswagen Automotive Co., Ltd. Subsequently, Mr. Wang served as the assistant director of the FAW Group Technology Center and the head of the car department until December 2016. Mr. Wang served as the executive vice president of Aways Automobile Co., Ltd. from December 2016 to March 2021. Mr. Wang has served as the co-founder of Shanghai Bogan New Energy Vehicle Technology Co., Ltd. since March 2021.

**Mr. Xu Jiali (徐家力)**, aged 65, was appointed as an independent non-executive Director on 31 July 2013. Mr. Xu is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He has been the Head of the Institute of Law of Beijing Academy of Social Sciences (北京市社會科學院法學研究所) since April 2013, the Associate Dean of the Lawyer College of Renmin University of China (中國人民大學律師學院) since 2012 and a director and tutor of PhD students of the Center for Intellectual Property Rights Studies of China University of Political Science and Law (中國政法大學知識產權研究中心) since 2007. Mr. Xu obtained a bachelor's degree in laws from Peking University (北京大學) in 1983 and further obtained his master's degree and doctoral degree in laws from China University of Political Science and Law (中國政法大學) in 1986 and 2000 respectively. He is a practicing lawyer in the People's Republic of China and is a founding partner of Longan Law Firm (隆安律師事務所). Mr. Xu was the Dean of the Law School of Guizhou Normal University (貴州師範大學法學院) from 2004 to 2007. He served as a director and the executive vice-president of the Beijing Lawyers Association (北京律師協會) from 1995 to 2005 and a



prosecutor of the Supreme People's Procuratorate of the People's Republic of China (中華人民共和國最高人民檢察院) from 1986 to 1992.

### Confirmation of Independence of Independent Non-Executive Directors

The Board of Directors (the “**Board**”) of the Company has annually reviewed the independence of all independent non-executive directors (the “**INEDs**”) with reference to the factors set out in Rule 3.13 of the Listing Rules.

Having conducted such review, the Board confirms that the following INEDs, namely Ms. Xu Li (徐黎女士), Mr. Wang Dongchen (王東晨先生) and Mr. Xu Jiali (徐家力先生), are independent and that none of them has any relationship with the Company pursuant to Rule 3.13 of the Listing Rules that might affect their independence, including but not limited to:

1. Shareholding Interest: Holding no more than 1% of the issued shares (excluding treasury shares) of the Company;
2. Gift/Financial Assistance: Has not received any securities of the Company as a gift or by means of other financial assistance from any core connected person or the Company itself (except as part of director's fee or pursuant to share schemes established in accordance with Chapter 17);
3. Professional Adviser Relationship: Is not and has not been a director, partner or principal of a professional adviser which provided services to the Company, its holding company or any of their respective subsidiaries or core connected persons within the immediate preceding two years, nor an employee of such professional adviser who was involved in providing such services during the same period;
4. Material Business Dealings: Does not currently have and has not had within the preceding one year any material interest in any principal business activity of, and is not and has not been involved in any material business dealings with, the Company, its holding company or their respective subsidiaries or any core connected persons;
5. Representation of Particular Interests: Is not on the Board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;
6. Connection with Key Persons: Is not connected with any director, the chief executive or a substantial shareholder of the Company;
7. Past Employment/Directorship: Is not and has not been an executive or director (other than an INED) of the Company, its holding company or any of their respective subsidiaries or any core connected persons at any time during the preceding two years;
8. Financial Dependence: Is not financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons.

In addition, each INED has provided an annual confirmation to the Company to the effect that he/she meets the independence criteria set out in the Listing Rules and that there are no other matters that may affect his/her independence at the time of their appointment and during the year.

Accordingly, the Board is satisfied that all INEDs are independent in character and judgment and continue to provide independent views and advice to the Board.



## SENIOR MANAGEMENT

**Mr. Zhou Ruqing (周汝青)**, aged 79, is the vice general manager and is primarily responsible for the daily management. From August 1988 to October 1993, Mr. Zhou served as a technician of Ningbo Huaxiang Electronics (a company listed on the Shenzhen Stock Exchange). Mr. Zhou then joined Ningbo Huazhong Plastic and worked as a head of the factory until June 1999. Mr. Zhou served as the vice general manager of Ningbo Xinxing until May 2004. From May 2004 to September 2009, Mr. Zhou worked as the vice general manager of Ningbo Huaying Incos Mould Manufacturing Co., Ltd. (寧波華英模具科技發展有限公司), a private company which is principally engaged in mould manufacturing. Mr. Zhou worked as the vice general manager of Ningbo Huazhong Moulding since September 2009. Mr. Zhou became an engineer in December 1993. Mr. Zhou graduated from Xizhou Middle School (西周中學) in July 1963.

**Mr. He Hongbing (賀紅兵)**, aged 52, joined the Company in February 2020 and was appointed as the chief financial officer of the Company on 31 May 2020. Mr. He graduated with a bachelor degree in science from Geology Department of Peking University in 1996 and a master degree of Civil and Commercial Law from the Law School of Yantai University in 2003. Mr. He is a CFA Charter holder and a member of The Hong Kong Society of Financial Analysts, and he holds Chinese lawyer qualification and Chinese Certified Public Accountant qualification. He has over 22 years of working experience in financial management, corporate finance, investor relations and merger and acquisition projects. He was the investor relation manager of China Gas Holdings Limited (a company listed on the Stock Exchange (stock code: 0384)), the investment analyst of Singapore UOB Kay Hian Research Pte Ltd., the vice president of Sino Oil and Gas Holdings Limited (a company listed on the Stock Exchange (stock code: 0702)), the vice president of 山東力諾集團股份有限公司, chief financial officer of Sound Global Ltd. (a company listed on the Stock Exchange (stock code: 0967)) and the chief financial officer of Million Stars Holdings Limited (a company listed on the Stock Exchange (stock code: 8093)).

**Mr. Cui Jihong (崔繼宏)**, aged 60, is the assistant to general manager of the Company and is primarily responsible for sales. From February 2001 to October 2004, Mr. Cui served various positions in Ningbo Huazhong Plastic, including the department head for sales, production and technology. Mr. Cui was then delegated to join Nanchang Jiangling Huaxiang Automobile Parts Co., Ltd. (南昌江鈴華翔汽車零部件有限公司), a private company which is principally engaged in automobile body parts manufacturing in October 2004 and worked as the vice general manager until November 2007. Mr. Cui then joined Ningbo Huazhong Plastic and worked as the assistant of the general manager since April 2008. Mr. Cui became an engineer in September 1993. Mr. Cui obtained the bachelor's degree from Dalian University of Technology (大連理工大學) in July 1988.

## COMPANY SECRETARY

**Ms. Ho Wing Yan (何詠欣)** was appointed as the Company Secretary. She has more than ten years of experience in serving as company secretary of Hong Kong companies and providing company secretary services to companies listed on the Stock Exchange. Ms. Ho Wing Yan is an associate member of both The Hong Kong Chartered Governance Institute (“HKCGI”) and The Chartered Governance Institute. She is also a holder of the Practitioner’s Endorsement issued by HKCGI.

*\* For identification purpose only*



# REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is one of the principal suppliers of automobile body parts in China. The Group is principally engaged in manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tank of air conditioning or heater units and other non-automobile products.

## BUSINESS REVIEW

The business review of the Group is set out in the sections of Chairman's Statement, Management Discussion and Analysis, Environmental, Social and Governance Report, Financial Summary and paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. No important event affecting the Group has occurred since the end of the financial year under review.

## KEY RISK FACTORS

The following lists out the key risks and uncertainties facing the Group.

### **Reliance on Automobile Industry and Automakers and Automobile body parts Manufacturers as Our Customers**

As we rely on automakers and automobile body parts manufacturers as customers or potential customers of our products, our financial performance largely depends on the continued growth of the automobile industry and the continued growth of outsourcing in the automobile industry. The automobile industry has been characterised by shorter time in new car models launch, continuous technological advancement, evolving industry standards and changing customer needs, all of which indicate a trend of shorter product life cycles.

Sales of our products to a particular automaker or automobile body parts manufacturer are influenced by the sales performance of particular car models to which our products relate. In particular, the relevant automaker's ability to anticipate changes in consumer tastes, preferences and requirements, its capability to design and manufacture cars to meet such consumer tastes, preferences and requirements, its sales and marketing capabilities, its sales and after-sales services, and its competitiveness as compared with other competitors in the market, may affect the sales performance of particular car models to which our products relate. Undesirable sales performance of any particular automaker and/or particular car model to which our products relate may adversely affect, our sales of the relevant products.



Overall market demand for cars may also be affected by factors such as global and regional economic and market conditions, personal disposal income and interest rate levels, fuel price, seasonality of sales of automobiles, government policies and measures on emission control and automobile consumption and purchases. These factors, which are beyond our control, may affect the annual production of automobiles by automakers, increase the manufacturing and distribution cost of automobiles, and/or result in downward pressure on the selling prices of automobiles, which, in each case, may in turn result in downward pressure on the selling prices of our products or otherwise adversely affect our sales and profitability.

We also have no or limited control on, among other factors, the expected market responses and demands of any particular car model (which can be affected by the automaker's ability to respond to the changing customer tastes or preference in a timely manner), the popularity of the car brand, the development process and rollout plans of the car model. There is also no assurance that our customers will proceed with the commercial production of any particular new car model with automobile body parts developed by us, or will place purchase orders with us for commercial production thereof. If the sales of any particular products supplied or developed by us cannot achieve the intended result for whatever reason, our sales of such products to our customers may be adversely affected, which may in turn materially and adversely affect our overall financial results.

### **Dependence on a Few Key Customers**

Sales to our five largest customers, in aggregate, accounted for approximately 46.0% (2024: approximately 49.6%) of our total sales during the Year. All of our five largest customers had more than 10 years of business relationship with us. If any of these customers ceases to do business with us, or substantially reduces the volume of its business transactions with us, or delays or cancels any purchase orders for our products, or fails to or otherwise delays in payment for our products for whatever reason, or if we are unable to secure new, substitute customers with comparable sale volume and profit margin, our profitability and financial position can be adversely affected.

### **Impact of Local and International Regulations**

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

### **Third-party Risks**

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.



### KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

Our major suppliers are generally manufacturers for the production of polycarbonate/acrylonitrile butadiene styrene and polypropylene, accessories (such as metal clamps and screws) and fabric, and had business relationship with the Group for over 10 years on average. The credit period from the major suppliers is 30 to 90 days. The payables were usually settled within the credit period. Details of the trade and notes payables of the Group as at 31 December 2025 are set out in note 26 to the financial statements.

During the Year, the Group did not have any significant disputes with our major suppliers.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence, to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Our major customers include automakers and automobile body parts manufacturers companies, and had business relationship with the Group for over 11 years in general and the credit terms granted to the major customers ranged from 30 to 90 days. Details of the trade and notes receivables of the Group as at 31 December 2025 are set out in note 22 to the financial statements.

The Group will also continue to review competitive edges of the Group in the industry and market trend.

During the Year, the Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material dispute with our customers.



## MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales to the Group's largest and five largest customers accounted for approximately 18.67% (2024: approximately 27.96%) and approximately 46.0% (2024: approximately 49.6%), respectively, of the Group's total revenue from operations.

Aggregate purchases from the Group's largest and five largest suppliers accounted for approximately 4.38% (2024: approximately 6.33%) and approximately 14.64% (2024: approximately 17.75%), respectively, of the Group's total purchases from suppliers.

At no time during the Year, did a Director, his/her close associate(s) or a Shareholder, which to the knowledge of the Director owns more than 5% of the Company's share capital, has an interest in any of the Group's five largest customers and suppliers.

## SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2025 are set out in note 1 to the financial statements.

## FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2025 and the state of the Group's affairs as at that date are set out in the financial statements on page 55 to 62 of this annual report.

## DIVIDEND

The Board recommends the payment of a final dividend of RMB0.2495 cent (equivalent to HK0.2826 cent at an exchange rate of HK\$1 equals to RMB0.8830) per ordinary share for the Year (2024: RMB0.2826 cent (equivalent to HK0.3062 cent at an exchange rate of HK\$1 equals to RMB0.9229)). During the Year, no interim dividend was declared.

## RESERVES

Details of movements in reserves of the Company and the Group are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves, including the share premium account, available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"), amounted to approximately RMB1,206,000. Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, a company may make distribution to its shareholders out of the share premium account under certain circumstances.

## PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 14 to the financial statements.

## SHARE CAPITAL

Details of the movements in issued share capital of the Company during the year ended 31 December 2025 are set out in note 31 to the financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 152.



### DIRECTORS

The Directors during the Year and up to the date of this annual report are:

#### *Executive Directors*

Mr. Zhou Minfeng

*(Chairman and Chief Executive)*

Mr. Liu Genyu

#### *Non-Executive Directors*

Ms. Lai Cairong

Mr. Guan Xin

Mr. Yu Zhuoping

#### *Independent Non-Executive Directors*

Ms. Xu Li *(Vice-chairman)*

*(appointed on 30 June 2025)*

Mr. Wang Dongchen

Mr. Xu Jiali

Mr. Wong Luen Cheung Andrew *(Vice-chairman)*

*(resigned on 30 June 2025)*

The Company has received annual confirmation of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 33 to 37 of this annual report.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

### INDEMNITY FOR DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

### CHANGES IN INFORMATION OF THE DIRECTORS

The changes in the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. With effect from 28 March 2025, Mr. Zhou Minfeng, an executive Director has ceased to be as a chairman of the Nomination Committee.
2. With effect from 28 March 2025, Mr. Wang Dongchen, an independent non-executive Director, was appointed as a chairman of the Nomination Committee.
3. With effect from 28 March 2025, Ms. Lai Cairong, a non-executive Director, has been appointed as a member of the Nomination Committee.
4. The directors' terms of services were renewed for Mr. Zhou Minfeng, Ms. Lai Cairong, Mr. Guan Xin, Mr. Yu Zhuoping, Mr. Wang Dongchen and Mr. Xu Jiali a further terms of 2 years with their remuneration remaining unchanged commencing from 30 June 2025.

Save as disclosed, there is no change to any information required to be disclosed in relation to any Directors pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules.

### CONTRACT OF SIGNIFICANCE

During the Year, neither the Company or any of its subsidiaries had entered into any contract of significance with the controlling shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the Directors and the Chief Executive had the following interests or short positions in the shares (the “**Shares**”), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the Chief Executive are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

### *Long position in the Company*

Names of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the issued Shares
Mr. Zhou Minfeng	Interests of controlled corporation <sup>(1)</sup>	1,320,000,000	74.61%
	Beneficial owner	900,000	0.05%
	Spouse's interest	1,100,000 <sup>(2)</sup>	0.06%

#### Notes:

- (1) Mr. Zhou Minfeng is deemed to be interested in Shares held by Huayou Holdings Company Limited (“**Huayou Holdings**”) by virtue of Huayou Holdings being wholly-owned by Mr. Zhou Minfeng.
- (2) Ms. Chen Chun'er, the spouse of Mr. Zhou Minfeng, has interest in 1,100,000 Shares. Therefore, Mr. Zhou Minfeng is deemed to be interested in Ms. Chen Chun'er's Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors or the Chief Executive had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.



At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

### EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the Year or subsisting at the end of the Year are set out below:

### SHARE OPTION SCHEMES

#### Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) on 15 December 2011 for the purpose of giving certain eligible persons an opportunity to have a personal stake in the Company and motivating them to optimize their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining ongoing relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

There were no outstanding options pursuant to the Pre-IPO Share Option Scheme during the Year and as at the date of this report.

#### 2011 Share Option Scheme

The Company adopted a share option scheme (the “**2011 Share Option Scheme**”) on 15 December 2011 for the purpose of giving certain eligible persons an opportunity to have a personal stake in the Company and motivating them to optimize their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 80,000,000 Shares. The maximum number of Shares issued and to be issued upon exercise of the options granted under the 2011 Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.



An option may be exercised in accordance with the terms of the 2011 Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the 2011 Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before 28 days after the date that the Board meeting proposes such grant (the “**Offer Date**”). The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the Offer Date; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the Offer Date.

The 2011 Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered, but the provisions of the 2011 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting option granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the 2011 Share Option Scheme. The 2011 Share Option Scheme was terminated by the Shareholders at the annual general meeting of the Company held on 2 June 2021 and no further options shall be granted under the 2011 Share Option Scheme upon its termination. There were no outstanding options, and there were no options granted, exercised, lapsed or cancelled pursuant to the 2011 Share Option Scheme during the Year and as at the date of this report. As at the date of this annual report, no Shares shall be available for issue under the 2011 Share Option Scheme.

The number of options available for grant under the scheme mandate of the 2011 Share Option Scheme as at 1 January 2024 and 31 December 2024 is 0.

The number of shares that may be issued in respect of options granted under 2011 Share Option Scheme of the Company during the Year is nil, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the Year.

## 2021 Share Option Scheme

The adoption of a new share option scheme (the “**2021 Share Option Scheme**”) was approved by the Shareholders at the annual general meeting of the Company held on 2 June 2021. The purpose of the 2021 Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and to encourage participants to work towards enhancing value of the Company and its shares for the benefits of the Company and the Shareholders as a whole. The 2021 Share Option Scheme was adopted for a period of 10 years commencing from 2 June 2021.

The Directors (which expression shall, for the purpose of this report, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) directors and employees of the Group (including persons who are granted options under the 2021 Share Option Scheme as an inducement to enter into employment contracts with these companies) (**employee participants**);
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (**related entity participants**); and
- (c) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group (**service providers**).



The initial total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2021 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2021 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the 2021 Share Option Scheme is approved, i.e. 176,919,380 Shares. The total number of Shares issued and which may fall to be allotted and issued upon exercise of the options granted under the 2021 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued Shares for the time being.

An option may be exercised in accordance with the terms of the 2021 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The vesting period for options granted under the 2021 Share Option Scheme shall not be less than 12 months. Participants of the 2021 Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant within 21 days from the date of the offer of grant of the option.

The subscription price for Shares under the 2021 Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

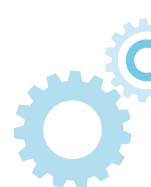
The remaining life of the 2021 Share Option Scheme is 5 years. There were no outstanding options, and there were no options granted, exercised, lapsed or cancelled pursuant to the 2021 Share Option Scheme during the Year and as at the date of this report. As at the date of this annual report, the total number of shares available for issue under the 2021 Share Option Scheme was 176,919,380, representing 10% of the issued shares of the Company.

The number of share options available for grant under the scheme mandate of the 2021 Share Option Scheme as at 1 January 2025 and 31 December 2025 is 176,919,380.

The number of shares that may be issued in respect of options granted under all schemes of the Company during the Year is nil, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the Year.

### **ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES OF THE COMPANY**

Save as disclosed in "Share Option Schemes" above, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding 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 in, or debt securities (including debentures) of the Company or any other body corporate.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 31 December 2025, the persons or corporations (other than Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Long position in the Company

Names	Capacity/Nature of interest	Number of Shares	Approximate percentage of the issued Shares
Huayou Holdings <sup>(1)</sup>	Beneficial owner	1,320,000,000	74.61%
Zhou Minfeng	Beneficial owner	900,000	0.05%
Ms. Chen Chun'er <sup>(2)</sup>	Beneficial owner	1,100,000	0.06%
	Spouse's interest	1,320,000,000 <sup>(3)</sup>	74.61%

#### Notes:

- (1) Huayou Holdings is wholly-owned by Mr. Zhou Minfeng.
- (2) Ms. Chen Chun'er is the spouse of Mr. Zhou Minfeng.
- (3) Shares held by Huayou Holdings, in which Mr. Zhou Minfeng is deemed to be interested by virtue of Huayou Holdings being wholly-owned by Mr. Zhou Minfeng.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



Direct or indirect interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Shareholder	Approximate percentage of shareholding
Shanghai Huaxin*	Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠)	30%
Shanghai Huaxin*	Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司)	19%
Changxing Huaxin <sup>(1)</sup>	Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠)	30%
Changxing Huaxin <sup>(1)</sup>	Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司)	19%
Ningbo Hualete*	Roekona Textilwerk GmbH & Co. KG (“ <b>Roekona Textilwerk</b> ”)	25%
Ningbo Hualete*	zwissTEX Germany GmbH (“ <b>zwissTEX Germany</b> ”)	10%
Texline Investment Co., Limited (“ <b>Texline Investment</b> ”) <sup>(2)</sup>	Roekona Textilwerk	25%
Texline Investment <sup>(2)</sup>	zwissTEX Germany	10%
Ningbo Hualuote <sup>(2)</sup>	Roekona Textilwerk	25%
Ningbo Hualuote <sup>(2)</sup>	zwissTEX Germany	10%

Notes:

- (1) Shanghai Automobile Air Conditioner Factory\*(上海汽車空調器廠)and Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司)directly hold 30% and 19% interests in Shanghai Huaxin, respectively. Changxing Huaxin is wholly-owned by Shanghai Huaxin and as a result, Shanghai Automobile Air Conditioner Factory\*(上海汽車空調器廠)and Shanghai Beicai Industrial Co., Ltd.(上海北蔡工業有限公司)also indirectly hold 30% and 19% interests in Changxing Huaxin, respectively.
- (2) Roekona Textilwerk and zwissTEX Germany directly hold 25% and 10% interests in Ningbo Hualete, respectively. Texline Investment is wholly-owned by Ningbo Hualete and Ningbo Hualuote is wholly-owned by Texline Investment. As a result, Roekona Textilwerk indirectly holds 25% interests in Texline Investment and Ningbo Hualuote respectively, while zwissTEX Germany indirectly holds 10% interests in Texline Investment and Ningbo Hualuote respectively.

\* For identification purposes only



Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company are not aware of any other person or corporation who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

### **RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS**

The related party transactions as disclosed in note 37 to the financial statements in respect of items denoted with "Δ" and item disclosed in note 37(b) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements (if applicable) in accordance with Chapter 14A of the Listing Rules.

Further discussions on the Group's environmental policy and our relationships with various stakeholders are covered by a separate environmental, social and governance report which will be available on the Group's website under the "Investor Relations" section and the website of the Stock Exchange on or before 30 April 2024.

### **NON-COMPETE UNDERTAKINGS**

Each of the controlling Shareholders has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus) during the year ended 31 December 2022. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling Shareholders.

### **DIRECTORS' INTEREST IN COMPETING BUSINESS**

None of the Directors is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands where the Company was incorporated applicable to the Company.

### **EMOLUMENT POLICY**

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically.

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.



The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted two share option schemes to motivate and reward its Directors and eligible employees. Details of these schemes are set out in the paragraph headed "Share Option Schemes" above.

### PENSION SCHEME

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme (the "Central Pension Scheme") operated by the local municipal government, which the Group is required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Central Pension Scheme are charged to the statements of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Central Pension Scheme vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2024 and 31 December 2025, there was no forfeiture of contributions under the Central Pension Scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Central Pension Scheme as at 31 December 2024 and 31 December 2025.

For each of the two years ended 31 December 2024 and 31 December 2025, the Group did not have any defined benefit plan.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

### AUDITOR

Ernst & Young will retire and, being eligible, offer itself for re-appointment. A resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the Year.

### BANK LOANS

Details of bank loans of the Company and the Group as at 31 December 2025 are set out in note 28 to the financial statements.

On behalf of the Board

**Zhou Minfeng**

*Chairman and Chief Executive*

31 March 2026



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel電話: +852 2846 9888  
Fax傳真: +852 2868 4432  
ey.com

### Independent auditor's report

#### To the shareholders of Huazhong In-Vehicle Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Huazhong In-Vehicle Holdings Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 55 to 151 which comprise the consolidated statement of financial position as at 31 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 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) 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 Hong Kong Institute of Certified Public Accountants (“**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**”), and we have 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.

## 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 thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



### KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<b><i>Net realisable value of inventories</i></b>	
<p>As at 31 December 2025, the Group had inventories of approximately RMB807,278,000 at the lower of the cost and net realisable value.</p> <p>We identified the determination of the net realisable value of inventories as a key audit matter because the carrying amount of the inventories was significant and the calculation of inventories' net realisable value required significant management estimation based on future market demands and estimated selling prices.</p> <p>Related disclosures are included in note 2.4 <i>Material accounting policies</i>, note 3 <i>Significant accounting judgements and estimates</i> and note 21 <i>Inventories</i> to the financial statements.</p>	<p>Our audit procedures to assess the provision assessment for inventories included the following:</p> <ol style="list-style-type: none"><li>1) Obtaining an understanding of the Group's policy on inventory provision and checked the calculation of the inventory provision based on the Group's policies.</li><li>2) Evaluating management's assumptions used to calculate the provision by checking the ageing analysis of inventories, subsequent sales and usage of inventories; and</li><li>3) Observing slow-moving and obsolete inventory items during the stocktaking as at the year end.</li></ol>

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standard as issued by the IASB 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.



## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose 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.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong (Practising certificate number: P06108).

*Ernst & Young*  
Certified Public Accountants  
Hong Kong

31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025



	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>2,563,964</b>	1,846,699
Cost of sales		<b>(2,008,186)</b>	(1,341,658)
<b>Gross profit</b>		<b>555,778</b>	505,041
Other income and other gains, net	5	<b>44,194</b>	47,759
Selling and distribution expenses		<b>(147,014)</b>	(129,273)
Administrative expenses		<b>(383,369)</b>	(334,153)
Impairment losses on financial assets, net		<b>(7,765)</b>	(30,078)
Other expenses		<b>(4,136)</b>	(5,424)
Finance income	6	<b>1,884</b>	1,465
Finance costs	7	<b>(21,317)</b>	(22,191)
Share of profits of:			
joint ventures	18	<b>20,327</b>	25,043
associates	19	<b>(257)</b>	(611)
<b>PROFIT BEFORE TAX</b>	8	<b>58,325</b>	57,578
Income tax expense	11	<b>(21,523)</b>	(10,332)
<b>PROFIT FOR THE YEAR</b>		<b>36,802</b>	47,246
Attributable to:			
Owners of the parent		<b>35,977</b>	41,909
Non-controlling interests		<b>825</b>	5,337
		<b>36,802</b>	47,246
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	13	<b>RMB0.0203</b>	RMB0.0237



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>PROFIT FOR THE YEAR</b>	<b>36,802</b>	47,246
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(191)</b>	269
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive loss:		
Change in fair value	<b>(15,635)</b>	(47,542)
Income tax effect	<b>3,909</b>	11,886
Net other comprehensive loss that will not be reclassified profit or loss in subsequent periods	<b>(11,726)</b>	(35,656)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(11,917)</b>	(35,387)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>24,885</b>	11,859
Attributable to:		
Owners of the parent	<b>24,060</b>	6,522
Non-controlling interests	<b>825</b>	5,337
	<b>24,885</b>	11,859

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025



	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>1,105,403</b>	1,023,813
Investment properties	15	<b>22,714</b>	25,600
Right-of-use assets	16(a)	<b>246,975</b>	242,849
Intangible assets	17	<b>11,806</b>	4,940
Investments in joint ventures	18	<b>146,058</b>	148,385
Investments in associates	19	<b>7,132</b>	2,389
Advance payments for property, plant and equipment	23	<b>151,662</b>	125,105
Equity investments designated at fair value through other comprehensive income	20	<b>109,421</b>	125,056
Pledged deposits	24	<b>30,000</b>	30,000
Deferred tax assets	30	<b>32,067</b>	31,239
Other non-current assets		<b>375</b>	1,275
<b>Total non-current assets</b>		<b>1,863,613</b>	1,760,651
<b>CURRENT ASSETS</b>			
Inventories	21	<b>807,278</b>	611,674
Trade and notes receivable	22	<b>1,368,780</b>	908,324
Financial assets at fair value through profit or loss	25	<b>19,947</b>	20,000
Prepayments, other receivables and other assets	23	<b>295,670</b>	273,999
Pledged deposits	24	<b>115,066</b>	48,717
Cash and cash equivalents	24	<b>62,496</b>	161,143
<b>Total current assets</b>		<b>2,669,237</b>	2,023,857
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	26	<b>1,938,533</b>	1,229,534
Other payables and accruals	27	<b>339,789</b>	296,194
Interest-bearing bank and other borrowings	28	<b>423,967</b>	256,041
Income tax payable		<b>35,797</b>	33,794
<b>Total current liabilities</b>		<b>2,738,086</b>	1,815,563
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(68,849)</b>	208,294
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,794,764</b>	1,968,945



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	28	<b>209,145</b>	358,171
Government grants	29	<b>15,714</b>	16,405
Deferred tax liabilities	30	<b>24,765</b>	29,139
Total non-current liabilities		<b>249,624</b>	403,715
Net assets		<b>1,545,140</b>	1,565,230
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	31	<b>142,956</b>	142,956
Reserves	32	<b>1,265,576</b>	1,245,929
		<b>1,408,532</b>	1,388,885
Non-controlling interests	34	<b>136,608</b>	176,345
Total equity		<b>1,545,140</b>	1,565,230

*Director*  
**Zhou Minfeng**

*Director*  
**Liu Genyu**

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025



	Attributable to owners of the parent									
	Issued capital <i>RMB'000</i> (note 31)	Share premium <i>RMB'000</i>	Statutory reserve funds <i>RMB'000</i> (note 32)	Merger reserve <i>RMB'000</i>	Fair value reserve of financial assets at fair value through other comprehensive income <i>RMB'000</i> (note 32)	Exchange fluctuation <i>RMB'000</i> (note 32)	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2025	142,956	8,157	118,667	88,278	66,286	256	964,285	1,388,885	176,345	1,565,230
Profit for the year	–	–	–	–	–	–	35,977	35,977	825	36,802
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(191)	–	(191)	–	(191)
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(11,726)	–	–	(11,726)	–	(11,726)
Total comprehensive income for the year	–	–	–	–	(11,726)	(191)	35,977	24,060	825	24,885
Acquisition of non-controlling interest	–	587	–	–	–	–	–	587	(37,313)	(36,726)
Final dividends	–	–	–	–	–	–	(5,000)	(5,000)	–	(5,000)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(3,249)	(3,249)
As at 31 December 2025	142,956	8,744*	118,667*	88,278*	54,560*	65	995,262*	1,408,532	136,608	1,545,140



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent									
	Issued capital RMB'000 (note 31)	Share premium* RMB'000	Statutory reserve funds* RMB'000 (note 32)	Merger reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 (note 32)	Exchange fluctuation RMB'000 (note 32)	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024	142,956	8,157	118,667	88,278	101,942	(13)	926,736	1,386,723	166,809	1,553,532
Profit for the year	–	–	–	–	–	–	41,909	41,909	5,337	47,246
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	269	–	269	–	269
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(35,656)	–	–	(35,656)	–	(35,656)
Total comprehensive income for the year	–	–	–	–	(35,656)	269	41,909	6,522	5,337	11,859
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	9,800	9,800
Final dividends	–	–	–	–	–	–	(4,360)	(4,360)	–	(4,360)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(5,601)	(5,601)
As at 31 December 2024	142,956	8,157	118,667	88,278	66,286	256	964,285	1,388,885	176,345	1,565,230

\* These reserve accounts comprise the consolidated reserves of RMB1,265,576,000 (2024: RMB1,245,929,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025



	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>58,325</b>	57,578
Adjustments for:			
Foreign exchange fluctuations		<b>1,641</b>	2,869
Finance costs	7	<b>21,317</b>	22,191
Share of profits of joint ventures	18	<b>(20,327)</b>	(25,043)
Share of losses of associates	19	<b>257</b>	611
Interest income	6	<b>(1,884)</b>	(1,465)
Dividend income from equity investments at fair value through other comprehensive income	5	<b>(1,811)</b>	(1,811)
Gain on disposal of items of property, plant and equipment	5	<b>(670)</b>	(290)
Termination of leases, net		<b>(380)</b>	—
Loss on disposal of intangible assets		<b>3</b>	—
Fair value loss on financial assets through profit and loss		<b>53</b>	—
Amortisation of government grants	29	<b>(1,386)</b>	(1,386)
Amortisation of non-current assets		<b>900</b>	900
Depreciation of property, plant and equipment	14	<b>142,777</b>	125,432
Depreciation of investment properties	15	<b>2,886</b>	2,892
Amortisation of right-of-use assets	16(a)	<b>22,278</b>	19,299
Amortisation of intangible assets	17	<b>2,250</b>	1,739
Write — down of inventories to net realisable value		<b>11,715</b>	3,632
Impairment losses on financial assets, net		<b>7,765</b>	30,078
Increase in inventories		<b>(207,319)</b>	(150,770)
Increase in trade and notes receivable		<b>(483,716)</b>	(70,306)
Increase in prepayments and other receivables		<b>(23,290)</b>	(14,692)
Increase in trade and notes payables		<b>708,126</b>	349,760
Increase in other payables and accruals		<b>47,003</b>	51,480
Increase in pledged deposits		<b>(66,349)</b>	(29,906)
Cash generated from operations		<b>220,164</b>	372,792
Income tax paid		<b>(20,816)</b>	(17,248)
Net cash flows generated from operating activities		<b>199,348</b>	355,544



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		4,399	2,862
Purchases of items of property, plant and equipment		(281,476)	(301,184)
Purchases of items of leasehold land		—	(6,913)
Purchases of items of investment property		—	(81)
Purchases of items of intangible assets		(3,058)	(1,129)
Dividends received from equity investment designated at fair value through other comprehensive income		1,811	1,811
Proceeds from disposal of items of property, plant and equipment and right-of-use assets		20,031	25,148
Investment in an associate		(5,000)	(3,000)
Purchases of financial assets at fair value through profit or loss		(10,000)	(20,000)
Recovery of financial assets at fair value through profit or loss		10,000	—
Dividends received from a joint venture		22,654	—
Recovery of loans and receivables		—	30,000
Net cash flows used in investing activities		(240,639)	(272,486)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		856,830	650,030
Repayment of bank loans		(834,101)	(657,001)
Principal portion of lease payments		(17,632)	(10,643)
Interest paid		(23,136)	(21,340)
Dividends paid		(5,000)	(4,360)
Decrease in pledged deposits		—	5,280
Dividends paid to non-controlling shareholders		(3,249)	(5,601)
Capital contribution from then equity holder		—	9,800
Acquisition of non-controlling interests		(31,018)	—
Net cash flows used in financing activities		(57,306)	(33,835)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Effect of foreign exchange rate changes, net		(98,597)	49,223
Cash and cash equivalents at beginning of year		(50)	(299)
		161,143	112,219
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	24	<b>62,496</b>	161,143
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the consolidated statement of cash flows		62,496	161,143
Cash and bank balances	24	62,496	161,143
Cash and cash equivalents as stated in the consolidated statement of financial position		62,496	161,143
Cash and cash equivalents as stated in the statement of cash flows		62,496	161,143



## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 December 2010. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. BOX 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 January 2012 (the “**Listing Date**”).

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the manufacture and sale of internal and external structural and decorative parts of automobiles, moulds and tooling of automobiles, casing and liquid tanks of air-conditioning or heater units and other non-automobile products, such as top cowl covers and office chairs.

In the opinion of the directors of the Company, the holding company of the Company is Huayou Holdings Company Limited (“**Huayou Holdings**”), which was incorporated in the British Virgin Islands (“**BVI**”).

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Issued ordinary/ registered share capital	Principal activities
		Direct	Indirect		
Huazhong Investment Company Limited (“ <b>Huazhong Investment</b> ”)	BVI	—	100%	US\$1	Investment holding
Huayou Investment (Hong Kong) Limited (“ <b>Huayou Investment</b> ”)	Hong Kong	—	100%	HK\$1	Investment holding
Ningbo Huazhong Automotive Decorative Parts Technology Co., Limited (“ <b>Ningbo Huazhong Automotive Decorative Parts</b> ”)*	PRC/Chinese mainland	—	100%	US\$12,000,000	Manufacture and sale of plastic automotive products
Changchun Huateng Automobile Parts Co., Ltd. (“ <b>Changchun Huateng</b> ”)	PRC/Chinese mainland	—	100%	RMB1,000,000	Manufacture and sale of plastic automotive products
Foshan Huazhong Automotive Parts Co Ltd. (“ <b>Foshan Huazhong</b> ”)	PRC/Chinese mainland	—	100%	RMB20,000,000	Manufacture and sale of plastic parts and automotive products



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

### Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Issued ordinary/ registered share capital	Principal activities
		Direct	Indirect		
Tianjin Huayou Automotive Parts Co., Ltd. ("Tianjin Huayou")	PRC/Chinese mainland	—	100%	RMB20,000,000	Manufacture and sale of plastic parts and automotive products
Ningbo Huazhong Moulding Manufacturing Co., Ltd. ("Ningbo Huazhong Moulding")	PRC/Chinese mainland	—	100%	RMB10,000,000	Design, manufacture, and processing of moulds
Chongqing Huazhong Automobile Decorative Parts Co., Ltd. ("Chongqing Huazhong")	PRC/Chinese mainland	—	100%	RMB126,000,000	Manufacture and sale of plastic automotive products
Chengdu Huazhong Automobile Parts Co., Ltd. ("Chengdu Huazhong")	PRC/Chinese mainland	—	100%	RMB20,000,000	Manufacture and sale of plastic automotive products
Ningbo Roekona- Zoeppritex-Tex-Line Co., Ltd. ("Ningbo Hualete")	PRC/Chinese mainland	—	65%	RMB15,233,641	Manufacture and sale of auto parts, design and manufacture of high-grade textiles
Shanghai Huaxin Automobile Latex and Plastic Co., Ltd. ("Shanghai Huaxin")	PRC/Chinese mainland	—	51%	RMB48,000,000	Import and export of products and technologies; sale and processing of plastic and latex products and spare and accessory parts
Changshu Huaxin Automobile Latex and Plastic Co., Ltd. ("Changshu Huaxin")	PRC/Chinese mainland	—	51%	RMB35,000,000	Manufacture and sale of plastic automotive products

The table above lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



## 2. ACCOUNTING POLICIES

### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

#### Basis of consolidation

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 Changes in Accounting Policies and Disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

### 2.3 Issued But Not Yet Effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IIFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 71

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption



## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective IFRS Accounting Standards *(continued)*

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective IFRS Accounting Standards *(continued)*

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statement to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective IFRS Accounting Standards *(continued)*

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards — Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies

#### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate and joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates and the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Fair value measurement

The Group measures its certain unlisted equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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;

or



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Related parties *(continued)*

- (b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);
  - (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); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 2. ACCOUNTING POLICIES *(continued)*

#### 2.4 Material Accounting Policies *(continued)*

##### Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Plant and buildings	20 to 30 years
Machinery	5 to 15 years
Motor vehicles	4 to 6 years
Furniture and fixtures	3 to 10 years
Tooling	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

##### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment property to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	20 to 30 years
-----------	----------------



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### *Purchased software*

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 to 10 years.

#### *Research and development costs*

All research costs are charged to the statement of profit or loss as incurred.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Leases *(continued)*

##### *Group as a lessee (continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	41 to 50 years
Warehouse and office	2 to 5 years
Accommodation	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Leases *(continued)*

##### *Group as a lessee (continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery, motor vehicles and buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of warehouses and equipment that are considered to be of low values.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

#### Investments and other financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Investments and other financial assets *(continued)*

##### *Initial recognition and measurement (continued)*

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Investments and other financial assets *(continued)*

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Impairment of financial assets *(continued)*

##### *General approach (continued)*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or as payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables, amounts due to the ultimate holding shareholder and related parties and interest-bearing bank and other borrowings.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Financial liabilities *(continued)*

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

#### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to government grants and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Revenue recognition

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from the sale of automobile body parts products is recognised at the point in time when control of the asset is transferred to the customer, generally upon the use of the industrial products.

Some contracts for the sale of automobile body parts products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) 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 IFRS 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. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Revenue recognition *(continued)*

##### *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

##### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Other employee benefits

##### *Pension scheme — Mainland China*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### *Pension scheme — Hong Kong*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Other employee benefits *(continued)*

##### *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

##### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### **Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

##### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.



## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### Foreign currencies

These financial statements are presented in Renminbi (“**RMB**”), which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of non-Mainland China established subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the non-Mainland China established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the non-Mainland China established subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### Deferred tax liabilities

Deferred tax liabilities are recognised for withholding tax in respect of the unremitted earnings of certain subsidiaries of the Group established in Mainland China to the extent that the directors are of the opinion that they would be probable for distribution in the foreseeable future. Significant management judgement is required to determine the amount of deferred tax liabilities that should be recognised. Further details are contained in note 30 to the financial statements.

#### Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

#### Judgements *(continued)*

##### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

##### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### Provision for slow-moving inventories and net realisable value of inventories

Management reviews the ageing analysis of inventories of the Group at the end of the reporting period, and makes a provision for slow-moving inventory items. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Write-down of inventories to net realisable value is made based on the estimated net realisable value of inventories. The assessment of the write-down amount requires management's estimates and judgement. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying value of inventories and write-down/write-back of inventories in the period in which such estimate has been changed.

##### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

#### Estimation uncertainty *(continued)*

##### Provision for expected credit losses on trade receivables *(continued)*

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

##### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

##### Fair value of certain of the unlisted equity investments

Certain of the Group's unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 38 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of the investments as Level 3. The fair value of the unlisted equity investments at 31 December 2025 was RMB21,747,000 (2024: RMB23,800,000). Further details are included in note 20 and 25 to the financial statements.

##### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

#### Estimation uncertainty *(continued)*

##### Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rebates.

Management assesses the expected rebates based on factors primarily consist of the customer's historical rebate entitlement, accumulated purchases to date, accumulated retails to date, etc. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is primarily the manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tanks of air-conditioning or heater units and other non-automobile products. Management monitors the consolidated results for the purpose of making decisions about resource allocation and the Group's performance assessment. Accordingly, no segment analysis is presented.

#### Geographical information

##### (a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland	<b>2,490,403</b>	1,776,674
Overseas	<b>73,561</b>	70,025
<b>Total revenue</b>	<b>2,563,964</b>	1,846,699

The revenue information above is based on the locations of the customers.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 4. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information *(continued)*

##### (b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	1,695,167	1,578,914
Overseas	26,958	25,442
<b>Total non-current assets</b>	<b>1,722,125</b>	1,604,356

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

#### Information about a major customer

Revenue from major customers which amounted to 10% or more of the Group's revenue is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	478,818	517,190
Customer B	258,697	N/A*

\* The corresponding revenue of these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<b><i>Revenue from contracts with customers</i></b>		
Sales of plastic parts and automotive parts	2,362,917	1,701,527
Sales of moulds and tooling	201,047	145,172
<b>Total</b>	<b>2,563,964</b>	1,846,699



## 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

All the revenue from contracts with customers is derived from the one single segment as defined in note 4. And the category of revenue from contracts with customers based on geographical region is the same with the geographical information in note 4(a).

The recognition timing of all the revenue from contracts with customers is the goods transferred at a point in time when control of the asset is transferred to the customer, generally on the use of the industrial products.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	<b>46,931</b>	46,672

#### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sale of products and materials*

The performance obligation is satisfied upon use of the products and materials and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 are RMB66,019,000 (2024: RMB46,931,000), which were expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

An analysis of other income and gains, net is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Government grants*	<b>10,434</b>	16,344
Value-added tax preferences	<b>9,886</b>	11,374
Net rental income from operating leases, net-fixed payments	<b>10,566</b>	5,014
Management fee	<b>4,409</b>	4,664
Provision of model modification service	<b>1,994</b>	3,820
Compensation income	<b>812</b>	2,038
Dividend income from equity investments designated at fair value through other comprehensive income	<b>1,811</b>	1,811
Others	<b>652</b>	426
<b>Total other income</b>	<b>40,564</b>	45,491
<b>Other gain, net</b>		
Gain on sales of scrap materials	<b>2,043</b>	1,671
Foreign exchange gain, net	<b>—</b>	—
Gain on disposal of items of property, plant and equipment and right-of-use assets	<b>670</b>	290
Gain on termination of leases	<b>380</b>	—
Others	<b>537</b>	307
<b>Total gains</b>	<b>3,630</b>	2,268
<b>Total other income and gains</b>	<b>44,194</b>	47,759

\* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these grants.



## 6. FINANCE INCOME

	2025 RMB'000	2024 RMB'000
Interest income on bank deposits	<b>1,673</b>	1,114
Interest income on loans and receivables	<b>211</b>	351
Total	<b>1,884</b>	1,465

## 7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expense on bank loans	<b>18,364</b>	20,502
Interest expense on lease liabilities	<b>1,545</b>	1,177
Interest expense on discounted notes receivable	<b>1,408</b>	512
Total	<b>21,317</b>	22,191



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		<b>2,008,186</b>	1,341,658
Depreciation of property, plant and equipment	14	<b>142,777</b>	125,432
Depreciation of investment properties	15	<b>2,886</b>	2,892
Amortisation of right-of-use assets	16(a)	<b>22,278</b>	19,299
Amortisation of intangible assets*	17	<b>2,250</b>	1,739
Research and development costs		<b>122,002</b>	108,581
Lease payments not included in the measurement of lease liabilities	16(c)	<b>4,715</b>	8,325
Auditors' remuneration		<b>2,600</b>	2,600
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):			
Wages and salaries		<b>311,085</b>	296,125
Pension scheme costs**		<b>18,119</b>	16,534
<b>Total</b>		<b>329,204</b>	312,659
Impairment losses on financial assets, net			
Impairment of trade receivables, net	22	<b>7,655</b>	27,120
Impairment of other receivables, net	23	<b>110</b>	2,958
<b>Total</b>		<b>7,765</b>	30,078
Foreign exchange differences, net		<b>1,641</b>	2,869
Gross rental income		<b>(18,768)</b>	(13,571)
Direct expenses for generating rental income		<b>8,202</b>	8,557
Rental income, net		<b>(10,566)</b>	(5,014)
Gain on disposal of items of property, plant, and equipment	5	<b>(670)</b>	(290)
Gain on termination of lease		<b>(380)</b>	—
Dividend income from equity investments designated at fair value through other comprehensive income	5	<b>(1,811)</b>	(1,811)
Government grants	5	<b>(10,434)</b>	(16,344)
Interest income on bank deposits	6	<b>(1,673)</b>	(1,114)

\* The amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses", in the consolidated statements of profit or loss.

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.



## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	3,217	2,539
Other emoluments:		
Salaries, allowances and benefits in kind	1,400	1,382
Performance related bonuses	134	133
Pension scheme contributions	15	13
Subtotal	1,549	1,528
Total	4,766	4,067

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Wong Luen Cheung Andrew*	217	373
Mr. Xu Jiali	221	222
Mr. Wang Dongchen	221	222
Mr. Xu li**	83	—
Total	742	817

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

\* In June 2025, Mr. Wong Luen Cheung Andrew resigned as an independent non-executive director.

\*\* In June 2025, Mr. Xu li was appointed as an independent non-executive director.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2025</b>					
<b>Executive director:</b>					
Mr. Zhou Minfeng*	553	1,400	134	15	2,102
Mr. Liu Genyu	1,203	—	—	—	1,203
Subtotal	1,756	1,400	134	15	3,305
<b>Non-executive directors:</b>					
Mr. Yu Zhuoping	277	—	—	—	277
Ms. Lai Cairong	221	—	—	—	221
Mr. Guan Xin	221	—	—	—	221
Subtotal	719	—	—	—	719
Total	2,475	1,400	134	15	4,024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>					
<b>Executive director:</b>					
Mr. Zhou Minfeng*	555	1,382	133	13	2,083
Mr. Liu Genyu	322	—	—	—	322
Mr. Bichao Wu**	105	—	—	—	105
Subtotal	982	1,382	133	13	2,510
<b>Non-executive directors:</b>					
Mr. Yu Zhuoping	278	—	—	—	278
Ms. Lai Cairong	222	—	—	—	222
Mr. Guan Xin	222	—	—	—	222
Mr. Wang Yuming	18	—	—	—	18
Subtotal	740	—	—	—	740
Total	1,722	1,382	133	13	3,250

\* Mr. Zhou Minfeng was also entitled as chief executive of the company for the year ended 31 December 2024 and 2025.

\*\* In March 2024, Mr. Bichao Wu resigned as an executive director.



## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

### (b) Executive directors, non-executive directors and the chief executive *(continued)*

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: one director, which is also the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,473	3,342
Performance related bonuses	362	478
Pension scheme contributions	84	108
<b>Total</b>	<b>2,919</b>	<b>3,928</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	2025 RMB'000	2024 RMB'000
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	3
<b>Total</b>	<b>3</b>	<b>4</b>



### 11. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the year ended 31 December 2025 (2024: Nil).

All of the Group's subsidiaries established in the PRC that have operations only in Mainland China are subject to PRC enterprise income tax ("EIT") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws except the entities stated as follows:

Pursuant to the relevant tax rules in the PRC, Chengdu Huazhong, Chongqing Huazhong and Xi'an Huadun Automotive Parts Co., Ltd. are qualified as companies under the development strategy of China western region and were subject to tax at a preferential income tax rate of 15% for the year (2024: 15%).

In 2025, Ningbo Huazhong Automotive Decorative Parts, Nanchang Huayue Plastic Products Company Co., Ltd. and Changchun Huateng were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2025, 2026 and 2027.

In 2024, Foshan Huazhong and Qingdao Huazhong Automotive Parts Co., Ltd. were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2024, 2025 and 2026.

In 2023, Ningbo Huazhong Moulding and Ningbo Hualete were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2023, 2024 and 2025.

Wuhu Huazhong Automotive Parts Co., Ltd., Yantai Huaxiang Automotive Parts Co., Ltd., Ningbo Huazhong In-Vehicle Technology Co., Ltd. and other companies are small low-profit enterprises in the year of 2025. The annual taxable income amount shall be computed at a reduced rate of 25% during the year of 2025 and be subject to enterprise income tax at 20% tax rate.

Ningbo Huazhong In-Vehicle Technology Co., Ltd., Wuhu Huazhong Automotive Parts Co., Ltd., and Ningbo Xinxing Automobile Plastic Parts Manu-facturions Co., Ltd. are small low-profit enterprises in the year of 2023. The portion of annual taxable income amount which did not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount during the years of 2023 and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount during the years of 2023, and be subject to enterprise income tax at 20% tax rate.



## 11. INCOME TAX (continued)

The major components of income tax expense of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Current income tax		
Charge for the year	<b>21,509</b>	12,337
Provision in prior years	<b>1,307</b>	(95)
Deferred (note 30)	<b>(1,293)</b>	(1,910)
<b>Total tax charge for the year</b>	<b>21,523</b>	10,332

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% for Mainland China in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	<b>58,325</b>	57,578
Tax at the statutory tax rate	<b>14,581</b>	14,395
Tax rate differences for specific provincial or local tax authority	<b>(12,322)</b>	(463)
Tax losses not recognised	<b>47,841</b>	20,528
Profits attributable to joint ventures and associates	<b>(5,098)</b>	(6,261)
Adjustments in respect of current tax of previous periods	<b>1,307</b>	(95)
Income not subject to tax	<b>(1,670)</b>	(712)
Expenses not deductible for tax	<b>2,906</b>	2,159
Utilisation of tax losses in previous years	<b>(7,208)</b>	(3,471)
Additional deduction of research and development expenses	<b>(19,727)</b>	(16,489)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries rates	<b>913</b>	741
<b>Tax charge for the year at the effective rate</b>	<b>21,523</b>	10,332
<b>The Group's effective rate</b>	<b>36.9%</b>	17.9%



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 12. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final — 2025: HK 0.2826 cents (2024: HK 0.3062 cents) per ordinary share	4,415	5,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this proposed dividend.

### 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,769,193,800 (2024: 1,769,193,800) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the share option scheme, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

The calculation of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculations	35,977	41,909

	Numbers of ordinary shares	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,769,193,800	1,769,193,800



## 14. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Tooling RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>							
At 1 January 2025:							
Cost	763,507	846,348	20,792	28,810	249,363	96,147	2,004,967
Accumulated depreciation	(254,949)	(490,142)	(13,152)	(21,331)	(201,580)	–	(981,154)
Net carrying amount	508,558	356,206	7,640	7,479	47,783	96,147	1,023,813
At 1 January 2025, net of accumulated depreciation and impairment	508,558	356,206	7,640	7,479	47,783	96,147	1,023,813
Additions	5,417	80,830	7,925	3,490	47,710	101,672	247,044
Transfers	548	53,272	–	–	3,077	(56,897)	–
Transfers to intangible assets	–	–	–	–	–	(6,061)	(6,061)
Disposal	(623)	(12,717)	(40)	(4)	(30)	(5,947)	(19,361)
Depreciation provided during the year	(34,017)	(65,570)	(4,443)	(3,419)	(35,328)	–	(142,777)
Exchange realignment	25	1,256	–	78	(18)	1,404	2,745
At 31 December 2025, net of accumulated depreciation and impairment	479,908	413,277	11,082	7,624	63,194	130,318	1,105,403
At 31 December 2025:							
Cost	767,472	959,704	28,035	32,301	292,082	130,318	2,209,912
Accumulated depreciation	(287,564)	(546,427)	(16,953)	(24,677)	(228,888)	–	(1,104,509)
Net carrying amount	479,908	413,277	11,082	7,624	63,194	130,318	1,105,403



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Plant and buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Tooling RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>							
At 1 January 2024:							
Cost	729,997	785,185	18,868	26,428	207,346	60,112	1,827,936
Accumulated depreciation	(221,570)	(470,860)	(12,450)	(19,085)	(168,489)	–	(892,454)
Net carrying amount	508,427	314,325	6,418	7,343	38,857	60,112	935,482
At 1 January 2024, net of accumulated depreciation and impairment							
	508,427	314,325	6,418	7,343	38,857	60,112	935,482
Additions	5,117	97,052	2,641	2,523	35,749	98,146	241,228
Transfers	28,411	24,543	283	–	6,289	(59,526)	–
Transfers to intangible assets	–	–	–	–	–	(306)	(306)
Disposal	–	(23,646)	(374)	(19)	(21)	(798)	(24,858)
Depreciation provided during the year	(33,379)	(55,318)	(1,328)	(2,316)	(33,091)	–	(125,432)
Exchange realignment	(18)	(750)	–	(52)	–	(1,481)	(2,301)
At 31 December 2024, net of accumulated depreciation and impairment	508,558	356,206	7,640	7,479	47,783	96,147	1,023,813
At 31 December 2024:							
Cost	763,507	846,348	20,792	28,810	249,363	96,147	2,004,967
Accumulated depreciation	(254,949)	(490,142)	(13,152)	(21,331)	(201,580)	–	(981,154)
Net carrying amount	508,558	356,206	7,640	7,479	47,783	96,147	1,023,813

Included in the property, plant and equipment as at 31 December 2025 were certain buildings with a net carrying value of RMB62,575,000 (2024: RMB66,630,000), of which the property certificates have not been obtained.

As at 31 December 2025, certain of the Group's buildings with a net carrying value of approximately RMB32,724,000 (2024: RMB34,624,000) were pledged to secure bank loans granted to the Group (note 28).



## 15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	<b>25,600</b>	28,411
Addition	—	81
Depreciation during the year	<b>(2,886)</b>	(2,892)
Carrying amount at 31 December	<b>22,714</b>	25,600

The Group's investment properties are situated in Mainland China.

The Group's investment properties consist of two industrial properties in Mainland China as at 31 December 2025 and 2024, respectively. The directors of the Company have determined that the investment properties consist of one class of assets based on the nature, characteristics and risk of each property. The fair value of the Group's investment properties was RMB60,020,000 as at 31 December 2025 (2024: RMB67,300,000) according to the valuation performed by an independent valuer.

Each year, the Group's property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussion with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The Group's investment properties are leased to related parties under operating leases, further summary details of which are included in note 36.

Included in the investment properties as at 31 December 2025 were certain industrial properties with a net carrying value of RMB14,640,000 (2024: RMB15,822,000), of which the property certificates have not been obtained. The directors of the Company are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned industrial properties. The directors of the Company are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2025.



## 16. LEASES

### The Group as a lessee

The Group has lease contracts for various items of warehouse, office and accommodation used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 41 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of warehouse and office generally have lease terms between 2 and 5 years, while accommodation generally have lease terms between 2 and 5 years. Other items generally have lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Warehouse and office RMB'000	Accommodation RMB'000	Total RMB'000
As at 1 January 2024	214,657	16,935	385	231,977
Additions	6,913	23,258	—	30,171
Depreciation charge (note 8)	(5,838)	(13,365)	(96)	(19,299)
As at 31 December 2024 and 1 January 2025	215,732	26,828	289	242,849
Additions	—	28,124	2,222	30,346
Depreciation charge (note 8)	(5,819)	(15,622)	(837)	(22,278)
Termination of lease	—	(3,942)	—	(3,942)
As at 31 December 2025	209,913	35,388	1,674	246,975



## 16. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	<b>30,991</b>	18,376
New leases	<b>30,346</b>	23,258
Accretion of interest recognised during the year (note 7)	<b>1,545</b>	1,177
Payments	<b>(19,177)</b>	(11,820)
Termination of lease	<b>(4,322)</b>	—
<b>Carrying amount at 31 December</b>	<b>39,383</b>	30,991
Analysed into:		
Current portion	<b>17,438</b>	13,620
Non-current portion	<b>21,945</b>	17,371

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	<b>1,545</b>	1,177
Depreciation charge of right-of-use assets	<b>22,278</b>	19,299
Expense relating to short-term leases (included in cost of sales or administrative expenses)	<b>4,091</b>	7,930
Expense relating to leases of low-value assets (included in cost of sales or administrative expenses)	<b>624</b>	395
<b>Total amount recognised in the statement of profit or loss</b>	<b>28,538</b>	28,801

#### (d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 16. LEASES *(continued)*

#### The Group as a lessor

The Group leased its investment properties (note 15) consisting of one industrial properties in Mainland China under operating lease arrangements as at 31 December 2025 and 2024. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Gross rental income recognised by the Group during the year was RMB18,768,000 (2024: RMB13,571,000), details of which are included in note 8 to the financial statements.

### 17. INTANGIBLE ASSETS

	Software RMB'000
<b>31 December 2025</b>	
Cost at 1 January 2025, net of accumulated amortisation	4,940
Addition	3,058
Transfer from construction in progress	6,061
Amortisation provided during the year	(2,250)
Disposal	(3)
At 31 December 2025	11,806
At 31 December 2025:	
Cost	25,821
Accumulated amortisation and impairment	(14,015)
Net carrying amount	11,806
<b>31 December 2024</b>	
Cost at 1 January 2024, net of accumulated amortisation	5,244
Addition	1,129
Transfer from construction in progress	306
Amortisation provided during the year	(1,739)
At 31 December 2024	4,940
At 31 December 2024:	
Cost	16,774
Accumulated amortisation and impairment	(11,834)
Net carrying amount	4,940



## 18. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>146,058</b>	148,385

Particulars of the Group's joint ventures are as follows:

Name	Place of registration and business	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co., Ltd. ("Changchun Huazhong Yanfeng")	PRC/Chinese mainland	50%	50%	50%	Manufacture and sale of auto parts, provision of after-sales services and technical consultations
Hangzhou Huajia Power Technology Co., Ltd. ("Hangzhou Huajia")	PRC/Chinese mainland	50%	50%	50%	Manufacture and sale of electronic equipments and materials

Changchun Huazhong Yanfeng is directly held by Ningbo Huazhong Automotive Decorative Parts and Hangzhou Huajia is directly held by Ningbo Huazhong In-Vehicle Technology Co., Ltd..

The following table illustrates the summarised financial information of Changchun Huazhong Yanfeng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	<b>237,851</b>	313,064
Other current assets	<b>561,686</b>	454,736
Current assets	<b>799,537</b>	767,800
Non-current assets	<b>143,363</b>	106,578
Other current liabilities	<b>(611,392)</b>	(566,101)
Non-current liabilities	<b>(39,392)</b>	(11,507)
Net assets	<b>292,116</b>	296,770



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 18. INVESTMENTS IN JOINT VENTURES *(continued)*

	2025 RMB'000	2024 RMB'000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	<b>50%</b>	50%
Group's share of net assets of the joint ventures	<b>146,058</b>	148,385
Carrying amount of the investment	<b>146,058</b>	148,385
Revenue	<b>718,810</b>	769,576
Interest income	<b>1,857</b>	2,864
Depreciation and amortisation	<b>(20,953)</b>	(21,103)
Profit and total comprehensive income for the year	<b>40,654</b>	50,086
Group's share of profit and total comprehensive income for the year	<b>20,327</b>	25,043

### 19. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>7,132</b>	2,389

Particulars of the associates are as follows:

Name	Place of registration and business	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
Beijing Yixiang Aerospace Technology Co., Ltd. ("Beijing Yixiang Aerospace")	PRC/Chinese mainland	36%	36%	36%	Dormant
Ningbo Hua Wen Qi xin Equity Investment Fund Partnership (Limited Partnership) ("Ningbo Hua Wen Qi xin")	PRC/Chinese mainland	50%	40%	50%	Dormant

\* The profit sharing is based on the proportion of paid-in capital contribution by shareholders.



## 19. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' loss and total comprehensive loss for the year	257	611
Aggregate carrying amount of the Group's investments in the associates	7,132	2,389

## 20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
<b>Equity investments designated at fair value through other comprehensive income</b>		
Listed equity investments, at fair value		
Investment A*	107,421	121,256
Unlisted equity investments, at fair value		
Investment B	2,000	3,800
Total	109,421	125,056

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

## 21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw material	109,977	104,248
Work in progress	103,998	94,194
Finished goods	593,303	413,232
Total	807,278	611,674



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 22. TRADE AND NOTES RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	<b>1,245,787</b>	790,686
Notes receivable	<b>217,593</b>	204,583
	<b>1,463,380</b>	995,269
Impairment of trade receivables	<b>(94,600)</b>	(86,945)
Net carrying amount	<b>1,368,780</b>	908,324
Notes receivables:		
Notes receivables at fair value through other comprehensive income	<b>158,669</b>	81,852
Notes receivables at amortised cost	<b>58,924</b>	122,731

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's notes receivable are all aged within six months, for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

As at 31 December 2025, notes receivable of approximately RMB30,971,000 (2024: RMB62,586,000) were pledged to secure notes payable granted to some major suppliers.



## 22. TRADE AND NOTES RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	<b>991,862</b>	659,946
3 to 6 months	<b>120,715</b>	29,688
6 months to 1 year	<b>36,097</b>	12,023
Over 1 year	<b>2,513</b>	2,084
<b>Total</b>	<b>1,151,187</b>	703,741

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	<b>86,945</b>	59,825
Impairment losses, net (note 8)	<b>7,655</b>	27,120
<b>At end of year</b>	<b>94,600</b>	86,945

The increase in the loss allowance of RMB7,655,000 (2024: RMB27,120,000) as a result of a net increase in the gross carrying amount of trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 22. TRADE AND NOTES RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

#### As at 31 December 2025

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit loss RMB'000
Defaulted receivables	40,016	100.00%	40,016
Other trade receivables aged			
Current and within 1 year	1,159,023	0.89%	10,328
Between 1 and 2 years	8,004	68.87%	5,512
Between 2 and 3 years	6,719	100.00%	6,719
Over 3 years	32,025	100.00%	32,025
<b>Total</b>	<b>1,245,787</b>	<b>7.59%</b>	<b>94,600</b>

#### As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit loss RMB'000
Defaulted receivables	39,936	100.00%	39,936
Other trade receivables aged			
Current and within 1 year	706,167	0.64%	4,510
Between 1 and 2 years	8,119	74.33%	6,035
Between 2 and 3 years	36,464	100.00%	36,464
<b>Total</b>	<b>790,686</b>	<b>11.00%</b>	<b>86,945</b>



## 23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Current:		
Prepayments	<b>210,396</b>	225,371
Other receivables	<b>88,135</b>	51,542
	<b>298,531</b>	276,913
Impairment loss	<b>2,861</b>	2,914
Subtotal	<b>295,670</b>	273,999
Non-current:		
Prepayments for acquisitions of property, plant and equipment	<b>151,662</b>	125,105
Total	<b>447,332</b>	399,104

The movements in the loss allowance for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	<b>2,914</b>	—
Impairment losses, net (note 8)	<b>110</b>	2,958
Amount written off as uncollectible	<b>(163)</b>	(44)
At end of year	<b>2,861</b>	2,914



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	99,094	187,794
Time deposits	108,468	52,066
Subtotal	207,562	239,860
Less: Pledged deposits		
Pledged for notes payables	(115,066)	(48,717)
Pledged for bank loans	(30,000)	(30,000)
Cash and cash equivalents in the consolidated statement of cash flows	62,496	161,143
Cash and cash equivalents by currency		
RMB	55,847	147,837
US\$	1,095	10,009
HK\$	1,111	1,933
EUR	4,197	601
MXN	246	763
Total	62,496	161,143

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value	19,947	20,000

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The fair value of the investment is determined by reference to recent transaction price as at 31 December 2025.



## 26. TRADE AND NOTES PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	<b>1,265,438</b>	762,396
Notes payable	<b>673,095</b>	467,138
<b>Total</b>	<b>1,938,533</b>	1,229,534

An ageing analysis of the trade and notes payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	<b>1,259,340</b>	838,722
3 to 12 months	<b>672,096</b>	378,355
1 to 2 years	<b>1,232</b>	5,227
2 to 3 years	<b>1,143</b>	3,518
Over 3 years	<b>4,722</b>	3,712
<b>Total</b>	<b>1,938,533</b>	1,229,534

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days. The maturity of the notes payable is within six months.

Certain notes payables were secured by pledged deposits of the Group with a carrying value of RMB115,066,000 as at 31 December 2025 (2024: RMB48,717,000) (note 24) and notes receivable with a carrying value of RMB30,971,000 as at 31 December 2025 (2024: RMB62,586,000) (note 22).



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 27. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Other payables	(a)	<b>243,304</b>	233,104
Contract liabilities	(b)	<b>66,019</b>	46,931
Accruals		<b>29,652</b>	14,752
Government grants — current portion		<b>691</b>	1,386
Dividends payable		<b>123</b>	21
<b>Total</b>		<b>339,789</b>	296,194

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers</i>			
Sales of products	<b>66,019</b>	46,931	46,672

Contract liabilities are all short-term advances received to deliver products of automobile body parts. The increase in contract liabilities during the year 2025 was mainly due to the increase in short-term advances received from customers in relation to the sales at the end of each of the year.



## 28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
	%			%		
<b>Current</b>						
Bank loans – secured	<b>2.68-3.5</b>	<b>2026</b>	<b>44,301</b>	2.80	2025	40,000
Bank loans- unsecured	<b>2.00-2.7</b>	<b>2026</b>	<b>30,051</b>	1.60-2.90	2025	89,000
Discounted notes receivable	–	–	–	0.60	2025	12,221
Current portion of long term bank loans						
– unsecured	<b>2.35-2.8</b>	<b>2026</b>	<b>147,443</b>	2.50-3.00	2025	97,000
– secured	<b>2.35-2.7</b>	<b>2026</b>	<b>184,734</b>	2.50-2.88	2025	4,200
Lease liabilities	<b>2.30-5.19</b>	<b>2026</b>	<b>17,438</b>	2.86-5.66	2025	13,620
Subtotal- current			<b>423,967</b>			256,041
<b>Non-current</b>						
Bank loans – secured	<b>2.35</b>	<b>2027</b>	<b>39,400</b>	2.65-2.88	2026	135,300
Bank loans – unsecured	<b>2.35-2.7</b>	<b>2027</b>	<b>147,800</b>	2.50-2.90	2026	205,500
Lease liabilities	<b>2.30-3.90</b>	<b>2027-2029</b>	<b>21,945</b>	3.51-3.90	2026-2028	17,371
Total – non-current			<b>209,145</b>			358,171
Total			<b>633,112</b>			614,212



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans and other borrowings repayable:		
Within one year	<b>406,529</b>	242,421
In the second year	<b>187,200</b>	340,800
Subtotal	<b>593,729</b>	583,221
Lease liabilities:		
Within one year	<b>17,438</b>	13,620
Over one year	<b>21,945</b>	17,371
Subtotal	<b>39,383</b>	30,991
Total	<b>633,112</b>	614,212

The carrying values of the pledged assets are as follows:

	Notes	2025 RMB'000	2024 RMB'000
Property, plant and equipment	14	<b>32,724</b>	34,624
Leasehold land		<b>34,020</b>	38,794
Pledged deposits	24	<b>30,000</b>	30,000
Total		<b>96,744</b>	103,418



## 29. GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
Carrying amount at beginning of the year	17,791	19,177
Released to the statement of profit or loss	(1,386)	(1,386)
Carrying amount at end of the year	16,405	17,791
Current portion, classified under other payables and accruals (note 27)	691	1,386
Non-current portion	15,714	16,405
Total	16,405	17,791

Government grants have been received for the purchase and construction of certain items of property, plant and equipment.

## 30. DEFERRED TAX

Deferred tax assets recognised and their movements during the year are as follows:

	Impairment of receivables RMB'000	Lease liabilities RMB'000	Provision of inventories RMB'000	Accruals RMB'000	Tax losses RMB'000	Unrealised profits RMB'000	Depreciation difference between tax and accounting basis RMB'000	Total RMB'000
As at 31 December 2023 and 1 January 2024	13,166	3,352	3,772	4,590	2,428	4,052	–	31,360
Deferred tax credited/(charged) to the statement of profit or loss (note 11)	3,805	(811)	421	(1,633)	(1,804)	(60)	2,168	2,086
As at 31 December 2024 and 1 January 2025	16,971	2,541	4,193	2,957	624	3,992	2,168	33,446
Deferred tax credited/(charged) to the statement of profit or loss (note 11)	1,366	4,774	1,517	(97)	(624)	658	(2,142)	5,452
As at 31 December 2025	18,337	7,315	5,710	2,860	–	4,650	26	38,898



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 30. DEFERRED TAX *(continued)*

Deferred tax liabilities recognised and their movements during the year are as follows:

	Valuation surplus RMB'000	Depreciation difference between tax and accounting basis RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Total RMB'000
As at 1 January 2024	—	645	3,342	5,087	33,980	43,054
Deferred tax charged/(credited) to the statement of profit or loss (note 11)	882	(107)	(914)	741	—	602
Deferred tax credited to other comprehensive income	—	—	—	—	(11,884)	(11,884)
Realized (note 11)	—	—	—	(426)	—	(426)
As at 31 December 2024 and 1 January 2025	882	538	2,428	5,402	22,096	31,346
Deferred tax charged/(credited) to the statement of profit or loss (note 11)	154	(64)	4,791	913	—	5,794
Deferred tax credited to other comprehensive income	—	—	—	—	(3,909)	(3,909)
Realized (note 11)	—	—	—	(1,635)	—	(1,635)
As at 31 December 2025	1,036	474	7,219	4,680	18,187	31,596

The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group (2024: 10%).



### 30. DEFERRED TAX *(continued)*

At 31 December 2025, other than the amount recognised in the consolidated financial statements, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such remaining earnings in the foreseeable future, as they will be permanently used as the Group's future development fund in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,327,372,800 at 31 December 2025 (2024: RMB1,299,601,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>32,067</b>	31,239
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(24,765)</b>	(29,139)

Deferred tax assets have not been recognised in respect of the following item:

	2025 RMB'000	2024 RMB'000
Unused tax losses	<b>409,908</b>	306,855

The remaining tax losses are subject to an expiry period of five years for offsetting future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 31. ISSUED CAPITAL

#### Ordinary shares

	2025	2024
Authorised: 10,000,000,000 (2024: 10,000,000,000) ordinary shares of HK\$0.10 each HK\$	<b>1,000,000</b>	1,000,000
Issued and fully paid: 1,769,193,800 (2024: 1,769,193,800) ordinary shares of HK\$0.10 each RMB'000	<b>142,956</b>	142,956

### 32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

#### Statutory reserve funds

Statutory reserve funds comprise:

##### Reserve fund

PRC laws and regulations require wholly-owned foreign enterprises (“**WOFE**”) to provide for the reserve fund by appropriating a part of the net profit, as determined under the PRC accounting rules and regulations, before dividend distribution. Each subsidiary being WOFE is required to appropriate at least 10% of its net profit after tax to the reserve fund until the balance of such fund has reached 50% of its registered capital. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

##### Statutory surplus reserve

Each of the non-foreign-invested subsidiaries in Mainland China is required to transfer 10% of its profit after taxation, as determined under the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

The statutory surplus reserve can be used to offset accumulated losses or convert into issued capital by the issue of new shares to shareholders in proportion to their existing equity holdings.



### 32. RESERVES *(continued)*

#### Fair value reserve

The fair value reserve represents the fair value change of equity investment at fair value through other comprehensive income.

#### Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

### 33. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025 RMB'000	2024 RMB'000
Percentage of equity interest held by non-controlling interests:		
Shanghai Huaxin	<b>49%</b>	49%
Ningbo Hualete	<b>20%</b>	35%
Profit for the year attributable to non-controlling interests:		
Shanghai Huaxin	<b>5,786</b>	6,849
Ningbo Hualete	<b>190</b>	2,510
Dividends paid to non-controlling interests of Shanghai Huaxin	<b>(2,450)</b>	(2,450)
Dividends paid to non-controlling interests of Ningbo Hualete	<b>(799)</b>	(3,151)
Accumulated balances of non-controlling interests at the reporting dates:		
Shanghai Huaxin	<b>97,451</b>	94,115
Ningbo Hualete	<b>50,380</b>	90,411



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 33. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following tables illustrate the summarised financial information of Shanghai Huaxin and Ningbo Hualete. The amounts disclosed are before any inter-company eliminations:

	Shanghai Huaxin RMB'000	Ningbo Hualete RMB'000
<b>2025</b>		
Revenue	<b>212,477</b>	<b>202,993</b>
Profit and total comprehensive income for the year	<b>11,809</b>	<b>949</b>
Current assets	<b>154,265</b>	<b>284,563</b>
Non-current assets	<b>128,105</b>	<b>41,267</b>
Current liabilities	<b>83,406</b>	<b>70,563</b>
Net cash flows generated from/(used in) operating activities	<b>14,796</b>	<b>(4,549)</b>
Net cash flows used in investing activities	<b>(22,942)</b>	<b>(8,171)</b>
Net cash flows used in financing activities	<b>(10,281)</b>	<b>(3,999)</b>
Net decrease in cash and cash equivalents	<b>(18,427)</b>	<b>(16,719)</b>
	Shanghai Huaxin RMB'000	Ningbo Hualete RMB'000
<b>2024</b>		
Revenue	198,877	173,672
Profit and total comprehensive income for the year	13,978	7,171
Current assets	181,675	277,209
Non-current assets	110,923	39,141
Current liabilities	100,444	(58,034)
Net cash flows generated from operating activities	29,744	10,876
Net cash flows used in investing activities	(5,331)	(3,170)
Net cash flows used in financing activities	(1,282)	(9,002)
Net increase/(decrease) in cash and cash equivalents	23,131	(1,296)



### 34. ACQUISITION OF NON-CONTROLLING INTERESTS

On 13 June 2025, the Group acquired an additional 15% interest of the voting shares of Ningbo Hualete, increasing its ownership interest to 80%. A cash consideration of RMB36,726,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Ningbo Hualete at that date was RMB37,313,000. The following is a schedule of the additional interest acquired in Ningbo Hualete:

	RMB'000
Cash consideration paid to non-controlling shareholders	(36,726)
Carrying value of the additional interest in Ningbo Hualete	37,313
<hr/>	
Difference recognised in other reserves	587

### 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB30,346,000 (2024: RMB23,258,000) and RMB30,346,000 (2024: RMB23,258,000), respectively.

During the Relevant Periods, the notes receivables which the Group endorsed to suppliers for the settlement of trade payable were RMB740,537,000 (2024: RMB491,927,000) and did not result in any cash flow.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

#### (b) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank and other borrowings RMB'000	lease liabilities RMB'000	Dividends payable RMB'000
As at 1 January 2025	583,221	30,991	21
Changes from financing cash flows	2,957	(19,177)	(8,249)
Discounted notes receivables derecognised on maturity	(12,221)	—	—
New leases	—	30,346	—
Termination of Lease	—	(4,322)	—
Final dividend	—	—	5,000
Dividends to non-controlling shareholders	—	—	3,249
Interest expense	19,772	1,545	—
As at 31 December 2025	593,729	39,383	21

2024

	Interest-bearing bank and other borrowings RMB'000	lease liabilities RMB'000	Dividends payable RMB'000
As at 1 January 2024	593,001	18,376	21
Changes from financing cash flows	(27,573)	(11,820)	(9,961)
Discounted notes receivables derecognised on maturity	(2,809)	—	—
New leases	—	23,258	—
Final dividend	—	—	4,360
Dividends to non-controlling shareholders	—	—	5,601
Interest expense	20,602	1,177	—
As at 31 December 2024	583,221	30,991	21

\* Nil (2024: Nil) of dividends payable was included in amounts due to related parties (note 36) as of 31 December 2025.



### 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	4,715	8,325
Within financing activities	19,177	11,820
<b>Total</b>	<b>23,892</b>	20,145

### 36. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	72,874	118,475

### 37. RELATED PARTY TRANSACTIONS AND BALANCES

#### (a) Name and relationship

Name of related party	Relationship with the Group
Mr. Zhou	Ultimate controlling shareholder
Mr. Zhou Cimei	Father of Mr. Zhou
Ms. Lai Cairong	Mother of Mr. Zhou
Ms. Chen Chun'er	Spouse of Mr. Zhou
Mr. Zhou Xiaofeng	Brother of Mr. Zhou
Ningbo Huaxiang Electronics Co., Ltd. ("Ningbo Huaxiang Electronics")	Significantly influenced by Mr. Zhou Xiaofeng
Huayou Holdings Company Ltd. ("Huayou Holdings")	Controlling shareholder of the Company
寧波華翔汽車飾件有限公司 ("Huaxiang Trim")	Controlled by Ningbo Huaxiang Electronics



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 37. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

#### (a) Name and relationship *(continued)*

Name of related party	Relationship with the Group
Ningbo Huaying Moulding Technology Development Co., Ltd. (“ <b>Huaying Moulding</b> ”)	Controlled by Mr. Zhou
南昌江鈴華翔汽車零部件有限公司 (“ <b>Nanchang Jiangling</b> ”)	Joint venture of Ningbo Huaxiang Electronics
象山華翔國際酒店有限公司 (“ <b>Huaxiang Resort</b> ”)	Collectively controlled by Mr. Zhou Cimei and Ms. Lai Cairong
Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co., Ltd. (“ <b>Changchun Huazhong Yanfeng</b> ”)	Joint venture of the Group
寧波華翔進出口有限公司 (“ <b>Huaxiang Export</b> ”)	Significantly influenced by Mr. Zhou Cimei and Ms. Lai Cairong
長春華翔汽車金屬零部件有限責任公司 (原長春華翔轎車消聲器有限責任公司) (“ <b>Changchun Huaxiang Car</b> ”)	Subsidiary of Ningbo Huaxiang Electronics
佛山華翔汽車金屬零部件有限公司 (“ <b>Foshan Huaxiang Automotive</b> ”)	Subsidiary of Changchun Huaxiang Car
寧波勞倫斯電子有限公司 (“ <b>Ningbo Irce Electronics</b> ”)	Significant influenced by a director of the Group
長春華友酒店管理有限公司 (“ <b>Changchun Huayou Hotel</b> ”)	Controlled by a director of the Group
象山瑞馳塑料製品有限公司 (“ <b>Xiangshan Ruichi</b> ”)	Controlled by a director of the Group
長春華翔車頂系統有限公司 (原公主嶺華翔汽車頂棚系統有限公司) (“ <b>Changchun Huaxiang Roof System</b> ”)	Significantly influenced by Mr. Zhou Xiaofeng
寧波華翔汽車車門系統有限公司 (“ <b>Ningbo Huaxiang Automotive Door Systems</b> ”)	Significantly influenced by Mr. Zhou Xiaofeng
青島華翔汽車頂棚系統有限公司 (“ <b>Qingdao Huaxiang Roof System</b> ”)	Significantly influenced by Mr. Zhou Xiaofeng
寧波華友置業有限公司 (“ <b>Ningbo Huayou Real Estate</b> ”)	Controlled by a director of the Group
安泰環境工程技術有限公司 (“ <b>AT&amp;M Environmental Engineering Technology</b> ”)	Significant influenced by a director of the Group



### 37. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

#### (b) Related party transactions

The Group had the following material transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Sales of raw materials and goods to related parties:	(i)		
Changchun Huazhong Yanfeng		<b>49,292</b>	51,730
Changchun Huaxiang Roof System		<b>67,041</b>	36,927
Ningbo Huaxiang Automotive Door Systems		<b>5,476</b>	4,075
Ningbo Irce Electronics		<b>944</b>	—
Qingdao Huaxiang Roof System		<b>—</b>	2,104
		<b>122,753</b>	94,836
Purchases of raw materials, goods and services from related parties:	(ii)		
Xiangshan Ruichi		<b>5,706</b>	893
Ningbo Huaxiang Electronics		<b>2,774</b>	—
Changchun Huaxiang Car		<b>2,622</b>	4,123
Huaxiang Resort		<b>1,353</b>	520
Ningbo Irce Electronics		<b>1,148</b>	—
Changchun Huazhong Yanfeng		<b>1,124</b>	400
Foshan Huaxiang Automotive		<b>816</b>	—
Nanchang Jiangling		<b>595</b>	—
AT&M Environmental Engineering Technology		<b>340</b>	542
Changchun Huayou Hotel		<b>12</b>	—
Qingdao Huaxiang Roof System		<b>6</b>	10
		<b>16,496</b>	6,488
Gross rental income from related parties:	(iii)		
Changchun Huazhong Yanfeng		<b>10,449</b>	9,246
Management fee from a related party:	(iv)		
Changchun Huazhong Yanfeng		<b>4,408</b>	4,009



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 37. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

#### (b) Related party transactions *(continued)*

Note (i): The sales of goods and raw materials to the related parties were made according to the prices and terms agreed between the Group and the related parties.

Note (ii): The purchases of raw materials, goods and services from the related parties were made according to the prices and terms offered by the related parties.

Note (iii): The gross rental income from related parties were in accordance with the terms and conditions agreed between the Group and the related parties through lease agreements.

Note (iv): The management fee from the related party was in accordance with the terms agreed between the Group and the related party through management fee agreements.

The related party transactions in respect of items disclosed in note 37(b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

#### (c) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
Prepayments and other receivables from related parties:		
Changchun Huazhong Yanfeng	15,848	14,064
Huaxiang Resort	—	280
	<b>15,848</b>	14,344
Advance payments for property, plant and equipment:		
Ningbo Huayou Real Estate	60,023	60,023
Trade and notes receivables from related parties:		
Changchun Huazhong Yanfeng	26,793	13,770
Ningbo Irce Electronics	944	—
Changchun Huaxiang Roof System	615	17,253
Ningbo Huaxiang Automotive Door Systems	417	—
Qingdao Huaxiang Roof System	—	473
	<b>28,769</b>	31,496



### 37. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

#### (c) Outstanding balances with related parties *(continued)*

	2025 RMB'000	2024 RMB'000
Trade and notes payables to related parties:		
Huayou Holdings	4,619	6,442
Xiangshan Ruichi	3,510	2,286
Ningbo Irce Electronics	1,581	1,421
Ningbo Huaxiang Electronics Co., Ltd.	943	—
Huaying Moulding	745	745
Changchun Huaxiang Car	599	1,878
Foshan Huaxiang Automotive	136	335
Nanchang Jiangling	125	—
AT&M Environmental Engineering Technology	92	79
	<b>12,350</b>	13,186
Other payables and accruals to related parties:		
Huaxiang Resort	200	—
Changchun Huayou Hotel	42	42
Ningbo Huaxiang Automotive Door Systems	—	3,191
	<b>242</b>	3,233
Amount due to the ultimate controlling shareholder:		
Mr. Zhou	—	84

The amounts due from/to the related parties are trade in nature, unsecured, interest-free and repayable on demand.

Details of the Group's balances with related parties are disclosed in notes 22, note 23, note 26 and note 27 to the financial statements.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 37. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

#### (d) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short term employee benefits	6,172	5,658
Post-employment benefits	41	94
<b>Total compensation paid to key management personnel</b>	<b>6,213</b>	<b>5,752</b>

Further details of directors' and the chief executive's remuneration are included in note 9 to the financial statements.

### 38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

#### 31 December 2025

##### Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables and notes receivable	1,218,583
Financial assets included in prepayments and other receivables	85,274
Pledged deposits	145,066
Cash and cash equivalents	62,496
<b>Total</b>	<b>1,511,419</b>
	Financial assets at fair value through profit or loss RMB'000
Financial assets at fair value through profit or loss	19,947



### 38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

#### Financial assets *(continued)*

	Debt investments at fair value through other comprehensive income RMB'000
Notes receivable at fair value through other comprehensive income	<b>150,197</b>
	Equity investments at fair value through other comprehensive income RMB'000
Equity investments at fair value through other comprehensive income	<b>109,421</b>

#### Financial liabilities

	Equity investments at fair value through other comprehensive income RMB'000
Financial liabilities included in other payables and accruals	<b>215,914</b>
Trade and notes payables	<b>1,938,533</b>
Interest-bearing bank borrowings	<b>633,112</b>
<b>Total</b>	<b>2,787,559</b>



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

31 December 2024

#### Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables and notes receivable	840,677
Financial assets included in prepayments and other receivables	48,628
Pledged deposits	78,717
Cash and cash equivalents	161,143
<b>Total</b>	<b>1,129,165</b>

	Financial assets at fair value through profit or loss RMB'000
Financial assets at fair value through profit or loss	20,000

	Debt investments at fair value through other comprehensive income RMB'000
Notes receivable at fair value through other comprehensive income	67,647

	Equity investments at fair value through other comprehensive income RMB'000
Equity investments at fair value through other comprehensive income	125,056



### 38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

#### Financial liabilities *(continued)*

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	247,737
Trade and notes payables	1,229,534
Interest-bearing bank borrowings	614,212
<b>Total</b>	<b>2,091,483</b>

### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>				
Pledged deposits, non-current portion	<b>30,000</b>	30,000	<b>30,000</b>	30,000
Fair value through at fair value through profit or loss	<b>19,947</b>	20,000	<b>19,947</b>	20,000
Notes receivable at fair value through other comprehensive income	<b>150,197</b>	67,647	<b>150,197</b>	67,647
Equity investments designated at fair value through other comprehensive income	<b>109,421</b>	125,056	<b>109,421</b>	125,056



### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*(continued)*

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade and notes payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, amounts due to the ultimate controlling shareholder and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

The fair value of the non-current portion of pledged deposits, interest-bearing bank borrowings has been calculated by discounting the expected cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The change in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 was assessed to be insignificant.

The fair values of certain listed equity investments are based on quoted market prices. The fair values of certain unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the fair value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.



### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of the financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment Investment B	Valuation multiples	Forward average P/E multiple of peers	2025: 16.19 to 42.30	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB200,000/RMB(200,000)
		Discount for lack of marketability	2025: 15.64%	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB100,000/RMB(100,000)
Unlisted equity investment Investment B	Valuation multiples	Forward average P/E multiple of peers	2024: 21.70 to 42.54	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB376,000/RMB(376,000)
		Discount for lack of marketability	2024: 15.61%	10% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB(69,000)/RMB69,000



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy

##### Assets measured at fair value

As at 31 December 2025

	Total RMB'000	Fair value measurement using		
		Quoted prices in active markets RMB'000	Significant observable inputs RMB'000	Significant unobservable inputs RMB'000
Fair value through profit or loss				
Unlisted investments	19,947	—	—	19,947
Equity investments designated at fair value through other comprehensive income				
Listed investments	107,421	107,421	—	—
Unlisted investments	2,000	—	—	2,000
Notes receivable at fair value through other comprehensive income	150,197	—	150,197	—
<b>Total</b>	<b>279,565</b>	<b>107,421</b>	<b>150,197</b>	<b>21,947</b>

As at 31 December 2024

	Total RMB'000	Fair value measurement using		
		Quoted prices in active markets RMB'000	Significant observable inputs RMB'000	Significant unobservable inputs RMB'000
Fair value through profit or loss				
Unlisted investments	20,000	—	—	20,000
Equity investments designated at fair value through other comprehensive income				
Listed investments	121,256	121,256	—	—
Unlisted investments	3,800	—	—	3,800
Notes receivable at fair value through other comprehensive income	67,647	—	67,647	—
<b>Total</b>	<b>212,703</b>	<b>121,256</b>	<b>67,647</b>	<b>23,800</b>



### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

##### Assets measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

Unlisted equity investment at fair value through profit and loss

	2025 RMB'000	2024 RMB'000
At 1 January	20,000	—
Purchases	—	20,000
Losses recognised in the statement of profit or loss included in other expense	(53)	—
At 31 December	19,947	20,000

#### Fair value hierarchy

Unlisted equity investment at fair value through other comprehensive income

	2025 RMB'000	2024 RMB'000
At 1 January	3,800	3,900
Transfer from level 3 to level 1	—	—
Total losses recognised in other comprehensive income	(1,800)	(100)
At 31 December	2,000	3,800

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (31 December 2024: Nil).



### 40. TRANSFERS OF FINANCIAL ASSETS

#### Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain notes receivable accepted by banks in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB44,709,000 (2024: RMB69,024,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In addition, the Group discounted certain notes receivable accepted by certain banks in the PRC (the “**Discounted Notes**”) with carrying amounts in aggregate of nil (2024: RMB12,221,000) (the “**Discount**”).

In accordance with the terms of the discount of certain trade receivables, the Group may bear overdue credit risk of the debtors even if the discount is without the right of recourse. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the endorsed bills receivable and the discounted bills receivable may exercise the right of recourse against any, several or all of the persons liable for the bills receivable, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”).

#### Transferred financial assets that are derecognised in their entirety

As at 31 December 2025, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Receivables with amounts of RMB696,458,000 (2024: RMB422,903,000), and the Discounted Receivables with amounts of RMB228,342,000 (2024: RMB73,945,000), respectively, accepted by large and reputable banks (the “**Derecognised Notes**”) as the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Bills.

The Derecognised Notes had a maturity of one to six months at the end of the reporting period. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

During the year ended 31 December 2025, the Group has recognised loss on the date of transfer of the Derecognised Notes with amount of RMB1,408,000 (2024: RMB512,000). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest-bearing bank and other borrowings, trade and notes payables, other payables, amounts due to the ultimate controlling shareholder and related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and notes receivable, other receivables, cash and cash equivalents, pledged deposits and amounts due from related parties, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks which are summarised below.

### Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The interest rate and terms of repayment of borrowings are disclosed in note 28.

The Group has not used any interest swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB interest rate with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	Effect on profit before tax
<b>Year ended 31 December 2025</b>		
RMB	<b>100</b>	<b>5,560</b>
RMB	<b>(100)</b>	<b>(5,560)</b>
Year ended 31 December 2024		
RMB	100	(5,210)
RMB	(100)	5,210

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

#### As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	—	—	—	1,245,787	1,245,787
Notes receivable	217,593	—	—	—	217,593
Financial assets included in prepayments, and other receivables					
-Normal**	88,135	—	—	—	88,135
Pledged deposits- Not yet past due	145,066	—	—	—	145,066
Cash and cash equivalents- Not yet past due	62,496	—	—	—	62,496
<b>Total</b>	<b>513,290</b>	<b>—</b>	<b>—</b>	<b>1,245,787</b>	<b>1,759,077</b>



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Maximum exposure and year-end staging

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	—	—	—	790,686	790,686
Notes receivable	204,583	—	—	—	204,583
Financial assets included in prepayments, and other receivables					
— Normal**	51,542	—	—	—	51,542
Pledged deposits- Not yet past due	78,717	—	—	—	78,717
Cash and cash equivalents- Not yet past due	161,143	—	—	—	161,143
<b>Total</b>	<b>495,985</b>	<b>—</b>	<b>—</b>	<b>790,686</b>	<b>1,286,671</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. As at the end of the reporting period, except for the trade and notes receivable, there was no significant concentration of credit risk within the Group. The trade and notes receivable arising from the five largest customers accounted for 34% (2024: 30%) of the total trade and notes receivable as at 31 December 2025.



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
<b>31 December 2025</b>					
Interest-bearing bank and other borrowings	—	64,980	352,099	197,599	614,678
Trade and notes payables	272,319	1,259,340	406,874	—	1,938,533
Financial liabilities included in other payables and accruals	215,914	—	—	—	215,914
Amounts due to related parties	—	—	—	—	—
<b>Total</b>	<b>488,233</b>	<b>1,324,320</b>	<b>758,973</b>	<b>197,599</b>	<b>2,769,125</b>
<b>31 December 2024</b>					
Interest-bearing bank and other borrowings	—	47,349	210,487	381,874	639,710
Trade and notes payables	108,447	825,536	282,365	—	1,216,348
Financial liabilities included in other payables and accruals	244,541	—	—	—	244,541
Amounts due to related parties	16,503	—	—	—	16,503
<b>Total</b>	<b>369,491</b>	<b>872,885</b>	<b>492,852</b>	<b>381,874</b>	<b>2,117,102</b>



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The net debt includes interest-bearing bank and other borrowings, trade and notes payables, other payables and accruals, amounts due to the ultimate controlling shareholder and related parties, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Trade and notes payables	<b>1,938,533</b>	1,229,534
Other payables and accruals	<b>339,789</b>	296,194
Interest-bearing bank and other borrowings	<b>633,112</b>	614,212
Less: cash and cash equivalents	<b>(62,496)</b>	(161,143)
Net debt	<b>2,848,938</b>	1,978,797
Equity attributable to owners of the parent	<b>1,408,532</b>	1,388,885
Capital and net debt	<b>4,257,470</b>	3,367,682
Gearing ratio	<b>67%</b>	59%



## NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	30	30
Investments in subsidiaries	6,043	6,043
Right-of-use assets	3,297	500
Investment in joint ventures	57,657	54,964
Deferred tax assets	544	106
<b>Total non-current assets</b>	<b>67,571</b>	61,643
<b>CURRENT ASSETS</b>		
Prepayments and other receivables	663	992
Amounts due from subsidiaries	83,823	79,600
Cash and cash equivalents	1,524	3,045
<b>Total current assets</b>	<b>86,010</b>	83,637
<b>CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	1,873	340
Other payables and accruals	847	451
Amount due to a shareholder	4,722	6,461
Amount due to subsidiaries	—	437
<b>Total current liabilities</b>	<b>7,442</b>	7,689
<b>Net current liabilities</b>	<b>78,568</b>	75,948
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>146,139</b>	137,591
Interest-bearing bank and other borrowings	1,433	172
Deferred tax liabilities	544	106
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,977</b>	278
<b>Net assets</b>	<b>144,162</b>	137,313
<b>EQUITY</b>		
Issued capital	142,956	142,956
Reserves (note)	1,206	(5,643)
<b>Total equity</b>	<b>144,162</b>	137,313



## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	1,027	179	—	14,324	15,530
Dividends	—	—	—	(4,360)	(4,360)
Loss for the year	—	—	—	(16,813)	(16,813)
At 31 December 2024 and 1 January 2025	1,027	179	—	(6,849)	(5,643)
Dividends	—	—	—	(5,000)	(5,000)
Profit for the year	—	—	—	11,849	11,849
<b>At 31 December 2025</b>	<b>1,027</b>	<b>179</b>	<b>—</b>	<b>—</b>	<b>1,206</b>

## 43. EVENTS AFTER THE RELEVANT PERIODS

Other than disclosed elsewhere in the financial statements, there are no events after the reporting date that require disclosure in these financial statements.

## 44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.



# FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>RESULTS</b>					
REVENUE	<b>2,563,964</b>	1,846,699	1,850,711	1,924,917	1,894,983
Cost of sales	<b>(2,008,186)</b>	(1,341,658)	(1,349,788)	(1,458,002)	(1,468,079)
Gross profit	<b>555,778</b>	505,041	500,923	466,915	426,904
Other income and gains	<b>44,194</b>	47,759	27,974	105,247	90,468
Selling and distribution expenses	<b>(147,014)</b>	(129,273)	(127,557)	(120,671)	(125,417)
Administrative expenses	<b>(383,369)</b>	(334,153)	(304,716)	(270,758)	(267,213)
Other expenses	<b>(4,136)</b>	(5,424)	(7,785)	(894)	(12,383)
Impairment losses on financial assets, net	<b>(7,765)</b>	(30,078)	(39,064)	(27,770)	(12,632)
Finance income	<b>1,884</b>	1,465	4,994	6,230	9,332
Finance costs	<b>(21,317)</b>	(22,191)	(23,748)	(27,976)	(36,090)
Share of profits and losses of:	—				
Joint ventures	<b>20,327</b>	25,043	26,064	12,976	30,228
Associates	<b>(257)</b>	(611)	—	—	—
PROFIT BEFORE TAX	<b>58,325</b>	57,578	57,085	143,299	103,197
Income tax expense	<b>(21,523)</b>	(10,332)	(8,621)	(25,648)	(28,117)
PROFIT FOR THE YEAR	<b>36,802</b>	47,246	48,464	117,651	75,080
Attributable to:					
Owners of the parent	<b>35,977</b>	41,909	38,550	108,297	50,673
Non-controlling interests	<b>825</b>	5,337	9,914	9,354	24,407
	<b>36,802</b>	47,246	48,464	117,651	75,080

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	<b>4,532,850</b>	3,784,508	3,407,985	3,247,689	3,309,307
TOTAL LIABILITIES	<b>(2,987,710)</b>	(2,219,278)	(1,854,453)	(1,817,732)	(2,072,459)
NON-CONTROLLING INTERESTS	<b>(136,608)</b>	(176,345)	(166,809)	(152,696)	(59,051)
	<b>1,408,532</b>	1,388,885	1,386,723	1,277,261	1,177,797