



**PRINX
CHENGSHAN**



2025


**PURSUE
EXCELLENCE**

ANNUAL REPORT

Stock Code: **01809**

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

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Corporate Information

THE BOARD

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Jin Qingjun
Mr. Choi Tze Kit Sammy
(resigned on March 1, 2026)
Mr. Wang Chuansheng
Mr. Chan Chi Fung, Leo
(appointed on March 1, 2026)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Choi Tze Kit Sammy (*Chairman*)
(resigned on March 1, 2026)
Mr. Chan Chi Fung, Leo (*Chairman*)
(appointed on March 1, 2026)
Mr. Wang Chuansheng
Mr. Jin Qingjun

NOMINATION AND REMUNERATION COMMITTEE

Mr. Jin Qingjun (*Chairman*)
Ms. Wang Ning
Mr. Choi Tze Kit Sammy
(resigned on March 1, 2026)
Mr. Chan Chi Fung, Leo
(appointed on March 1, 2026)

DEVELOPMENT STRATEGY AND ESG COMMITTEE

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 98 Nanshan North Road
Rongcheng City
Shandong Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A-1, 19/F
Tower A, Billion Centre
1 Wang Kwong Road, Kowloon Bay
Kowloon, Hong Kong

Corporate Information

AUTHORISED REPRESENTATIVES

Ms. Cao Xueyu
Mr. Shi Futao

COMPANY SECRETARY

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

LEGAL ADVISERS

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F,
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
(Certified Public Accountants and
Registered Public Interest Entity Auditor)
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. BOX 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

www.prinxchengshan.com

STOCK CODE

1809

DATE OF LISTING

October 9, 2018

Financial Highlights

Year ended December 31,

Summarised Consolidated Statement of Profit or Loss

	2025	2024	2023	2022	2021
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
REVENUE	11,806,801	10,973,885	9,948,983	8,151,952	7,537,161
Gross profit	2,137,787	2,329,665	2,121,708	1,169,790	1,039,148
Finance (costs)/income	(243)	(28,840)	(72,499)	(71,499)	(4,836)
Profit before income tax	1,194,387	1,384,497	1,130,545	354,739	265,902
Income tax expense	(106,793)	(72,629)	(97,105)	39,083	10,400
Profit for the year	1,087,594	1,311,868	1,033,440	393,822	276,302
Profit attributable to					
— Shareholders of the Company	1,087,559	1,311,837	1,033,391	393,783	276,304
— Non-controlling interests	35	31	49	39	(2)
	1,087,594	1,311,868	1,033,440	393,822	276,302
Earnings per share attributable to shareholders of the Company during the year					
— Basic (RMB)	1.71	2.06	1.62	0.62	0.43
— Diluted (RMB)	1.71	2.06	1.62	0.62	0.43

Financial Highlights

As at December 31,

Consolidated Assets, Liabilities and Shareholders' Equity

	2025 RMB' 000	2024 RMB' 000	2023 RMB' 000	2022 RMB' 000	2021 RMB' 000
Assets and liabilities					
Non-current assets	5,417,734	5,524,583	5,482,125	5,498,636	4,931,751
Current assets	6,326,940	5,500,123	5,120,323	4,487,107	4,168,659
Total assets	11,744,674	11,024,706	10,602,448	9,985,743	9,100,410
Non-current liabilities	761,096	572,078	481,324	1,537,342	1,710,889
Current liabilities	3,794,169	3,909,165	4,687,381	3,996,532	3,469,389
Total liabilities	4,555,265	4,481,243	5,168,705	5,533,874	5,180,278
Net assets	7,189,409	6,543,463	5,433,743	4,451,869	3,920,132
Equity attributable to shareholders of the Company	7,189,455	6,543,544	5,433,855	4,452,030	3,920,332
Non-controlling interests	(46)	(81)	(112)	(161)	(200)

Key Financial Indicators

	2025	2024	2023	2022	2021
Gross profit margin	18.1%	21.2%	21.3%	14.3%	13.8%
Net profit margin	9.2%	12.0%	10.4%	4.8%	3.7%
Return on total assets	9.6%	12.1%	10.0%	4.1%	3.3%
Return on equity	15.8%	21.9%	20.9%	9.4%	7.2%
Asset to liability ratio	38.8%	40.6%	48.8%	55.4%	56.9%

Financial Highlights

Key Financial Indicators for the Year Ended December 31, 2025



Revenue

11,806.8

RMB in million

+7.6% YoY



Net Profit

1,087.6

RMB in million

-17.1% YoY

Gross Profit
Margin

18.1%

-3.1 pct YoY

Net Profit
Margin

9.2%

-2.8 pct YoY

EBITDA^{Note 1}

1,767.5

RMB in million

-11.1% YoY

Earnings per
Share – Basic

1.71

RMB

-17.0% YoY

Note 1: EBITDA is earnings before interest, taxes, depreciation and amortization

Overview of the Group

The business of Prinx Chengshan Holdings Limited (the “**Company**” or “**Prinx Chengshan**”) started in 1976 and is headquartered in Rongcheng City, Shandong Province, the PRC. It is a modern enterprise focusing on tire design, research and development, manufacturing, sales and provision of tire life-cycle services. It is a leading domestic manufacturer in the commercial all steel radial tire replacement market and one of the most influential tire enterprises in the PRC. Over the years, Prinx Chengshan has adhered to the core strategies of “cost leadership, efficiency driven, competitive differentiation and global operation” to strive for global development, possesses two major production bases in China and Thailand, two major R&D centres in Qingdao and Rongcheng (China), and has established three major sales centres in China, North America and Europe and commenced the construction for a third production base in Malaysia to develop a global business operation.

Core strategies



Cost leadership

+



Efficiency driven

+



Competitive differentiation

+



Global operation

Three Production Bases, Two R&D Centres Three Sales Centres, Four Technology Centres



Overview of the Group

LEADING TIRE INNOVATION

Contributing to smart travel
and sustainable development
Achieving a better life

CORE VALUES

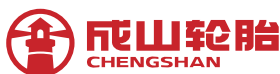
Customer first, being responsible
Devotion and professionalism,
Innovation and Openness.

The three major products of the Company and its subsidiaries (the “**Group**”) are all steel radial tires (“**All Steel Tires**”), semi-steel radial tires (“**Semi-Steel Tires**”), and bias tires (“**Bias Tires**”). All Steel Tires are mainly used in medium/long-distance transportation, buses, mixed road or off-road vehicles, light trucks, etc.; Semi-Steel Tires are mainly used in passenger vehicles, pick-up trucks, sport utility vehicles (SUVs) and other types of vehicles; Bias Tires are mainly installed in vehicles in agricultural and industrial off-road conditions. The Group’s products have obtained certifications from relevant authorities in major tire markets around the world, including Department of Transportation of the USA (“**DOT**”), Economic Commission of Europe (“**ECE**”) R117, etc.

The Group has a well-established and comprehensive global sales network covering major tire markets, and currently sells its products through three main channels:

- (i) sales to the replacement market through domestic and international distributors;
- (ii) direct sales to automobile manufacturers; and
- (iii) sales to private label customers.

The Group has four well-known tire brands, namely Prinx (浦林), Chengshan (成山), Austone (澳通) and Fortune (富神).



Chairman's Statement

Focusing on High-Quality Development and Setting Sail for a New Voyage



Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Prinx Chengshan, I am pleased to present the operating results for the year ended December 31, 2025 (the “**Reporting Period**”) and the prospect of the Company for your review.

Looking back on 2025, China's tire industry faced a complex landscape characterized by a high degree of external uncertainty. Market competition became increasingly fierce, putting pressure on the industry's overall profitability. Faced with challenging operating environment, we maintained our strategic focus throughout the year by implementing five key initiatives: “Strengthening the Foundation, Building Momentum, Paving the Way, Consolidating the Base, and Gathering Strength”. Over the year, we sold 29.3 million tires, a year-on-year increase of 4.7%, achieving total revenue of RMB11.8 billion, a year-on-year increase of 7.6%. During the Reporting Period, due to the ongoing escalation of international trade barriers, geopolitical fluctuations and uncertainties related to relevant policies, the Company's profitability metrics experienced periodic fluctuations year-on-year: EBITDA (Note 1) reached RMB1.77 billion, a year-on-year decrease of 11.1%; profit attributable to shareholders for the year was RMB1.088 billion, a year-on-year decrease of 17.1%; and basic earnings per share were RMB1.71, a year-on-year decrease of 17.0%. Although profitability metrics experienced slight fluctuations, core operating indicators remained robust. The Company's asset-liability ratio was maintained at a healthy level of 38.8%, fully demonstrating the Group's strong financial resilience and risk resistance capabilities, providing a solid financial foundation and support for subsequent global expansion and business growth. The Board has proposed a final dividend of HK\$0.5 per share to share the fruits of development with all shareholders.

Chairman's Statement

Operational and Strategic Review

Consolidating the foundation to ensure steady operations. We pursued stable operations, market expansion and brand building simultaneously, firmly securing our core market base. Leveraging high-quality products, a comprehensive service system, and strong brand reputation, we gained widespread recognition from domestic and international customers and the market. Sales volume continued its growth trajectory throughout the year, consistently reinforcing the Group's development foundation and ensuring the stable performance of our core business.

Harnessing innovation to ignite the engine of development. Technological innovation lies at the core of the Group's competitiveness. In 2025, we continued to increase investment in research and development, focusing on core sectors such as new energy tires, all-season tires, high-end high-performance tires, and tires for special working conditions. Throughout the year, we developed nearly 600 new products and completed the iterative upgrade of our entire product range. Leveraging our proprietary core technologies, we created one-stop product solutions tailored to diverse application scenarios, comprehensively enhancing product safety, cost-effectiveness, and green intelligent standards. A number of our technological achievements were recognized as provincial-level technological innovation projects, empowering industrial upgrades through technology and seizing the initiative in industry technological transformation.

Expanding horizons to forge a new landscape of globalization. We advanced our globalization strategy in depth. In 2025, construction of the Tire Production Base in Malaysia commenced in full, forming an overseas production capacity "Twin Star" layout alongside the maturely operated Tire Production Base in Thailand, thereby establishing a more resilient and robust supply chain system. The Shandong OTR project progressed efficiently, with the first giant tire successfully rolling off the production line in January 2026, continuously perfecting our product matrix and advancing our position as a comprehensive tire manufacturer. Simultaneously, we completed the setup of local warehousing in North America and Europe, significantly enhancing global delivery capabilities and service response efficiency, effectively hedging against uncertainties such as trade barriers and geopolitical issues, and realizing an operational structure of "localized supply with global coordination". Concurrently, the Group strictly adheres to compliance operations. Regarding the temporary suspension and rectification of our wholly-owned subsidiary in Thailand, we responded immediately, pushed forward with rectification at full speed, strictly followed local laws and regulations to complete equipment inspection and acceptance, and swiftly resumed normal production. Seizing this opportunity, we comprehensively upgraded our environmental compliance management system, raising production operation standards and internal control levels. The rectification outcomes were fully recognized by the Thailand Industrial Estate Authority, and we were honored with the "Eco-Champion" environmental certification issued by the Minister of Industry of Thailand, solidifying the foundation for long-term development through high-standard compliance operations.

Lean management to deepen cost reduction and efficiency enhancement potential. We continuously optimized intelligent manufacturing, informatization and digitalization construction, fully implemented lean management models, systematically reviewed and refined institutional processes, promoted enterprise-wide and process-wide potential tapping and income generation, and encouraged employees to innovate and create value in their roles. A large number of practical and efficient "golden ideas" were implemented, leading to simultaneous improvements in production efficiency and operational effectiveness, achieving significant results in cost reduction and efficiency enhancement.

Chairman's Statement

Cultural empowerment to consolidate core team synergy. Talent is the core driver of the enterprise's long-term development. The Group consistently adheres to the principle of "prioritizing virtue, centering on filial piety, valuing both integrity and ability" in its employment criteria. We comprehensively promoted team empowerment, completing specialized training in Business Administration (Leadership) for mid-to-senior level managers at Peking University, systematically enhancing the comprehensive capabilities of the management team. Simultaneously, we deepen our distinctive "family" culture. Through diverse forms such as online platform learning and thematic sharing at group meetings, we supported employee growth and genuinely cared for employee development, ensuring that every employee can achieve learning success and contribute effectively on our platform. This consolidates a powerful force of unity and shared development, truly transforming cultural soft power into the hard power driving the enterprise's growth.

Conclusion

Over the past fifty years of trials and triumphs, we started as Rongcheng Rubber Factory (榮成橡膠廠) in 1976, steadily deepening our focus on the core business and expanding our global footprint. Every step of our growth has been rooted in hard work, and every achievement embodies the strength of unity. The year 2026 marks the 50th anniversary of our Group — a historic moment to reflect on our original aspirations and carry forward our legacy, a year of self-reflection to benchmark against industry leaders and confront our shortcomings, and a pivotal year to build on past successes and embark on a new journey.

Standing at the starting point of our next fifty years, we face both opportunities and challenges. We will anchor our vision on a century-long blueprint, remain steadfast in our commitment to the tire industry, uphold strategic focus, prioritize industrial upgrading, and strengthen risk awareness. We will accelerate our global expansion, deepen technological innovation and product enhancement, and continuously improve our comprehensive competitiveness and resilience. Through high-standard compliance and high-quality industrial development, we will fulfill our corporate responsibilities, striving to reward our shareholders, serve our customers, empower our employees, and contribute to society.

On behalf of the Board and the entire management team, I extend my sincerest gratitude to our shareholders, who have long placed their trust and support in the Group; to our domestic and international customers, suppliers and partners for their collaboration; to all our dedicated and hardworking employees and their families for their commitment; and to governments at all levels and friends from all sectors of society for their invaluable guidance and support.

Looking forward, may we continue to walk together with one heart, forge ahead with courage and resolve, embark on a new century-long journey, and jointly write a new chapter of high-quality development!

Che Hongzhi
Chairman

Shandong, the PRC, March 30, 2026

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Industry dynamics

In 2025, the production and sales volume of China's vehicles maintained growth. According to data from the China Association of Automobile Manufacturers (CAAM), annual production and sales volume amounted to 34.53 million units and 34.40 million units, respectively, representing year-on-year increase of 10.4% and 9.4%, respectively, which effectively drove the growth in demand for tire OE. Meanwhile, the domestic tire replacement market experienced a slight decline. Coupled with the industry's continuous capacity reduction and product structure optimization, the growth rate of the total output of domestic rubber tires slowed down significantly. According to the National Bureau of Statistics, the output of rubber tires was 1.207 billion pieces, representing a year-on-year increase of only 0.9%. Facing an external environment characterized by frequent global trade frictions and intensified regional competition, China's tire exports achieved growth against the trend, driven by the strong release of demand in emerging markets and the enhancement of overall product competitiveness. According to customs statistics, the exports of new pneumatic rubber tires throughout the year were 702 million pieces, representing a year-on-year increase of 3.1%, with an export value of RMB161.123 billion, representing a year-on-year increase of 1.8%. This data not only demonstrates the solid international market position and supply chain advantages of China's tire industry but also reflects the core trends of deep adjustments in the global tire market landscape and the accelerated transformation from scale expansion toward structural upgrading in the domestic industry.

Structural differentiation in products and market

In 2025, both domestic production and market demand for all-steel tires grew, with overseas demand and the OE market serving as the main drivers. Data shows that although replacement market demand for all-steel tires in China was weak in 2025, the cumulative output of domestic commercial vehicles increased by 12% year-on-year, effectively driving OEM demand for all-steel tires. At the same time, the sustained growth in export volumes also supported the increase in production and sales of all-steel tires. The annual production of all-steel tires reached approximately 149 million units (a year-on-year increase of 7.19%), with capacity utilization at about 69.23%, up 4.72 percentage points year-on-year.

In 2025, the domestic semi-steel tire market showed a trend of moderate expansion characterized by "growth supported by domestic demand, with exports being higher in the first half of the year and lower in the second half", though capacity utilization declined. Benefiting from the rapid growth of domestic new energy vehicles and the continuous increase in vehicle ownership, semi-steel tires achieved stable growth in both the OEM and replacement markets. In terms of exports, a high level of activity was maintained in the first three quarters, but growth slowed significantly in the fourth quarter due to the impact of the EU's anti-dumping investigation. The annual production of semi-steel tires reached approximately 684 million units (a year-on-year increase of 1.33%), reflecting relatively moderate growth. Capacity utilization stood at about 74.03%, down 3.62 percentage points year-on-year (Sources: National Bureau of Statistics, General Administration of Customs, CAAM, Sublime China Information).

Management Discussion and Analysis

New energy drove growth

In 2025, the production and sales of new energy vehicles grew rapidly (production and sales volumes were 16.626 million units and 16.49 million units respectively, representing year-on-year growth of 29% and 28.2% respectively, with a penetration rate of 47.9%), significantly driving the demand for original equipment tires, especially specialized tire categories such as low rolling resistance and high load-bearing tires. As at the end of 2025, the domestic automobile ownership reached 366 million units, of which new energy vehicles accounted for over 12.0% (43.97 million units) (Source: National Bureau of Statistics, Ministry of Public Security, Sublime China Information). The massive automobile ownership provides long-term and stable growth support for the tire replacement market, and the continuous increase in the penetration rate of new energy vehicles is driving the tire industry to accelerate its transformation and upgrading towards high-end and intelligent directions.

New trends in competition within the tire industry

Currently, the global tire industry is undergoing an adjustment in industrial structure and a reshaping of the competitive landscape. In terms of market supply and demand and the competitive landscape, overall demand in the global tire market remains stable, with the rigid nature of replacement market demand becoming more prominent and demonstrating stronger resilience against economic fluctuations. The reliance of core consumer markets such as the United States and Europe on imported tires continues to rise, while Southeast Asia is gradually replacing local production capacity in Europe, the United States, South Korea, and Japan to become a key source of supply. Leveraging the advantages of cost-effective products, Chinese tire enterprises are accelerating the establishment of overseas production bases to enhance supply chain resilience. Their market share in emerging markets and major European and American markets continue to expand, while their global competitiveness strengthens significantly, and the trend of domestic substitution continues to deepen.

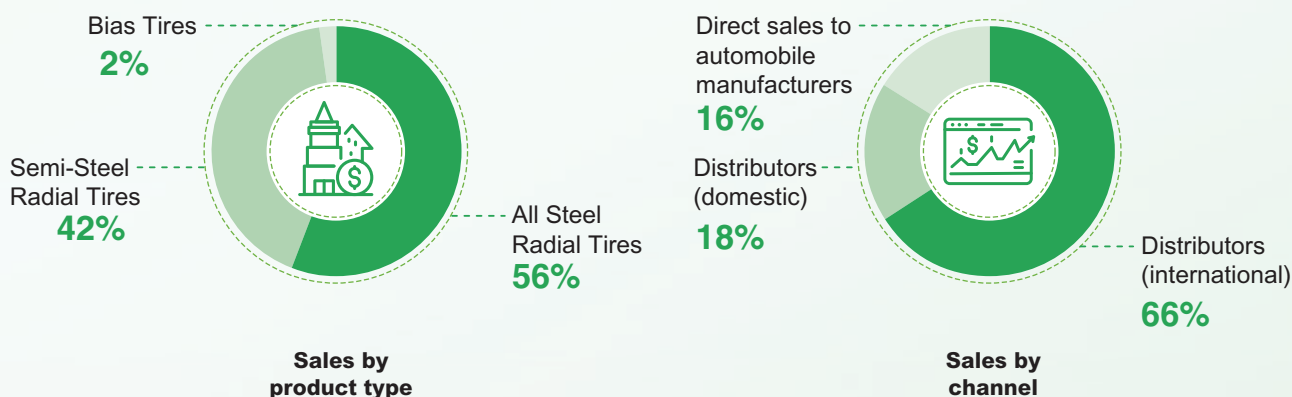
OPERATION REVIEW

Prinx Chengshan Holdings Limited has been deeply engaged in tire design, research and development, manufacturing and sales for forty-nine years. With the mission and vision of “leading tire innovation, contributing to smart travel and sustainable development, and achieving a better life”, Prinx Chengshan adheres to the core strategy of “cost leadership, efficiency driven, differentiated competition, and global operation”.

Management Discussion and Analysis

In 2025, the Group sold approximately 29.3 million sets of tires, representing a year-on-year increase of 4.7%. Among them, sales of All Steel Radial Tires amounted to approximately 8.4 million sets, representing a year-on-year increase of 5.3%; sales of Semi-Steel Radial Tires amounted to approximately 20.4 million sets, representing a year-on-year increase of 4.7%; sales of Bias Tires amounted to approximately 0.5 million sets, representing a year-on-year decrease of 1.3%. During the Reporting Period, the Group recorded revenue of approximately RMB11,807 million, representing a year-on-year increase of 7.6%, gross profit of approximately RMB2,138 million, representing a year-on-year decrease of 8.2%, profit attributable to owners of the Company of approximately RMB1,088 million, representing a year-on-year decrease of 17.1%, EBITDA (Note 1) of approximately RMB1,768 million, representing a year-on-year decrease of 11.1%, and EBITDA margin (Note 2) of 15.0%, representing a year-on-year decrease of 3.2 percentage points.

The Group mainly supplies the replacement market through distributors. As of the Reporting Period, the Group's revenue from domestic distributor channels (including private label customers) amounted to approximately RMB2,078.9 million (2024: approximately RMB2,325.6 million), representing a year-on-year decrease of 10.6%; the revenue from international distributor channels amounted to approximately RMB7,796.6 million (2024: approximately RMB7,536.8 million), representing a year-on-year increase of 3.4%; and the revenue from direct sales to automobile manufacturers amounted to approximately RMB1,926.3 million (2024: approximately RMB1,107.7 million), representing a year-on-year increase of 73.9%. Among them, All Steel Radial Tires and Semi-Steel Radial Tires accounted for approximately 56.5% and 41.8% (2024: 57.2% and 41.0%) of the Group's revenue, respectively, while Bias Tires accounted for approximately 1.7% (for the same period of 2024: 1.8%); the revenue from the tire production base in Shandong (hereinafter referred to as the **"Tire Production Base in Shandong"**) and the tire production base in Thailand (hereinafter referred to as the **"Tire Production Base in Thailand"**) of the Group accounted for approximately 62% and 38% of the Group's revenue, respectively (for the same period of 2024: 62% and 38%).



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

Note 2: EBITDA margin = (EBITDA/sales revenue) × 100%

Management Discussion and Analysis

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

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

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

During the Reporting Period, the Group completed a total of 134 Lean Six Sigma projects, achieving significant results. In order to stimulate the enthusiasm of all employees to participate in operational improvements, the Group has established a comprehensive incentive mechanism. During the Reporting Period, a total of 6,623 rationalisation suggestions were initiated and implemented. Through specific measures such as optimisation of production processes, improvement of equipment operation and maintenance and upgrading of on-site management, we effectively enhanced the standardisation of factory on-site management and internal operational efficiency.

(II) Integrating automation and digital technologies to build an intelligent supply chain system

The Group adopted digitalisation-driven and intelligent upgrading as its dual core strategic paths, continuously optimising its end-to-end supply chain management system. Through the application of big data analysis technology to accurately predict market demand, which serves as the basis for scientifically formulating production plans and implementing efficient inventory management, the Group has realised a customer-centric management process system integrating procurement, production, logistics and sales, ensuring seamless connectivity and efficient operation across all business segments, thereby improving overall operational efficiency and response timeliness. During the Reporting Period, the Group leveraged the Transportation Management System (“**TMS**”) and Warehouse Management Software (“**WMS**”) to implement 36 functional modules covering the entire process from order placement to delivery confirmation, ensuring that customers can independently track the real-time status of their orders, which enhanced customer experience.

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

Management Discussion and Analysis

(III) Adjusting product matrix and optimizing channel distribution to achieve the growth in sales volume and revenue

During the Reporting Period, the Group achieved year-on-year growth in overall sales volume and revenue through various measures such as product matrix optimization, expansion of global marketing channels, and enhancement of brand value, among which both volume and price increased in the international distributor channel and the direct sales to automobile manufacturers channel.

Distributor channels

Domestic distributors

Commercial vehicle tire replacement channel

Our Group possesses outstanding competitive advantages in the replacement tire market for all steel radial tires for commercial vehicles in China, with a market penetration rate that ranks among the highest in the industry. The Group's product system is well-established, featuring both extensive variety and comprehensive coverage, enabling full alignment with diverse scenarios and customer needs. Its brand value and product image are positioned at the forefront of the industry. Additionally, the product quality is stable and reliable, supported by strong quality assurance capabilities. The Group maintains strong collaboration and stable relationships with its core and strategic customers. Its marketing system employs diverse methods with precise, flexible, and efficient strategies, demonstrating strong market responsiveness. Collectively, this has created a competitive landscape driven by coordinated efforts across products, branding, quality, customers and channels.

During the Reporting Period, the Group implemented a “**product + service-driven strategy**” in the commercial vehicle tire replacement market, upgrading its product mix and continuously increasing the proportion of high-end product sales. It also pursued a branded marketing strategy, leveraging a multi-dimensional promotion system that combines “**offline event empowerment, precise channel penetration and visual marketing campaigns**” to continuously strengthen brand exposure and market penetration. During the Reporting Period, the Group organised 20 distributor branch associations, 325 regional retailers' business seminars, 803 roadshows and 4 promotion meetings for the fleets and bus companies in the commercial vehicle tire replacement channel. In December 2025, the Prinx Chengshan Commercial Vehicle Distributor Conference, themed “**pooling strength to break through, uniting for a shared future**”, was successfully held in Guangzhou. The conference comprehensively showcased the Company's cutting-edge flagship commercial vehicle products, helping partners gain an in-depth understanding of Prinx Chengshan's corporate strength, technological advantages and strategic layout, thereby fostering more comprehensive, closer and deeper cooperative relationships.

Management Discussion and Analysis

The Group has innovatively launched the **“lighthouse e-station”** and **“Chengshan Road Assistance Directory”** business models, empowering the domestic commercial vehicle tire replacement market, serving the vast community of drivers, and building a comprehensive **“product + service”** ecosystem. The **“lighthouse e-station”** App is designed for distributors and retail stores (B-end), enabling distributors to manage orders, inventory, marketing, rebates and account reconciliation through a fully digitalized process. By utilizing an online membership tier system (diamond/platinum/gold/silver/regular), it restructures channel frameworks and enables precision marketing. Retail stores can place orders with a single click using just a mobile phone, access a nationwide rescue network instantly, attract a steady stream of drivers, and enhance their operational capabilities. The **“Chengshan Road Assistance Directory”**, tailored for truck and bus drivers as well as fleets (C-end), serves as a nationwide platform aggregating tire repair and roadside rescue resources. Its core functions include precise positioning, one-click store search, rapid rescue, guaranteed timeliness and transparent pricing. As of the end of the Reporting Period, the **“lighthouse e-station”** network comprised 8,078 stores (2024: over 7,149 stores), including 770 diamond customers, reflecting a steady increase in penetration. The **“Chengshan Road Assistance Directory”** has expanded its coverage to 31 provinces, 324 prefecture-level cities, and 1,422 districts and counties nationwide, with 4,490 registered stores across the country, of which 3,427 have successfully passed the review, establishing an extensive service network.

Passenger vehicle tire replacement channel

During the Reporting Period, the Group effectively promoted the steady development of its passenger car tire replacement sales business through diversified marketing strategies, with continuous improvements in channel layout and ongoing optimization of product structure. The Group implemented multiple measures to invigorate channel vitality, successfully launching the **“10,000 Stores, 1,000,000 Lottery Draw”** marketing campaign, which attracted store participation in live-streaming interactions, boosted engagement, and enhanced channel vitality and user stickiness. The Group also promoted a company-wide marketing mechanism, strengthened visits to terminal stores, and established a virtuous cycle of **“sales-driven procurement”**. Nearly 1,000 stores were organized to participate in factory visit **“family reunion tours”**, deeply conveying Prinx Chengshan’s corporate culture of **“family”** and enhancing channel cohesion and loyalty.

As of December 31, 2025, the Group had 126 distributors nationwide, with the number of registered retail stores reaching 25,389, reflecting continuous expansion of its channel network. At the same time, product structure continued to optimize, with the proportion of large-size products of 17 inches and above increasing to 51%. Sales on online platforms (including JD.com and Tuhu Car Care) grew by 49% year-on-year. Among these, the **“Almotive”** brand, jointly operated by the Group and Tuhu Car Care — with Prinx Chengshan responsible for manufacturing and Tuhu responsible for sales — targets mid-to-high-end vehicle models. The brand achieved a year-on-year sales growth of 87%, outperforming the industry average.

Management Discussion and Analysis

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

During the Reporting Period, the Group’s revenue from domestic distributor channels amounted to approximately RMB2,078.9 million, representing a decrease of 10.6% from approximately RMB2,325.6 million for 2024.

International marketing

During the Reporting Period, the Group comprehensively advanced its overseas channel expansion efforts. Notable achievements were made in developing new markets and customers, with 56 new overseas distributors established and successful entry into five new markets: Zimbabwe, the Marshall Islands, Tonga, Turkmenistan and Tajikistan. Concurrently, the Group implemented its branded marketing strategy, coordinating efforts in both the B2B and B2C sectors. It participated in a total of 16 international exhibitions, continuously enhancing brand visibility and global influence through various means such as exhibition displays, distributor engagement, brand promotion, product launches, terminal store image upgrades, and event sponsorships. As the core sponsor of the Garrett Trucksport Team in the European Truck Racing Championship of Fédération Internationale de l’Automobile (“**FIA**”), Austone and Fortune brands appeared at the European Truck Racing Championship held by the FIA on May 2025; the PRINX brand continued its official partnership with United Soccer League (USL), and Fortune brand became the official sponsor of the American Hockey League (“**AHL**”).

During the Reporting Period, the Group’s overseas OE business progressed steadily. By leveraging on the geographical advantages of the production base in Thailand, the second OE project, MG S5EV (Thailand version) for SAIC MG, successfully developed by the Group for SAIC MG has been launched. In June 2025, the Group successfully won the bid for the B216 (Thailand version) high-end model OE project of Changan Automobile. In addition, the Group continued to deepen its European OE projects to ensure stable supply.

In order to enhance the efficiency of global supply chain and localized service capabilities, the Group has established overseas warehouses and distribution logistics centers in Europe and the United States to strengthen terminal market response speed and service capabilities, improving the overseas sales service system. During the Reporting Period, the North American warehouse was officially put into operation.

During the Reporting Period, international marketing achieved operating revenue of approximately RMB7,796.6 million, representing a year-on-year increase of approximately 3.4% compared to RMB7,536.8 million for the same period of 2024.

Management Discussion and Analysis



In November 2025, Prinx Chengshan participated in the SEMA Show in Las Vegas, USA (2025 Specialty Equipment Market Association Show)

Direct sales to automobile manufacturers

During the Reporting Period, benefiting from the rapid growth of the domestic new energy commercial vehicle market and the continuous expansion of key automobile export markets, the Group's sales volume in the OE channels achieved significant growth. In the field of commercial vehicle OE sector, the Group holds a high market share in the OE business for new energy heavy trucks and traditional heavy truck export models, with sales of relevant categories achieving significant growth. In the passenger vehicle OE sector, the Group has successfully entered the supply chain systems of mainstream passenger vehicle manufacturers such as the supply chain systems of mainstream passenger vehicle manufacturers such as SAIC Motor Passenger Vehicle, Great Wall Motor, Chery New Energy, etc. During the Reporting Period, the relevant supporting projects for Great Wall Motor and SAIC Motor Passenger Vehicle have entered the mass supply stage, and the cooperation with BAIC Group has also entered the stage of substantive advancement.

Management Discussion and Analysis

Following the continuous expansion of the market influence of the “**Chengshan**” brand and products, since 2022, the Group has precisely targeted the domestic mid-to-high-end logistics niche market. It has established strategic cooperation with leading domestic express and freight delivery companies and has become a high-share tire supplier for JD Logistics, KUAYUE-EXPRESS, Deppon and Dishangtie. Collaborating with major logistics and express delivery companies not only serves as a crucial pathway for driving product upgrades and deepening the service ecosystem but also represents a long-term strategy to align with the green logistics development trend and build a win-win industrial chain ecosystem.

During the Reporting Period, the Group’s revenue from direct sales to automobile manufacturers amounted to approximately RMB1,926.3 million, representing an increase of 73.9% compared to RMB1,107.7 million in the same period of 2024.

(IV) Multi-brand and differentiated brand strategy

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

Deepening matrix building and expanding brand reputation

- Optimizing and upgrading over 700 stores for the four major brands of Prinx, Chengshan, Austone, and Fortune across commercial vehicle tires and passenger car tires, strengthening the professional brand image and efficiently assisting in the construction of channel image;
- Developing precise business-end and customer-end communication strategies for the characteristics of the domestic new media matrix (WeChat official accounts, Weibo, video accounts, Kuaishou, Douyin, etc.);
- Re-planning the international social media content framework, formed an international communication matrix of Facebook, Instagram and LinkedIn, built 4 precise marketing communities and improved dealer response efficiency.

Diversified brand activities and high-frequency output of brand value

- Prinx Chengshan successfully held the “2025 Chengshan Horgos Belt and Road National Products Promotion Conference”;
- Prinx Chengshan actively participated in various domestic and international professional exhibitions in Singapore, Guangrao, China, Italy, Las Vegas in the United States, Dubai, Xinjiang, China and other places, to strengthen brand display, deepen industry exchanges and expand markets;
- In conjunction with Xiaomi Automobile and JD.com, a new product launch and test drive event titled “**My Color, My Choice**” was held in Beijing, officially launching the **Prinx Chroma Sprite** series of tires, opening a new trend for future travel with innovative colors, achieving significant online and offline communication effects;

Management Discussion and Analysis

- Prinx Chengshan participated in authoritative activities of industry associations and organized specialized live streaming sessions during the “**China Green Tire Safety Week**” focusing on core products such as the “**Fuel-saving • Smart Driving**” and Prinx Chroma Sprite series to convey the brand concepts of green, safety, and intelligence, effectively enhancing brand influence;
- Prinx Chengshan organized commercial vehicle tire product appreciation events to help fleets reduce costs and increase efficiency with fuel-efficient and intelligent products, offering high-value services and differentiated solutions covering the entire product life cycle.

During the Reporting Period, by virtue of the multi-brand and differentiated brand strategy and operations, the brand value of the Group continued to enhance. In the “2025 China Brand Value Evaluation Information” hosted by the China Council for Brand Development and the China Appraisal Society, the brand value of the Group reached RMB3.940 billion (2024: RMB3.079 billion), representing a year-on-year increase of 28%.



In December 2025, Prinx Chengshan made an appearance at the Middle East (Dubai) International Exhibition for Automotive Parts, Automotive Technology, and Services (Automechanika Dubai)

Management Discussion and Analysis

(V) Innovative sales model

During the Reporting Period, the Group continued to promote the “intelligent management + green fuel saving” tire service project. Relying on the “Fuel Saving • Intelligent Driving” series of products from its high-end brand PRINX, the Group created a new value experience of “lower fuel consumption, higher efficiency, and better safety” for customers. This series of products combined EU Grade A rolling resistance performance with fuel-saving advantages, paired with intelligent monitoring systems and digital services, directly addressing the core needs of the logistics industry and integrating the concept of cost reduction and efficiency enhancement into every kilometer of driving scenarios. This upgrade not only optimized the customer service experience, but also helped customers build a dual value barrier of “intelligent management + green fuel saving”. This innovative practice confirms a core logic: the essence of future logistics industry competition is the competition for operational value per kilometer.

The Group will adjust its strategic operating model by deeply integrating its tire leasing business with its commercial vehicle tire sales business. By adopting the “product + service” approach, the Group aims to further expand its presence in the commercial vehicle tire market.

(VI) Production capacity

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

During the Reporting Period, the capacity utilisation rates of All-Steel Radial Tires/Semi-Steel Radial Tires at the Tire Production Base in Shandong were 93.8%/92.6% respectively (82.6%/97.8% for the same period of 2024), and the capacity utilisation rates of All-Steel Radial Tires/Semi-Steel Radial Tires at the Tire Production Base in Thailand were 80.6%/92.5% respectively (87.1%/97.2% for the same period of 2024).

In August 2025, Prinx Chengshan Tire (Thailand) Co., Ltd. (“**Prinx Thailand**”), a wholly-owned subsidiary of the Company, received a notice of temporary suspension of production from the Industrial Estate Authority of Thailand due to matters concerning the acceptance of waste treatment and emissions at its Thai production base. Following active rectification and communication, the local competent authorities agreed to resume trial production from August 8, 2025 to September 4, 2025 (inclusive) to complete the testing and acceptance of relevant environmental protection equipment. During the period, the Company strictly implemented various rectification measures in accordance with the requirements of local laws and regulations, completed all rectification work on September 4, 2025, and obtained formal approval for the full resumption of normal production on September 5, 2025. The relevant matters have been properly resolved and have not had a material adverse effect on the business operations and financial position of the Group. Through this incident, the Group has further strengthened its environmental compliance management system and comprehensively enhanced its production and operation standards and internal control levels. During routine inspections, the Industrial Estate Authority of Thailand fully recognized the effectiveness of the rectification and issued the “Eco-Champion” environmental certification certificate signed by the Minister of Industry of Thailand to commend the Company’s proactive performance in compliance rectification and sustainable development.

Management Discussion and Analysis



CERTIFICATE

ใบรับรองฉบับนี้ให้ไว้กับ

บริษัท ปริงซ์ เฉิงซาน ไทร์ (ประเทศไทย) จำกัด

เพื่อแสดงว่า ได้สนับสนุนการดำเนินงานพัฒนาเมืองอุตสาหกรรมเชิงนิเวศ

ระดับ **Eco-Champion**

ประจำปี 2568

ให้ไว้ ณ วันที่ 17 ตุลาคม 2568

นายธนกร วังบุญคงชนะ
รัฐมนตรีว่าการกระทรวงอุตสาหกรรม

Prinx Thailand has received the “Eco-Champion” environmental certification certificate issued by the Minister of Industry of Thailand

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

The Group has always adhered to its core strategy of “driving high-quality sustainable development through technological innovation”, leading technological advancements in the tire industry by establishing a digital R&D and manufacturing system. In terms of digital platform development, the Group has deeply integrated cutting-edge technologies such as PLM (Product Lifecycle Management), LIMS (Laboratory Information Management System), and TDSS (Tencent Distributed Storage System) to create a world-class digital R&D platform that combines tire design, simulation and intelligent manufacturing, achieving end-to-end digital control from product concept to market application.

In the field of material R&D, the Group continues to intensify its efforts in the development and application of new environmentally friendly materials, with a strategic focus on cutting-edge areas such as bio-based, renewable, and degradable materials, as well as high-performance rubber and functional resins. Through material innovation, the Group has significantly enhanced the application of sustainable tire technologies while comprehensively improving product safety, durability, comfort, abrasion resistance and fuel efficiency, setting a benchmark for green development in the industry.

Management Discussion and Analysis

In terms of intelligent transformation, the Group has taken the lead in advancing the intelligent upgrade of tires. Its self-developed smart chip technology for truck and bus tires not only enables real-time and precise monitoring of tire cavity pressure and temperature but also innovatively incorporates tire load monitoring capabilities. This groundbreaking technology effectively extends tire service life, significantly enhances driving safety, and brings new value to tire products in the era of smart mobility.

Furthermore, the Group places great emphasis on collaborative innovation among industry, academia and research. By establishing deep strategic partnerships with upstream and downstream customers, it has built an open and collaborative innovation ecosystem. This collaborative approach not only accelerates the translation and application of technological achievements but also ensures that the Group stays closely aligned with market demands, continuously delivering high-quality products that meet customer expectations.

In terms of Semi-Steel Tires (passenger vehicle tires) products, the Group has successfully developed new all-season tires, winter tires, snow tires, ice tires, and the “Hua” series Hua Ren Plus high-performance products, achieving product iteration and upgrades. The “Chroma Sprite” series of colored tires has achieved industrial-scale production, overcoming technical challenges related to low-section durability. Featuring velvet and colored finishing processes, these tires stand out for their aesthetics and support customization in four colors. Studded tires have also achieved full industrial-scale production, attaining an A+ rating in over-load road destructive testing (OVER RUN), surpassing the A-level rating of similar products.

In addition, the Group has launched new energy all-season dedicated tires, which are suitable for use throughout the year, effectively addressing the range anxiety of new energy vehicle owners in winter and the inconvenience of switching to snow tires. This provides a high-quality solution for new energy vehicle owners north of the Huaihe River Basin. The series of North America all-season tires and AT2 off-road tires developed by the Group have received high recognition from customers, helping to rapidly capture the North American market. The new generation of Aotong UHP and HP products has been officially released, with performance comparable to top international brands, demonstrating the Group’s strong research and development capabilities.

In terms of commercial truck and bus tires (all steel), the Group has focused on completing the development of winter tires for the European market and building a technological reserve for next-generation high-end tires. Leveraging six core technologies of low rolling resistance, anti-eccentric wear, high durability, infinite winding, bead reinforcement and intelligent tires, we have established an integrated technology platform that is precisely tailored to the heavy-load, long-haul, and multi-terrain scenarios of commercial vehicles, enhancing tire performance across all dimensions and ensuring driving safety. Among these, low rolling resistance technology significantly reduces energy consumption and operating costs by optimizing tire structure and compound. Anti-eccentric wear and high durability technologies work in synergy to optimize force distribution on the tire body and improve tread wear resistance, fundamentally preventing abnormal wear and extending service mileage. Infinite winding combined with bead reinforcement technology strengthens key tire structures, enhancing safety performance under complex operating conditions. Intelligent tire technology enables real-time monitoring of data such as tire pressure and wear, providing early warnings of anomalies and facilitating preventive maintenance for commercial vehicles. The deep synergy among these six core technologies achieves comprehensive breakthroughs in energy efficiency, durability, robustness and intelligence, delivering a tire solution with high cost-effectiveness and reliability for commercial vehicle transportation.

Management Discussion and Analysis

During the Reporting Period, the Group deeply participated in the development of industry standard systems, leading and contributing to the formulation and revision of multiple national and international standards: it participated in the formulation, revision, and publication of 8 standards, including 2 international standards and 6 national standards, with another 15 standards currently in the development stage. The Group led the formulation of the national standard “Road Wear Test for Studded Tires”, further consolidating its authority and technological leadership in the field of industry standards.

During the Reporting Period, the projects “**Research and Application of Acoustic Characteristics of New Energy Vehicle Tires and Key Technologies for Vehicle NVH Performance**” and “**Development and Application of Digital Storage and Transportation Technology for Passenger Tire Green Tires**” were respectively awarded the Second Prize and Third Prize of the Shandong Rubber Industry Science and Technology Progress Award.

As of the end of the Reporting Period, the Group has been granted 520 intellectual property rights, including 29 invention patents, 317 utility model patents and 174 design patents.

(VIII) Organisational management upgrade and corporate culture construction

The Group focuses on enhancing organizational management efficiency and deepening corporate culture to solidify the foundation for sustainable development. In response to market fluctuations and the demands of strategic advancement, the Group has optimized its organizational structure, clarified departmental responsibilities and collaboration mechanisms, streamlined and improved standard operating procedures (SOPs) for various positions, and strengthened its process systems. It has promoted specialized training on AI tools for all employees and applied AI technology in campus recruitment interviews, leveraging digital empowerment to improve management efficiency and reduce operational risks. In terms of talent development, the Group has organized job rotations for key supervisory roles to enhance the capabilities of core teams and achieve complementary skills across positions. Starting from September 2024, the Group has organized its middle and senior management personnel to participate in the “Chengshan Group & Peking University Business Administration (Leadership) Seminar”, which is scheduled for successful completion in October 2025. Focusing on the practical needs of corporate operation and management, this seminar offered core courses precisely tailored to business scenarios, such as management optimization and innovative marketing strategies, to comprehensively assist middle and senior management personnel in enhancing their integrated management capabilities and strategic development vision, injecting strong momentum into the high-quality development of the Group.

The Group has deepened the Chengshan “Family” Culture, enhancing employees’ sense of honor and belonging through various corporate cultural activities, employee training and team cohesion-building efforts. It has also conducted mental health training for employees, revised the onboarding guide for new hires, and optimized the integration process to help new employees adapt quickly. Meanwhile, the Group advocates the core values of “customer first, responsibility, professionalism, innovation and openness”, motivating all employees to fulfill their duties with dedication.

The Group continued to build a learning organization. Building on weekly learning sessions and book-and-film clubs, it has deepened the “external introduction + internal cultivation” training model, incorporating AI tool applications and mental health training into its system while expanding training coverage. By collecting employee suggestions and feedback through multiple channels, it has mobilized active participation from all staff, fostering a positive environment of co-creation and shared development in corporate culture.

Management Discussion and Analysis

(IX) Intelligent manufacturing and information construction

The Company continued to promote the deep integration of digital transformation and intelligent manufacturing. Focusing on key areas such as intelligent manufacturing, digital marketing, supply chain construction, and financial control, the Company comprehensively enhanced system integration capabilities and data governance levels, and continuously consolidated its digital foundation.

In terms of intelligent manufacturing, the Manufacturing Execution System (MES) for tires was continuously optimized and upgraded to optimize comprehensive error-proofing across all processes and enhance automated control of equipment, among other things. The system architecture was optimized to improve data integration capabilities across factories. The full-module launch of the Air Spring Manufacturing Execution System (MES) was achieved, effectively enhancing quality control standards and production efficiency. The Energy Management System (EMS) was replaced, and the new system has been launched. The phased implementation of the Master Production Schedule (MPS) system and Advanced Planning and Scheduling (APS) system represented a further step towards the goals of unifying production planning, optimizing resource scheduling, enhancing delivery efficiency, and improving production transparency. The Equipment Asset Management (EAM) system achieved fault statistical analysis and interfaced with the Laboratory Information Management System (LIMS), significantly enhancing the efficiency of equipment operation and maintenance as well as R&D collaboration.

In digital marketing, to better serve customers and business users, the Company have established separate digital marketing systems for domestic and export sales, respectively, to address their different characteristics. For domestic sales, the Company focused on empowering terminals and continued to promote digital tools such as “Shop-in-Shop” and “Visit Pass” to effectively improve the efficiency of customer visits. Through the “Million-follower Live Streaming” series of activities, the Company enhanced brand vitality and influence in the market. The commercial rescue module of the roadside assistance directory significantly improved service response efficiency for key customers. For export sales, the Company strengthened risk management and control of its overseas business through the customer rating module. At the same time, the Company deployed AI models to resolve interactive query issues for product master data, enhancing the convenience of data access.

In financial control, the Company completed the development of an anti-dumping traceability system, continuously enhancing its compliance capabilities in responding to international trade risks. It also built a sales performance Key Performance Indicator (KPI) system to enable real-time dynamic display of the task completion status of each sales center and timely reflection of business fluctuations, providing precise and efficient data support for operational decision-making.

New products

During the Reporting Period, guided by its global business strategy and closely aligned with market dynamics, the Group adhered to the dual-drive strategy of “Product + Service” to deeply understand diverse user scenarios and build a differentiated product system. During the period, the Group completed the development and launch of a total of 599 products, including 104 All-Steel Tires and 495 Semi-Steel Tires, further broadening the product range and enhancing channel competitiveness and penetration in market segments. Meanwhile, the Group forward-lookingly completed the reserves of 153 Semi-Steel Tires and 49 All-Steel Tires, demonstrating its keen insight into cutting-edge industry trends and injecting strong momentum into industrial upgrading and the consolidation of its market-leading position.

Management Discussion and Analysis

In 2025, the Group closely monitored market dynamics and the competitive landscape, focusing on the development of high value-added and high-value-content products to comprehensively enhance its market competitiveness. In the field of Semi-Steel Tires, leveraging advanced design and manufacturing concepts, and in conjunction with the brand renewal strategy, the Group launched a new generation of ultra-high-performance (UHP) tires and new energy vehicle (NEV) tires, solidifying its position in the NEV and high-performance tire markets. Benchmarking against international first-tier brands, the Group developed a new generation of UHP and HP products, whose key performance indicators such as rolling resistance, wet grip, and noise reached or exceeded those of competing products, significantly improving product competitiveness. In the field of All-Steel Tires, guided by greening, premiumisation, and scenario-based solutions, the Group focused on the R&D of green products with low rolling resistance and high wear resistance, responding to the global trend of environmental protection and sustainable development while meeting market demands for high efficiency and energy saving, thereby demonstrating its technological leadership and commitment to social responsibility.

In terms of product certification, the Semi-Steel BORIALIS/GLACIA/POLARO ICE studded tires successfully passed the R164 certification, achieving the highest A+ grade in the OVER RUN (destructive road overload) test. Previously, six types of tires, namely the All-Steel AR603, DR606, TH135, TH155 and the Semi-Steel QUATTURA 4S+ and WINTER EXCELIA, passed the TÜV SÜD “TÜV MARK” certification, further consolidating the Group’s leading position and brand influence in the global market.

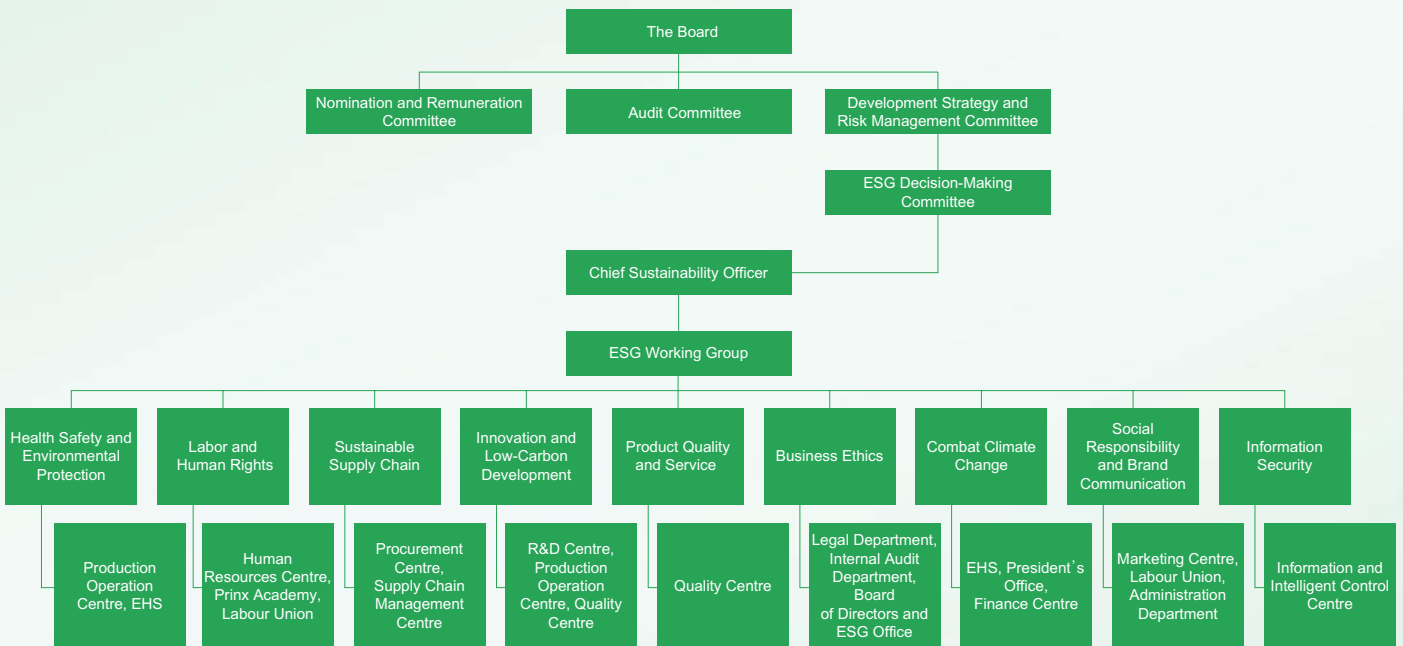
Total sales volume of the Group’s products and sales volume of new products developed during the Reporting Period

Product category	Sales volume of new products (10,000 sets)	Total sales volume (10,000 sets)	Proportion of sales of new products in total sales volume
All Steel Radial Tires	281.2	839.8	33.5%
Semi-Steel Radial Tires	646.1	2,040.2	31.7%
Bias Tires	0.9	49.4	1.8%
Total	928.2	2,929.4	31.7%

Management Discussion and Analysis

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

Corporate business sustainability is a continuing concern of the Group. Currently, the Group’s environmental, social and governance matters have been included in the scope of duties of the Group’s Development Strategy and Risk Management Committee. The Board is fully responsible for and leads the Group’s sustainable development management. During the Reporting Period, the Group elevated ESG governance to a strategic core level and further optimised its ESG governance structure. By establishing a specialised ESG working group, the Group promoted the deep integration of ESG concepts with business development, assisting the Company in achieving breakthrough progress in key areas such as carbon management, responsible supply chain, and stakeholder communication, so as to achieve deep synergy between sustainable development and business growth, aiming for long-term value creation and positive social impact.



To further promote and strengthen the Group’s ESG governance structure, the Board has further decided to re-define and clarify the duties of the Development Strategy and Risk Management Committee to comprehensively advance ESG practices at a strategic level. For details, please refer to the Corporate Governance Report.

Management Discussion and Analysis

BUSINESS STRATEGIES AND PROSPECTS

As at the date of this report, the Group's overall orders generally remained stable, while the order structure of its domestic and overseas production bases showed a diverging trend. In particular, the orders for All-Steel Tires from the Production Base in Shandong were sufficient, while its orders for Semi-Steel Tires decreased. The orders for All-Steel Tires from the Tire Production Base in Thailand were slightly weak, while its orders for Semi-Steel Tires remained at a normal level.

The industry's current development presents both challenges and opportunities. On the one hand, persistent geopolitical conflicts and escalating international trade barriers may exacerbate inflationary pressures and the trend towards downgraded consumption in the European and U.S. markets. While this brings uncertainty to the industry as a whole, it also creates opportunities for high-quality Chinese manufacturing enterprises to capture global market share. On the other hand, factors such as volatile raw material prices and obstructed exports in certain regions also place certain pressures on the Group's operations.

At the same time, the industry still holds strategic growth opportunities: the continuously increasing market penetration of new energy vehicles is driving steady growth in demand for both original equipment and replacement specialized tires for such vehicles; and the ongoing advancement of infrastructure construction in emerging developing countries and the export of China's commercial vehicles is growing steadily is also releasing substantial demand for original equipment and replacement for commercial tires, providing long-term support for the Group's business expansion.

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

- (1) Adhere to earning customers' trust through high-quality products and excellent services, creating sustained value for customers and securing the Company's long-term and high-quality development.
- (2) Continue to deepen tire technology innovation and R&D, and actively apply advanced technologies such as AI to empower R&D, production, and management, thereby enhancing the Company's core competitiveness.
- (3) Firmly promote the strategy of "**product + service**", clarify sales policies, and ensure effective sales support:
 - In the domestic commercial vehicle tire replacement market, the Group will continue to cultivate the high-end brand image of "**PRINX**", enhancing price premiums through channel optimisation and precision marketing, while planning and developing a new matrix of dedicated tires for new energy vehicles to capitalise on the new energy vehicle market.
 - In the passenger vehicle tire replacement market, the Group will focus on product differentiation by continuously increasing the proportion of large-sized specifications and expanding the scale of distinctive products such as EV silent foam tires and coloured tires. In terms of channels, it will strengthen network depth through dealer grading and store expansion, leveraging new media tools to achieve precision marketing. Furthermore, the Group will enhance end-user response efficiency and the consumer experience by leveraging digital tools and optimising our smart logistics system.

Management Discussion and Analysis

- In the commercial vehicle tire OE market, the Group will shift from price-based sales to value-based sales, and continuously increase the proportion of high-quality tires.
 - In the passenger vehicle tire OE market, the Group will focus on new energy and personalised demands to precisely identify customer segments with high-value potential, while remaining committed to building and consolidating long-term, stable, and in-depth cooperative relationships.
 - In international markets, the Group will focus on building a strong internationalised team to ensure a smooth transition in production and supply at its two overseas tire production bases. While optimising existing sales channels, it will vigorously develop its overseas OE business to continuously enhance the brand's influence.
- (4) Pursue green and sustainable development. The Group will increase investment in low-carbon technologies and energy-saving equipment, whilst continuously optimising production processes to reduce carbon emissions. The Group will focus on the R&D of eco-friendly, recyclable, and low-energy-consumption products to bolster their green credentials, aligning with the global market demand trend for green products and strengthening market competitiveness. Internally, the Group will implement initiatives such as green office practices and energy conservation; externally, the Group will launch environmental public welfare programmes and localised green partnerships, balancing corporate environmental responsibility with local sustainable development needs.
- (5) Focus on the development of a talent pipeline to build a team synergy framework characterised by high efficiency, synergy, and complementary capabilities. In alignment with the strategic development needs of the Company, the Group continues to improve its modern corporate system, while fostering and enhancing the comprehensive capabilities of its employees. This will further strengthen team cohesion and professional expertise, thereby meeting the requirements for the Company's high-quality and long-term development.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2025, the revenue of the Group amounted to approximately RMB11,806.8 million, representing an increase of approximately RMB832.9 million compared to approximately RMB10,973.9 million for the year ended December 31, 2024.

Sales by product type	2025 (RMB'000)	Percentage of revenue	2024 (RMB'000)	Percentage of revenue	Year-on-year change
All Steel Radial Tires	6,664,224	56.5%	6,271,265	57.2%	6.3%
Semi-Steel Radial Tires	4,936,109	41.8%	4,496,262	41.0%	9.8%
Bias Tires	201,395	1.7%	202,479	1.8%	-0.5%
Trade of raw materials related to tire products	5,073	0.0%	3,879	0.0%	30.8%
Total	11,806,801	100.0%	10,973,885	100.0%	7.6%

Management Discussion and Analysis

For the year ended December 31, 2025, revenue from sales of All Steel Radial Tires increased year-on-year by approximately 6.3%, primarily driven by the combined effect of a 5.3% increase in sales volume resulting from product structure optimisation and a slight increase in average selling price. Revenue from Semi-Steel Radial Tires increased by approximately 9.8% year-on-year, which was primarily driven by the combined effect of a 4.7% increase in the average selling price of products and a 4.9% increase in sales volume. Revenue from Bias Tires decreased by approximately 0.5% year-on-year, which was mainly due to a slight decrease in sales volume, although the average selling price increased slightly due to changes in the product sales structure. Revenue from sales of raw materials and others amounted to approximately RMB5.1 million.

Sales by channel	2025 (RMB' 000)	Percentage of revenue %	2024 (RMB' 000)	Percentage of revenue %	Year-on-year change %
Distributors					
Domestic	2,078,900	17.6%	2,325,553	21.2%	-10.6%
International	7,796,562	66.1%	7,536,794	68.7%	3.4%
	9,875,462	83.7%	9,862,347	89.9%	0.1%
Direct sales to automobile manufacturers	1,926,266	16.3%	1,107,659	10.1%	73.9%
Sales of raw material and others	5,073	0.0%	3,879	0.0%	30.8%
Total	11,806,801	100.0%	10,973,885	100.0%	7.6%

For the year ended December 31, 2025, revenue from sales to distributors (including private label customers) remained flat year-on-year, of which revenue from international distribution channels increased by 3.4% year-on-year, mainly due to the moderate increase in sales volume and the increase in average selling price of passenger vehicle tire products, although the sales volume of commercial vehicle tires decreased slightly due to multiple adjustments of U.S. tariffs. Revenue from domestic distribution channels decreased by 10.6% year-on-year, mainly because the Group proactively adjusted its sales strategy and, in light of the explosive growth in domestic demand for OE commercial vehicle tires, tilted its production capacity to focus on ensuring the development of its export and OE businesses, which in turn led to a corresponding decrease in the sales of commercial vehicle tire replacement.

For the year ended December 31, 2025, revenue from direct sales to automobile manufacturers increased by approximately 73.9% year-on-year, representing a significant leap, mainly driven by the explosive growth in domestic demand for OE commercial and passenger vehicle tires, which not only led to an overall increase of 57.6% in sales volume through OE channels, but also promoted the continuous optimization of the product sales mix, jointly driving high-speed revenue growth in the OE segment.

Management Discussion and Analysis

Cost of sales

The Group's cost of sales increased from approximately RMB8,644.2 million for the year ended December 31, 2024 to approximately RMB9,669.0 million for the year ended December 31, 2025, representing an increase of approximately 11.9%. The increase was mainly due to the year-on-year growth of 4.7% in overall sales volume, which drove an increase in production and sales-related costs. In addition, the ongoing impact of U.S. tariff policies further contributed to the overall increase in cost of sales.

Gross profit and gross profit margin

The Group's gross profit for the year ended December 31, 2025 amounted to approximately RMB2,137.8 million, representing a decrease of approximately 8.2% compared to approximately RMB2,329.7 million for the year ended December 31, 2024. The decrease in gross profit was mainly due to fluctuations in raw material prices and the impact of U.S. tariff policies. The Group's gross profit margin for 2025 was approximately 18.1% (2024: 21.2%), representing a year-on-year decrease of 3.1 percentage points.

Other income

The Group's other income for the year ended December 31, 2025 was approximately RMB58.4 million, representing an increase of approximately RMB7.0 million from approximately RMB51.4 million for the year ended December 31, 2024. Such income was mainly derived from income from sales of scraps and government grants for green projects.

Selling and distribution expenses

The Group's selling and distribution expenses increased from approximately RMB517.0 million for the year ended December 31, 2024 to approximately RMB522.2 million for the year ended December 31, 2025, which remained relatively stable. The increase was mainly due to the increase in advertising and promotion expenses.

R&D expenses

The Group's R&D expenses increased from approximately RMB250.7 million for the year ended December 31, 2024 to approximately RMB259.0 million for the year ended December 31, 2025, representing an increase of approximately 3.3%. The increase was mainly due to the increase in employee costs.

Administrative expenses

For the years ended December 31, 2025 and 2024, the Group's administrative expenses amounted to approximately RMB233.4 million and RMB236.0 million, respectively, which remained relatively stable. The decrease was mainly due to the Group's enhanced expense control and the implementation of cost reduction and efficiency enhancement measures.

Other gains

For the year ended December 31, 2025, the Group's other gains decreased from approximately RMB41.0 million for the year ended December 31, 2024 to approximately RMB19.7 million, mainly due to a decrease in foreign exchange gains arising from changes in exchange rates on net operating foreign currency assets.

Management Discussion and Analysis

Finance income

For the years ended December 31, 2025 and 2024, the Group's finance income amounted to approximately RMB25.4 million and RMB34.2 million, respectively. The decrease in finance income was mainly due to the decrease in interest income from bank deposits.

Finance costs

The Group's finance costs amounted to approximately RMB25.6 million and RMB63.1 million for the years ended December 31, 2025 and 2024, respectively. The decrease in finance costs was mainly due to the reduction in interest expense on bank loans.

Income tax expense

For the years ended December 31, 2025 and 2024, the Group's income tax expenses amounted to approximately RMB106.8 million and RMB72.6 million, respectively, representing an increase of RMB34.2 million, which was mainly due to the provision for Pillar Two income tax expenses by Prinx Thailand.

Operating profit

The Group's profit for the year decreased by RMB224.3 million from approximately RMB1,311.9 million for the year ended December 31, 2024 to approximately RMB1,087.6 million for the year ended December 31, 2025. The decrease was mainly due to the increase in cost of sales.

Profit attributable to the Shareholders

As a result of the foregoing factors, profit attributable to the Shareholders for the year ended December 31, 2025 amounted to approximately RMB1,087.6 million (2024: approximately RMB1,311.8 million).

Dividend distribution

For the years ended December 31, 2025 and 2024, the Group's total dividend distribution amounted to approximately RMB293.3 million and RMB261.0 million, representing an increase of approximately 12.4%, which was mainly due to the increase in dividend per share.

Total comprehensive income for the year

Total comprehensive income for the year of the Group decreased by RMB368.8 million from approximately RMB1,363.6 million for the year ended December 31, 2024 to approximately RMB994.7 million for the year ended December 31, 2025. The decrease was primarily due to the decline in net profit.

Liquidity and financial resources

The Group maintained a sound financial position. The Group's borrowing demand was not seasonal. As at December 31, 2025, the Group's cash and cash equivalents (including restricted cash) amounted to approximately RMB1,099.8 million, representing an increase of approximately RMB401.9 million as compared to approximately RMB697.9 million as at December 31, 2024. Of which, RMB273.6 million was denominated in RMB, RMB752.3 million was denominated in USD, and the remaining was denominated in HK\$, EUR, THB and Malaysian Ringgit (MYR). For currencies of the Group cash and cash equivalents, see Note 24 to the consolidated financial statements.

Management Discussion and Analysis

As at December 31, 2025, the Group had bank borrowings of approximately RMB682.9 million (2024: approximately RMB755.3 million), of which RMB654.7 million was denominated in RMB and the remaining was denominated in MYR. Borrowings at floating interest rates accounted for 50.1% and borrowings at fixed interest rates accounted for 49.9%. Approximately RMB291.4 million is due within one year, approximately RMB245.5 million is due within one to two years and approximately RMB146.0 million is due within two to five years. In 2025, the borrowings were mainly used for the daily operational turnover of the Company. For details of the Group's bank loans, please refer to note 28 to the consolidated financial statements.

The current ratio as at December 31, 2025 was approximately 1.7 (2024: 1.4). In 2024, the Company purchased low-and medium-risk bank wealth management products to hedge risks and increase wealth management income. As of December 31, 2025, the balance of such wealth management products amounted to RMB150.0 million (2024: 141.8 million).

Inventories

As at December 31, 2025, the Group's inventories amounted to RMB1,674.9 million, representing a decrease of RMB268.0 million from RMB1,942.9 million as at December 31, 2024. The year-on-year decrease in the amount of inventories was primarily driven by two factors: on the one hand, the Group strengthened its inventory control, resulting in a year-on-year decrease in finished goods inventory; on the other hand, pre-stocking at the end of 2024 in preparation for the Chinese New Year led to a relatively high base for raw material inventories, which in turn resulted in a decrease in raw material inventories at the end of 2025.

Trade receivables

As at December 31, 2025, the Group's trade receivables amounted to RMB2,441.6 million, representing an increase of approximately RMB421.0 million as compared with RMB2,020.6 million as at December 31, 2024. The increase was due to the year-on-year growth in revenue and the increased sales share to automobile manufacturers through direct sales channels, which have a longer accounts receivable collection period.

Prepayments, other receivables and other current assets included in current assets

As at December 31, 2025 and 2024, the Group's prepayments, other receivables and other current assets included in current assets were approximately RMB403.8 million and RMB486.4 million, representing a decrease of approximately RMB82.6 million. The decrease was mainly due to the Group having entered into strategic agreements with certain suppliers, resulting in a decrease in prepayments.

Amounts due from related parties

As at December 31, 2025 and 2024, the Group had amounts due from related parties of RMB553.4 million and RMB201.9 million, respectively, representing a year-on-year increase of approximately RMB351.5 million. The increase was mainly due to the increase in revenue generated from sales to Sinotruk during the year.

Trade payables

As at December 31, 2025 and 2024, the Group's trade payables amounted to RMB2,012.6 million and RMB2,106.1 million, respectively, representing a decrease of approximately RMB93.5 million, which was mainly due to the year-on-year decrease in trade payables to raw material suppliers.

Management Discussion and Analysis

Other payables and accruals

As at December 31, 2025 and 2024, the Group's other payables and accruals were RMB1,202.2 million and RMB1,240.2 million, respectively, representing a decrease of approximately RMB38.0 million, which was mainly due to the decrease in payables for the purchase of fixed assets.

Prepayments and other non-current assets

As at December 31, 2025, the balance of prepayments and other non-current assets of the Group was RMB113.2 million, representing an increase of approximately RMB67.2 million from RMB46.0 million as at December 31, 2024. The increase was primarily attributable to the corresponding increase in prepayments for land and equipment procurement following the official commencement of construction of the Malaysia production base project.

Gearing ratio

As at December 31, 2025, the gearing ratio was -5.7% (2024: 1.7%), which fully reflects the continuous optimisation of the Group's capital position, significantly enhanced debt repayment capability, a more robust financial structure, and a relatively low overall financial risk. The ratios were calculated as net surplus/debt divided by total capital. Net surplus/debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Total capital is calculated as equity plus net surplus/debt.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout the year ended December 31, 2025. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group will take serious consideration of purchasing wealth management products to increase financial returns.

Charges on Assets

As at December 31, 2025, the Group's property, plant and equipment with a net book value amounting to approximately RMB98.3 million (2024: approximately RMB108.6 million) and restricted cash balances amounting to approximately RMB64.9 million (2024: approximately RMB143.8 million) were charged/pledged as security for the Group's notes payable it issued. Save for the above, the Group did not have any charges on its assets.

Investments

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

Management Discussion and Analysis

At the same time, according to the structural layout of “**Emerging Markets + High-End Categories**”, the Group is establishing the Shandong OTR project. The OTR project is located within the Green Tire Intelligent Manufacturing Industrial Park in Rongcheng, Shandong Province, situated on the north side of the existing Tire Production Base in Shandong. It covers an area of 104 thousand square meters, with a planned production capacity of 84 thousand high-performance engineering radial tires per year and 10 thousand giant engineering radial tires per year. The total investment for the OTR project is expected to be RMB1.11 billion, with construction beginning in the second quarter of 2025. It is anticipated to reach a designed capacity of 50 thousand tons of the OTR per year by 2029, with an annual output value of approximately RMB1 billion. The OTR project will fill the gap in domestic high-end engineering tires and achieve structural upgrading. Trial production for the OTR project commenced in the fourth quarter of 2025, and the first 30.00R51 giant off-road tire was successfully rolled off the production line on January 19, 2026.

Save as disclosed above, the Group had no other significant investments in 2025.

RISKS AND UNCERTAINTIES

(I) Macro environment risks

At present, global geopolitical conflicts (such as great-power rivalry and regional disputes) are intensifying, which, coupled with political instability and sudden policy changes in certain markets, may lead to restricted market access or business interruptions. The security of overseas assets, as well as cross-border personnel and logistics flows, may also be directly affected by geopolitical friction. The Group's products are primarily sold in markets across Asia, North America, Europe and Africa. Any negative macroeconomic changes in any of these markets may impose pressure on market demand, sales growth or gross profit margin. At the same time, there are significant differences in market regulatory rules: the EU GDPR (General Data Protection Regulation) imposes strict data compliance, environmental protection, and labour standards; North America is seeing tighter product safety certifications and antitrust regulations; and tax and foreign investment access policies in Africa and certain Asian countries are subject to frequent changes. All of these factors lead to a continuous rise in compliance costs. Furthermore, any violation of local laws and regulations (such as environmental protection, taxation, or trade compliance) may expose the Company to fines, business restrictions or even the risk of delisting.

In view of this, the Group will adopt the following countermeasures: (1) strengthen our diversified market and supply chain strategies to reduce reliance on any single region or supplier; (2) increase the proportion of local-language-speaking personnel in the management teams of our overseas subsidiaries, whilst establishing long-term communication mechanisms with local governments and chambers of commerce to anticipate policy changes in advance; (3) strengthen cost control and improve operational efficiency; (4) optimise product structure and increase the proportion of high-value-added products; and (5) closely monitor changes in the international situation and adjust market strategies and product structures in a timely manner.

Management Discussion and Analysis

(II) Exposure to foreign exchange risks

Given the fluctuations in the global economy and the tightening and easing of monetary policies by different countries, the Group may be exposed to the risk of exchange rate fluctuations. For the year ended December 31, 2025, the Group's revenue denominated in USD and in EURO from overseas operations accounted for approximately 66.1% (2024: 68.7%) of the total revenue, and the operating expenses of Prinx Thailand and Prinx Malaysia were mainly settled in THB and MYR, respectively. Therefore, the Group is exposed to foreign exchange risk arising from USD, EURO, THB and MYR. The occurrence of significant fluctuations in exchange rates will affect the results of the Group. Exchange rate fluctuations and market trends have always been a concern of the Group. In this regard, the Company will strengthen the supervision on foreign currency transactions as well as the scale of foreign currency assets and liabilities, and may manage the potential fluctuations in exchange rates by optimising the settlement currency of export trades and utilising exchange rate financial instruments and other proactive preventive measures.

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

In recent years, countries and regions such as the United States, Europe, South Africa, and Mexico have restricted tire exports from other countries through the imposition of tariffs and anti-dumping and countervailing duties. In response to such trade barriers, the Group has proactively participated in related defense proceedings and investigations to seek lower export tax rates and minimise the impact on its operations.

Since 2019, the United States started to impose anti-dumping and countervailing duty on tires imported from China. Subsequently, the U.S. Department of Commerce issued an anti-dumping levy order on Thailand's passenger vehicle and light truck tires on July 19, 2021. Prinx Thailand, an indirect wholly-owned subsidiary of the Company, is applicable to an average anti-dumping duty rate of 17.06%. On September 6, 2022, the U.S. Department of Commerce issued a notice to commence the first administrative review process of anti-dumping against passenger vehicle and light truck tires from Thailand, the investigation period of which is from January 6, 2021 to June 30, 2022. The U.S. Department of Commerce announced the preliminary ruling results of the first administrative review of the anti-dumping against Thailand's passenger vehicle and light truck tires in July 2023, and the final results in January 2024. An average duty rate of 4.52% shall be applicable to the Group. The U.S. Department of Commerce issued a notice on September 11, 2023 to initiate the second administrative review procedures against anti-dumping of imported passenger car and light truck tires from Thailand. The investigation period was from July 1, 2022 to June 30, 2023. Prinx Thailand participated in this review and filed a reply as a supplementary mandatory respondent. On May 6, 2025, the U.S. Department of Commerce announced the final duty rate, and the Group is subject to a separate tax rate of 5.08%.

Management Discussion and Analysis

Furthermore, on November 7, 2023 (U.S. time), the U.S. Department of Commerce announced to initiate an anti-dumping investigation against Truck and Bus Tires imported from Thailand. The investigation period of the original investigation was from October 1, 2022 to September 30, 2023. Prinx Thailand participated in this anti-dumping investigation and submitted its defense as a compulsory respondent. On October 10, 2024, the U.S. Department of Commerce announced the final determination of the anti-dumping investigation on Truck and Bus Tires from Thailand, and the Group is subject to a tax rate of 12.33%. As the anti-dumping duty order has been officially implemented for over one year, Prinx Thailand has timely submitted an application for the first review to the U.S. Department of Commerce in accordance with relevant U.S. regulations regarding annual administrative reviews of anti-dumping duty orders. Currently, the case is still under further review.

In Europe, on May 21, 2025, the European Union announced the initiation of an anti-dumping investigation against tires for passenger vehicles and light trucks (HS codes 4011010 and 4012010) originating from China, followed by a countervailing duty investigation on November 6, 2025. Both investigations are currently in the normal investigation process. Since January 22, 2026, the European Union has implemented import registration for the tires involved to allow for potential retroactive taxation. The investigation period for the anti-dumping and countervailing duty investigations is from January 1, 2024, to December 31, 2024, while the injury investigation period is from January 1, 2021 to the end of the dumping investigation period. The Group has responded proactively and submitted the relevant responses on time. Despite a certain impact on the Group's Shandong company, the anti-dumping investigation by the EU government has also intensified the industrial transformation of global tire industry. The Group will leverage this opportunity to accelerate the optimisation of industrial structure and product upgrades, strengthen the strategic layout of its overseas bases in Thailand and Malaysia, and comprehensively enhance its core competitiveness and risk resistance in the international market through technological innovation and the improvement of supply chain resilience.

On September 20, 2024, in response to an application filed by a local industry organisation, namely South African Tire Manufacturers Conference, on July 25, 2024, South Africa initiated an anti-circumvention investigation to determine whether passenger vehicle tires and truck and bus tire products for motor vehicles originating in China were being exported to South Africa via Cambodia, Thailand, and Vietnam to circumvent anti-dumping duties. Prinx Thailand actively participated in the defense and was subject to a preliminary duty rate of 6.61%. The case is currently still under further review.

The uncertainty of anti-dumping and countervailing duty rates will pose potential risks to the Company's operating results. To effectively mitigate such impacts, the Company has made arrangements in advance and taken proactive actions by adopting the following measures: firstly, to expand the sales share of the Tire Production Base in Thailand in non-U.S. markets to reduce reliance on a single market; secondly, to develop specialised products by leveraging the Group's R&D capabilities and focusing on the needs of non-U.S. markets, so as to enhance the market competitiveness of the Tire Production Base in Thailand through product structure optimisation and enrichment; and thirdly, to steadily advance the construction of the Tire Production Base in Malaysia to further refine the global capacity layout, enhance the resilience and flexibility of the supply chain, and continuously improve the Group's risk resistance and long-term core competitiveness in the global market.

Management Discussion and Analysis

(IV) Competition

The Group's products are sold in over 160 countries and regions across six continents globally. The Group competes with numerous global tire manufacturers while also facing challenges from Chinese tire enterprises. In recent years, Chinese tire enterprises have accelerated their diversified production footprint by establishing new smart manufacturing bases in Southeast Asia (such as Thailand, Vietnam, Cambodia) and Eastern Europe (such as Hungary, Serbia). The Group faces the challenge of intensified competition in the regional market.

The Group's core competitive advantages lie in stable product quality, robust operational management, technology-driven smart manufacturing and a well-established distribution channel. Failure to maintain these advantages may expose to the risk of decline in the Group's share in key markets. It is necessary for the Company to diversify its production footprint and continuously improve product quality and service levels to address market dynamics and competitive pressures.

(V) Risks in relation to overseas investments

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

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

International tax Pillar Two (Global Anti-Base Erosion Rules) has been officially implemented in Thailand, Malaysia, and Europe, imposing a uniform effective tax rate of 15% on multinational groups with annual global revenues of EUR750 million or more. If the effective tax rate of the Company's subsidiaries falls below 15% due to local tax incentives, they will face the risk of top-up tax collection, which may increase overseas tax liabilities and compliance costs, thereby having an impact on overseas profits and cash flows to a certain extent. To this end, Prinx Thailand has made provision for income tax expenses in 2025 in accordance with the relevant requirements of Pillar Two, and will strengthen tax compliance and planning to actively address changes in rules and mitigate related risks.

(VI) Supply chain

The prices of raw materials such as rubber and steel cord required for tire production are significantly affected by fluctuations in the international market. Any issues in the supply chain, such as fluctuations in raw material prices or logistics delays, may impact production and sales operations, destabilising tire supply and bringing profit volatility to the Company. In view of the increasingly stringent environmental requirements imposed by various countries on the tire industry, it is necessary for companies to make early deployment for product replacement and upgrades, renewal and retrofitting of environmental protection equipment, which may increase capital expenditure and operating costs. These risks demand that the Group enhance flexibility and efficiency in supply chain management to mitigate uncertainties.

Management Discussion and Analysis

(VII) Risks in relation to climate change

Climate threats are continuously intensifying worldwide, and extreme climate change may pose physical risks to the Group. For example, the occurrence of extreme weather events such as blizzards, heavy rain, typhoons, and thunderstorms could lead to energy supply disruptions and traffic obstructions, which in turn may cause production halts, increase operating costs, and affect the timely delivery of orders. Under conditions of extreme high or low temperatures, increased energy consumption is required to maintain the constant production temperature (cooling or heating) necessary for the normal operation of workshops and equipment, thereby driving up operating costs. Climate factors interfere with the stability of raw material supply, leading to price fluctuations. The exacerbation of meteorological conditions by climate change (such as rising temperatures, increased stable weather, and sandstorms) may lead to more frequent or exacerbated severe pollution, which could cause the limitation or interruption of normal production activities, affecting production efficiency and order.

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

In view of this, the Group has incorporated climate risk management into the Group's risk management system. The Group continuously evaluates the physical risks and transition risks brought about by climate changes and formulates relevant risk prevention plans. The Group has formulated the "Extreme Weather Disaster Emergency Plan" (《極端天氣災害應急預案》), which clarifies emergency response procedures for extreme weather. It also appropriately stockpiles raw materials and implements a safety inventory plan. When shipments are affected by extreme weather, goods can be transferred from other storage locations based on inventory availability to meet delivery needs. The Group conducts energy-saving renovations for equipment and monitors energy consumption. In production workshops, it has equipped first-aid kits and AEDs, and conducts occupational health training to reduce the risk of heatstroke and sudden illness among employees. The Group also implements multi-skilled and multi-functional training for operational positions, enabling timely staff replacement during shortages. In response to sudden abnormal weather changes, the Group has formulated corresponding workflows and safety measures to enhance its ability to deal with climate risks and ensure the stable operation of its business. Furthermore, the Group has increased research and development as well as the application of low-carbon technologies and energy-saving equipment to reduce carbon emissions in production and respond to global carbon reduction policies, and optimised the site selection of production bases to avoid areas with a high incidence of natural disasters such as typhoons and floods.

Management Discussion and Analysis

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

CAPITAL STRUCTURE

In 2025, there was no change in the capital structure of the Company. The capital of the Company comprises ordinary shares and other reserves.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at December 31, 2025, the Group had capital commitment of approximately RMB745.3 million (2024: approximately RMB77.8 million), increased significantly compared with the previous year, mainly driven by investments in the construction of the Malaysia plant and the OTR tire project. The Group had no contingent liability that would result in a significant impact in 2025 (2024: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES

Save as disclosed in the section headed "Investments", the Group did not have any other significant investments, material acquisitions and disposals of subsidiaries, associated companies and joint ventures in 2025.

FUTURE PLANS FOR SUBSTANTIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Investments", as at the date of this report, there was no plan authorised by the Board for other substantial investment or additions of capital assets.

Management Discussion and Analysis

HUMAN RESOURCES MANAGEMENT

As at December 31, 2025, the Group had a total of 6,834 employees (as at December 31, 2024: 6,818). For the year ended December 31, 2025, the Group's employee benefit expenses amounted to approximately RMB808.1 million (for the year ended December 31, 2024: approximately RMB746.7 million).

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

The Group attaches great importance to human resources management and talent cultivation, and is committed to building a professional and efficient talent team with a sense of social responsibility, so as to empower the high-quality and sustainable development of the Company. To promote corporate culture and attract, develop and cultivate employees for the Company, the Group has established a Prinx institute. The Group successively cooperated with a number of universities such as Qingdao University of Science and Technology, Shandong University of Science and Technology and Weihai Technician College to train talents and jointly built a high-quality talent training base and a skill training base. The Group also jointly launched leadership training courses with Peking University to empower middle and senior management.

During the Reporting Period, the Group focused on the full lifecycle of talent growth and built a closed-loop talent empowerment system through four major initiatives, namely specialised training by level and category, development of curriculum resources, establishment of supporting development programmes, and improvement of talent management mechanisms, effectively enhancing the comprehensive capabilities of employees and the overall efficiency of the organisation.

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

The Company adopted its new share option scheme (the **"2021 Share Option Scheme"**) on May 17, 2021 (the **"2021 Adoption Date"**), and terminated the 2019 Share Option Scheme. The Company conditionally granted 35,050,000, 3,080,000 and 960,000 Options to certain Grantees on June 28, 2021 (the **"2021 Grant Date"**), September 28, 2022 (the **"2022 Grant Date"**), and September 28, 2023 (the **"2023 Grant Date"**), respectively. All Options granted and accepted and remaining unexpired prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2019 Share Option Scheme. For details, please refer to the circular of the Company dated April 16, 2021 and the announcements dated May 17, 2021, June 28, 2021, September 28, 2022 and September 28, 2023, respectively. Details about the changes in Options for the year ended December 31, 2025 are set out in the section headed "Share Option Scheme" in this report.

2024 SHARE AWARD SCHEME

The Company adopted its share award scheme (the **"2024 Share Award Scheme"**) on May 31, 2024. Details and changes for the year ended December 31, 2025 are set out in the section headed "2024 Share Award Scheme" in this report.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Che Baozhen, aged 43, was appointed as a Director on May 22, 2015 and was appointed as a member of the Nomination and Remuneration Committee. He also served as the general manager of Prinx Chengshan (Shandong) Tire Co., Ltd. ("**Prinx (Shandong) Tire**"), one of the subsidiaries of the Company, from April 2017 to January 2021. Mr. Che joined the Group in December 2005. He is a director of all subsidiaries of the Company (excluding Prinx Chengshan (Qingdao) Industrial Research and Design Co., Ltd. ("**Prinx (Qingdao)**"), Shenzhen Zhianda Tire Technology Service Co., Ltd., Prinx Chengshan Europe GmbH ("**Prinx (Europe)**") and Prinx Chengshan Tire North America LLC.). Mr. Che is also a Chief Executive Officer. He has nearly 20 years of experience in the automotive tire industry and is responsible for the day-to-day operations, overall management, administration and strategic planning of the Group. Prior to joining the Group, Mr. Che was a staff of Chengshan Group Co., Ltd. ("**Chengshan Group**"), the controlling shareholder of the Company, from December 2003 to May 2010, where he was responsible for handling asset management and relations with external parties. In June 2010, Mr. Che was appointed as the assistant of general manager in Shandong Haizhibao Ocean Technology Company Limited. In December 2010, Mr. Che was appointed as the chairman of Rongcheng Chengshan Construction Property Limited Company.

Mr. Che obtained a bachelor's degree in computer science and technology from University of Science and Technology Beijing in Beijing, the PRC in July 2003. He further obtained a master degree in business administration from Bond University, Queensland, Australia in October 2015.

Mr. Che is the son of Mr. Che Hongzhi, the chairman of the Board and a non-executive Director.

Mr. Shi Futao, aged 56, was appointed as a Director on October 28, 2015. Mr. Shi joined the Group in May 2004 as a financial director and was promoted to a director and vice-general manager of Prinx (Shandong) Tire in November 2014, and ceased to serve as the chief financial officer from June 2023. He is a director of Prinx Investment Holding Limited ("**Prinx Investment**"), Prinx Chengshan (Hong Kong) Tire Limited ("**Prinx Hong Kong Tire**"), Prinx (Hong Kong) Rubber Company Limited ("**Prinx Rubber**"), Jinan Zhianda Tire Service Co., Ltd., Zhianda (Shanghai) Tire Service Co., Ltd., Anhui Prinx Chengshan Tire Company Limited and Prinx Thailand, all being subsidiaries of the Company. He has over 30 years of experience in accounting and financial management in the PRC.

Mr. Shi obtained a master degree in company finance from the University of Salford in the United Kingdom in December 2002. He was admitted as a non-practising certified accountant by the Chinese Institute of Certified Public Accountants in 1995. Mr. Shi was recognised as a Senior International Finance Manager by the International Financial Management Association in December 2011. He was awarded with the first stage of high-end accounting personnel training engineering enterprises certificate by Shandong Provincial Party Committee Organisation Department, the Shandong Province Finance Bureau and the Shanghai National Accounting Institute in April 2014. Since January 2016, Mr. Shi has been a fellow member of the Chartered Institute of Management Accountants ("**CIMA**") in the United Kingdom and a Chartered Global Management Accountant of the American Institute of Certified Public Accountants in the United States, respectively.

Directors and Senior Management

Mr. Jiang Xizhou, aged 53, was appointed as a Director on March 28, 2024. He was also appointed as a director of Prinx (Shandong) Tire and Prinx Thailand (each being a subsidiary of the Company), respectively. He joined the Company in August 2019 as an assistant to the general manager. He has been the deputy general manager of the Company since January 2020, the vice president of the Company and the director of the production and operation centre of the Company, the general manager and the director of the technology centre of Shandong Company since January 2021. Since November 2022, he has been serving as the executive vice president of the Company. Since December 30, 2024, he has been serving as the executive president of the Company. Prior to joining the Group, Mr. Jiang held various technical and management positions in Anhui Giti Tire Co., Ltd. from July 1995 to May 2013; he served as the general manager of Fujian Giti Tire Co., Ltd. and the general manager of Giti Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600182), from June 2013 to June 2015; he served as the general manager of Anhui Giti Tire Co., Ltd. from July 2015 to August 2017; and he served as the manufacturing director of Giti Tire (China) Investment Co., Ltd. from September 2017 to July 2019.

Mr. Jiang graduated from Hefei University of Technology with a major in polymer materials and obtained his bachelor degree in July 1995. He graduated from the Wisconsin International University in the United States in December 2002 with a master's degree in Executive Master of Business Administration (EMBA).

NON-EXECUTIVE DIRECTORS

Mr. Che Hongzhi, aged 69, was appointed as a Director on May 22, 2015. He was re-designated as non-executive Director on March 5, 2018. He was also appointed as the chairman of the Board and the chairman of the Development Strategy and Risk Management Committee. He is the founder of the Group. Mr. Che is a director of all subsidiaries of the Company (excluding Prinx (Europe), Qingdao Zhianda Investment Co., Ltd. and Prinx Chengshan Tire North America Inc.). He is also the legal representative of two PRC subsidiaries of the Company. Mr. Che is responsible for providing professional opinion and strategic direction to the Group. Since December 2003, he has been the chairman and executive director of Chengshan Group. He has over 20 years of experience in tire production industry. Prior to establishing the Group, Mr. Che was the chairman of Shandong Chengshan Tire Company Limited from October 2000 to May 2010.

Mr. Che obtained a professional certificate in chemistry from Yantai Education College, in July 1987. He was awarded as a national model worker by the State Council of the PRC in April 2005. He was further being credited as an outstanding provincial party member by Shandong Provincial Party Committee, the PRC in June 2016.

Mr. Che is the father of Mr. Che Baozhen, an executive Director.

Directors and Senior Management

Mr. Shao Quanfeng, aged 42, was appointed as a non-executive Director on February 24, 2020. In July 2007, Mr. Shao served as a general accountant of group finance department of China National Heavy Duty Truck Group Co., Ltd. In May and November 2012, he served as a trainee assistant to the general manager of sales department of China Heavy Truck Group Ji'ning Commercial Truck Co., Ltd. and a trainee assistant to the general manager of specialised vehicles segment of China Heavy Truck Group, respectively. In July 2014, he was appointed as the finance manager of Sinotruk (Hong Kong) Capital Holding Limited. In August 2018, he became the first level business supervisor of finance department of China Heavy Truck Group International Co., Ltd. In December 2018, he served as the managing director of Sinotruk (Hong Kong) International Investment Limited. In February 2022, he served as the financial controller of China National Heavy Duty Group Jinan Axle & Transmission Co., Ltd. In April 2022, he served as the financial controller of SINOTRUK International Co., Ltd. In February 2023, he served as the financial controller of light truck sales department and light truck manufacturing factory of China National Heavy Duty TRUCK Group Jinan Commercial VEHICLE Co., Ltd. In June 2025, he served as the financial controller of China Heavy Truck Group International Co., Ltd.

Mr. Shao obtained a bachelor's degree in accounting from Shandong University in the PRC in July 2007 and was granted intermediate accountant certificate in August 2011.

Ms. Wang Ning, aged 39, was appointed as a non-executive director on March 28, 2024. Ms. Wang has been serving as the assistant to the general manager at Founder Digital Publishing Technology (Shanghai) Co., Ltd. from June 2011. From May 2014, she has been serving as assistant to the chief financial officer, assistant to the president, and securities affairs commissioner of InfoTM Micro-Electronics Co., Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 000670). She has been serving as the senior consultant and the senior consulting manager of Shanghai InFaith Group Co., Ltd from May 2020 and December 2020 respectively. Since February 2022, she has been working in the board office of Red Avenue New Materials Group Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603650), and was appointed as the securities affairs representative by the board of directors of the company in April 2022.

Ms. Wang graduated from Qingdao University of Science and Technology in July 2009 with a bachelor's degree in business administration. She obtained the securities practitioner qualification certificate in June 2015. In March 2017, she obtained the qualification certificate of board secretary issued by the Shenzhen Stock Exchange. She obtained the certificate of certified public accountant in March 2021 and became a non-practicing member of the Chinese Institute of Certified Public Accountants. In November 2022, she attended the 1st pre-appointment training for the board secretary of the Shanghai Stock Exchange in 2022 and successfully passed the test. In February 2023, she obtained the board secretary pre-appointment training certificate. In March 2024, she obtained the legal professional qualification certificate of the People's Republic of China.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Qingjun, aged 68, was appointed as an independent non-executive Director, the Chairman of the Nomination and Remuneration Committee and a member of each of the Audit Committee and the Development Strategy and Risk Management Committee on September 9, 2023. He was a senior partner of King & Wood Mallesons. With effect from January 2026, he has been a senior partner of Beijing Danghong Qingtian Law Firm. His major areas of practice include securities, finance, investment, financing, real estate, corporate, maritime commerce, insolvency, litigation as well as foreign-related legal affairs. He has a solid legal theory foundation and extensive legal practise experience. In the past 30 years, he has been adhering to the front line of project hosting work, enjoying a high reputation in the industry and among peers. Mr. Jin is one of the first lawyers who were granted Security Qualification Certificate in the PRC, focusing on securities-related legal affairs for more than 30 years. He was the general legal counsel of the Shenzhen Stock Exchange and a member of the Listing Regulatory Council. He is currently a legal counsel of various financial institutions, securities companies and listed companies at home and abroad.

Mr. Jin is currently an independent non-executive director of Times China Holdings Limited (a company listed on the Stock Exchange, stock code: 1233), Central Development Holdings Limited (a company listed on the Stock Exchange, stock code: 475) and Goldstream Investment Limited (a company listed on the Stock Exchange, stock code: 1328); a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000048); an independent director of Zhongtai Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600918); and an independent director of Invesco Great Wall Fund Management Co., Ltd. Since January 2026, Mr. Jin has been a non-executive director and the chairman of the board of Goldstone Capital Group Limited (01160).

Mr. Jin served as an independent director of Shenzhen Cheng Chung Design Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002811), an independent non-executive director of Guotai Junan Securities Co., Ltd. (a company listed on the Stock Exchange, stock code: 2611 and the Shanghai Stock Exchange, stock code: 601211), Bank of Tianjin Co., Ltd. (a company listed on the Stock Exchange, stock code: 1578) and Sino-Ocean Group Holding Limited (a company listed on the Stock Exchange, stock code: 3377).

Mr. Jin is also a part-time professor of the Chinese Academy of Governance, a part-time professor of the Law School of Renmin University of China, an arbitrator of the Shenzhen Court of International Arbitration, a mediator of the Shenzhen Securities and Futures Dispute Resolution Centre, an arbitrator of the South Africa International Commercial Arbitration Centre, a member of the Inter-Pacific Bar Association, a PRC legal counsel of the US Court of Appeals for the Washington D.C. Circuit and a member of the National Equities Exchange and Quotations Review Committee.

Mr. Jin graduated from the Foreign Language Department of Anhui University with a bachelor's degree in English and American literature in 1982. He graduated from the Graduate School of China University of Political Science and Law with a master's degree in international law in 1987. In 2009, he received a completion certificate for a research programme from the John F. Kennedy School of Government at Harvard University.

Directors and Senior Management

Mr. Wang Chuansheng, aged 66, was appointed as our independent non-executive Director and a member of each the Audit Committee and Development Strategy and Risk Management Committee with effect from September 10, 2018. Mr. Wang has been the director of Academic Division of Engineering in Qingdao University of Science & Technology since December 2016. In November 2015, Mr. Wang was appointed as the distinguished expert by Taishan Scholars and was awarded the Taishan Scholar Climbing Plan (泰山學者攀登計劃) Expert in 2020. Mr. Wang was a teacher of the mechanical faculty in Shandong Institute of Chemical Engineering from July 1982 to September 1984. Mr. Wang has been working at Qingdao University of Science & Technology (previously known as Qingdao Institute of Chemical Technology) (the “**University**”) since September 1984. From September 1984 to November 1984, Mr. Wang was a teacher in mechanical engineering faculty at the University. During the period between November 1984 and June 1995, he was the vice office manager of the chemical machinery faculty at the University. From June 1995 to December 1995, he acted as the vice-manager of the mechanical engineering faculty. Mr. Wang was promoted to the position of vice-principal of the machinery engineering faculty in December 1995, In March 2002, he was further promoted to the vice-principal of the electromechanical engineering faculty of the University. From April 2004 to December 2016, Mr. Wang was the head of the electromechanical engineering faculty of the University before he was promoted to the current position.

Mr. Wang obtained a doctorate degree in chemical process machinery from the School of Mechanical and Electrical Engineering of Beijing University of Chemical Technology in the PRC in June 2000. He was recognised as the professor of Qingdao University of Science & Technology by Shandong Province Higher Education Teacher Position Advanced Review Committee in December 1999.

Mr. Wang was awarded the “Second Prize of National Science and Technology Progress Award” by the State Council of the PRC in December 2001 for his “Synchronous Rotor Mixer Technology”, and was further awarded the “Second Prize of National Science and Technology Progress Award” by the State Council of the PRC in December 2011 for his “Industrialisation of Waste Rubber and Waste Plastics Pyrolysis of Resources Utilisation of Complete Sets of Technology and Equipment”. In October 2013, Mr. Wang was recognised as the National Oil and Chemical Outstanding Science and Technology Worker by the China Petroleum and Chemical Industry Federation. In August 2020, Mr. Wang was granted the title of the “Doctor of the Chemical Industry and Engineering Society of China (CIESC)” by the CIESC. In September 2019, he was granted the medal in commemoration of the 70th anniversary of the PRC by Chinese Communist Party Central Committee, the State Council and China’s Central Military Commission. In 2023, Mr. Wang won the Third National Innovation Award (第三屆全國創新爭先獎) and the Qingdao Science and Technology Highest Award (青島市科技最高獎).

Directors and Senior Management

Mr. Chan Chi Fung, Leo, aged 47, was appointed as our independent non-executive Director, chairman of the Audit Committee, and a member of the Nomination and Remuneration Committee with effect from March 1, 2026. Mr. Chan has been appointed as an independent non-executive director of Luyuan Group Holding (Cayman) Limited (a company listed on the Stock Exchange, stock code: 2451) since June 2023. Besides, Mr. Chan has been appointed as an independent non-executive director, chairman of audit committee, a member of nomination committee and remuneration committee of Ziyuanyuan Holdings Group Limited (a company listed on the Stock Exchange, stock code: 8223) since June 2018. Mr. Chan has been appointed an independent non-executive director and chairman of the remuneration committee of Sisram Medical Ltd (a company listed on the Stock Exchange, stock code: 1696) since August 2017. Previously, he served as an independent non-executive director and chairman of audit committee of Jinke Smart Services Group Co., Ltd. (a company listed on the Stock Exchange, stock code: 9666) from October 2020 to June 2023.

Mr. Chan has been the managing director of Red Solar Capital Limited since October 2017. He also served as the managing director of LY Capital Limited from May 2016 to October 2017, deputy managing director of VBG Capital Limited from May 2015 to April 2016, respectively. From December 2011 to April 2015, he worked at CITIC Securities International Company Limited, and his last position was a director at corporate finance department. From August 2007 to December 2011, he worked at BNP Paribas (Asia Pacific) Limited and his last position was an associate of the corporate financing department. He also served as an associate at the corporate finance department of CCB International Capital Limited in Hong Kong from July 2006 to July 2007, the officer of corporate financing department of Kingsway Group in Hong Kong from January 2005 to June 2006 and staff accountant of Ernst & Young from September 2001 to March 2004, respectively.

Mr. Chan obtained his bachelor's degree in business administration with a major in Accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan was admitted as a member of the Hong Kong Institute of Certified Public Accountants in October 2005.

SENIOR MANAGEMENT

Mr. Huang Xiaolei, aged 50, has been the senior financial controller of the financial centre of the Company since October 2022 and the chief financial officer of the Company since June 2023. Since July 2023 and March 2024, he has been serving as a director of Prinx Chengshan Tire North America LLC. and Prinx (Europe) (each being a subsidiary of the Company), respectively. Prior to joining the Group, from July 1996 to September 2008, Mr. Huang successively served as the treasury manager of the group's finance department of Shanghai Baosteel Group and the head of finance of its Italian subsidiary (based in Italy). From October 2008 to September 2022, Mr. Huang successively served as the senior manager of the group's finance centre of Luolai Home Textile Co., Limited (currently known as Luolai Life Technology Co., Limited, shares of which are listed on the Shenzhen Stock Exchange with stock code 002293), the chief financial officer of Jingyang (Shanghai) Container Leasing Co., Ltd., the chief financial officer of the China region of and the Asia Pacific region (based in Hong Kong) of MARCOLIN S.p.A.

Mr. Huang graduated from East China University of Science and Technology with a bachelor's degree in international business administration in June 1996. He graduated from Fudan University with an MBA degree in January 2012. Mr. Huang obtained a certificate of senior title in accounting from Shanghai Municipal Finance Bureau in 2009. Mr. Huang was named the management leading talent under the "Taishan Industry Leading Talent of Shandong Province" program in 2023, and obtained the senior professional title certificate of chief senior economist in Shandong Province in 2024.

Directors and Senior Management

Mr. Wang Yu, aged 52, has been the director of commercial vehicle replacement sales centre of the sales and marketing headquarters since January 2021. He joined the Group in February 2004 as a regional manager of Prinx (Shandong) Tire and was promoted to the position of sales manager in North China in June 2009 and vice-sales market department officer in April 2010, respectively. In March 2014, Mr. Wang was further promoted to the chief sales and market department officer position. Mr. Wang was responsible for the overall sales of commercial vehicle tire replacement of the Group. Prior to joining the Group, he joined Shandong Chengshan Tires Company Limited in August 2001 as a sales consultant.

Mr. Zhang Yougan, aged 51, joined the Group in June 2020. He has been the director, deputy general manager and in charge of the work of Prinx Thailand since October 2020, the general manager of Prinx Thailand from May 2021 to December 2025, and has served as the deputy general manager of Prinx (Shandong) Tire and presided over its work since December 2025. Prior to joining the Group, Mr. Zhang held various technical and management positions in Anhui Jiatong Tire Co., Ltd. from July 1996 to January 2015. He served as the assistant to the general manager of Anhui Jiatong Tire Co., Ltd. from January 2015 to June 2017. He served as the deputy general manager of Anhui Jiatong Tire Co., Ltd. from June 2017 to June 2020.

Mr. Zhang obtained a diploma in mechanical design and manufacturing from Hefei University of Technology in July 1996 and completed an EMBA study at Shanghai Better Education Institute of Management in February 2009.

Mr. Xu Jiangang, aged 48, has served as the deputy general manager of Prinx (Shandong) Tire since February 2021, the general manager of Prinx Chengshan (Shandong) Tire in January 2025 and the general manager of Prinx Thailand in December 2025. He joined the Shandong Company in July 1996 and served successively as the supervisor, deputy director and director of the all-steel vulcanization workshop from 2003 to November 2017. He served as the director of the all-steel semi-finished product workshop from December 2017 to February 2018, was promoted to deputy general manager of the semi-steel business department in March 2018, and was further promoted to deputy general manager of the manufacturing centre in January 2019.

Mr. Xu obtained a college diploma in mechatronics technology from Weihai Ocean Vocational College in June 2022. In December 2024, Mr. Xu was accredited as an engineer by the Rongcheng Intermediate Review Committee for Engineering and Technical Qualifications. In October 2025, Mr. Xu completed the Executive Business Administration (Leadership) Programme at Peking University.

COMPANY SECRETARY

Ms. Cao Xueyu, aged 55, was appointed as a joint company secretary of the Company on March 29, 2019 and became the sole company secretary of the Company on September 1, 2022. She was appointed as a Director on March 5, 2018 and resigned as a Director on March 28, 2024. She joined the Group as a director of Prinx Hong Kong Tire on July 1, 2016. She is a director of Prinx Rubber and Prinx Investment, subsidiaries of the Company. Prior to joining the Group, Ms. Cao was a cost accountant and sales accounting supervisor in Nestle Qingdao Limited from June 1994 to January 1997. She was responsible for the internal reportorial documentations relating to sales. In September 2000, she joined the Best Western International Inc. as an account clerk in its national office in New Zealand, and worked as the assistant accountant in April 2001 until May 2004. In September 2004, Ms. Cao was the finance manager of Wistar Enterprises Limited. She was responsible for supervising the finance team of the company to provide financial and management accounting support to the subsidiaries of the company.

Directors and Senior Management

Ms. Cao was awarded with the New Zealand Diploma in Business by the Auckland University of Technology, New Zealand, in April 2003. She was recognised as the Associate Chartered Management Accountant by the Chartered Institute of Management Accountants since November 2015. In October 2016, Ms. Cao was admitted as a certified accountant by the Certified Public Accountant Australia.

CHANGE OF DIRECTORS

Mr. Choi Tze Kit Sammy has resigned as a non-executive Director, the chairman of the Audit Committee and a member of the Nomination and Remuneration Committee with effect from March 1, 2026, to devote more effort on his personal career development.

Mr. Chan Chi Fung, Leo, has been appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of the Nomination and Remuneration Committee with effect from March 1, 2026.

For details of the change of Directors, please refer to the announcement of the Company dated February 12, 2026.

Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

SHARE OPTION SCHEME

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

2021 Share Option Scheme

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

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

Eligible participant means any employee or proposed employee (whether full time or part time) of any member of the Group or any invested entity, excluding any independent non-executive Directors of the Company, and provided that the proposed employee is actually employed by the Group and has passed the stipulated probation period.

As at the date of this report, the number of Shares available for issue under the 2021 Share Option Scheme is 10,910,000 Shares, representing approximately 1.71% (as at the date of the 2024 Annual Report: 1.71%) of the total number of Shares in issue as at the date of this annual report.

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

Report of the Directors

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

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

During the Reporting Period, no share options under the 2021 Share Option Scheme were exercised or cancelled and a total of 17,556,500 share options lapsed.

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

Share options granted in 2021

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

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

Report of the Directors

Share options granted in 2022

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

The grantees of the share options granted in 2022 are the employees of the Group, and no grantees were the Directors, chief executives or substantial shareholders of the Company, or an associate (as defined in the Listing Rules) of any of them.

Share options granted in 2023

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

The grantees of the share options granted in 2023 are the employees of the Group, including one senior management (as defined in the Listing Rules), and no grantees were the Directors, chief executives or substantial shareholders of the Company, or an associate (as defined in the Listing Rules) of any of them.

Details of the 2021 Share Option Scheme and the share options granted are set out in the circular of the Company dated April 15, 2021, and the announcements dated May 17, 2021, June 28, 2021, September 28, 2022, and September 28, 2023, respectively.

2019 Share Option Scheme

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

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

Report of the Directors

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

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

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

During the Reporting Period, no share options under the 2019 Share Option Scheme were canceled, and a total of 3,863,845 share options have lapsed and a total of 1,238,000 share options were exercised.

As the Company has terminated the 2019 Share Option Scheme on 2021 Adoption Date, under the 2019 Share Option Scheme, no share options were available for grant at the beginning and the end of the Reporting Period.

Share options granted in 2019

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

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

Report of the Directors

Share options granted in 2020

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

The grantees of the share options granted in 2020 are the employees of the Group, and no grantees were the Directors, chief executives or substantial shareholders of the Company, or an associate (as defined in the Listing Rules) of any of them.

Details of the 2019 Share Option Scheme and the share options granted are set out in the circular of the Company dated June 13, 2019, the announcements dated July 9, 2019 and July 9, 2020 and the circular dated April 15, 2021.

Share Options Exercised and Issued Shares

As mentioned above, 1,238,000 share options granted by the Company were exercised during the Reporting Period.

2024 SHARE AWARD SCHEME

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

Report of the Directors

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

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

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

Report of the Directors

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

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

Since the adoption of the 2024 Share Award Scheme (i.e. May 31, 2024) up to December 31, 2025, 2,620,000 awarded Shares have been granted to Selected Employees under the 2024 Share Award Scheme, of which 100,000 Shares were canceled. As at the date of this report, the number of shares that may be awarded under the 2024 Share Award Scheme is 1,580,000, representing 0.25% of the total number of shares issued by the Company as at the date of this report.

Report of the Directors

- Note 1:* The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. One third of the total number of the share options granted shall be vested and exercisable from the expiry of 12 months, 24 months and 36 months, respectively, on the 2019 Grant Date; if the share options are not vested due to the failure of meeting performance standards of the participants of the incentive scheme in the first three vesting periods, the share options granted shall be exercisable at any time from the expiry of 48 months from the 2019 Grant Date for the fourth exercise period subject to the fulfillment of performance standards in the fourth annual appraisal and the deferred vesting conditions, and the vesting proportion shall be the remaining unvested share options after excluding the lapsed share options. During the Reporting Period, all outstanding share options under the 2019 Share Option Scheme had expired.
- Note 2:* The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. Half of the total number of the share options granted shall be vested and exercisable from the expiry of 12 months and 24 months, respectively, on the 2020 Grant Date; if the share options are not vested due to the failure of meeting performance standards of the participants of the incentive scheme in the first two vesting periods, the share options granted shall be exercisable at any time from the expiry of 36 months from the 2020 Grant Date for the third exercise period subject to the fulfillment of performance standards in the third annual appraisal and the deferred vesting conditions, and the vesting proportion shall be the remaining unvested share options after excluding the lapsed share options. During the Reporting Period, all outstanding share options under the 2019 Share Option Scheme had expired.
- Note 3:* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the share options can be vested and exercised at any time after the expiration of 36 months and 60 months from the 2021 Grant Date, respectively. Subject to the vesting schedule, the share options are exercisable within a period of eight years commencing from the 2021 Grant Date. The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. As the vesting conditions have not been met, the unvested share options granted to such Grantee have lapsed in accordance with the terms of the 2021 Share Option Scheme.
- Note 4:* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the share options can be vested and exercised at any time after the expiration of 21 months and 45 months from the 2022 Grant Date, respectively. Subject to the vesting schedule, the share options are exercisable within a period of six years and nine months commencing from the 2022 Grant Date. The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. As the vesting conditions have not been met, the unvested share options granted to such Grantee have lapsed in accordance with the terms of the 2021 Share Option Scheme.
- Note 5:* Subject to the terms of the 2021 Share Option Scheme, 35% and the remaining 65% of the share options can be vested and exercised at any time after the expiration of 12 months and 33 months from the 2023 Grant Date, respectively. Subject to the vesting schedule, the share options are exercisable within a period of five years and nine months commencing from the 2023 Grant Date. The share options granted will vest upon achievement of the performance targets in the respective proportions and on the respective dates as specified in the offer letter. As the vesting conditions have not been met, the unvested share options granted to such Grantee have lapsed in accordance with the terms of the 2021 Share Option Scheme.

Report of the Directors

- Note 6:* The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$8.04 per share.
- Note 7:* The fair value of the award granted on December 16, 2025 was of HK\$9,765,000 as at the grant date. This fair value was calculated based on the market value of the shares as at the grant date.
- Note 8:* Details of the five highest paid employees are set out in Note 10 to the financial statements of the annual report of the Company for the year ended December 31, 2025.
- Note 9:* The purchase price of all the above-granted share awards is HK\$0.
- Note 10:* The closing price of the Company's shares immediately preceding the grant of share awards on December 16, 2025 was HK\$7.82 per share.

Save as disclosed above, (i) none of the Grantees is a Director, chief executive, substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them; (ii) none of the Grantees is a participant with Options granted or to be granted in any 12-month period exceeding the 1% individual limit under the Listing Rules; and (iii) none of the Grantees is a related entity participant or service provider (as defined under the Listing Rules).

Share Options Exercised and Issued Shares

As mentioned above, 1,238,000 share options granted by the Company were exercised as of December 31, 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing and sales of tire products in the PRC and other global markets. The analysis of the Group's principal business for the year ended December 31, 2025 is set out in note 1 to the consolidated financial statements.

RESULTS

The financial results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 109 to 110 of this annual report.

DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.5 per ordinary share before tax for the year ended December 31, 2025. The final dividend is subject to the approval of the shareholders of the Company at the annual general meeting to be held on June 22, 2026 (the "AGM") and will be paid around August 7, 2026 to the shareholders whose names appear on the register of members of the Company on July 30, 2026.

Report of the Directors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**"), the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China, and the Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of De Facto Management Bodies, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend to its non-resident enterprise shareholders, and the withholding and payment obligation lies with the Company. In respect of all shareholders whose names appear on the Company's register of members on Record Date who are not individuals (including HKSCC Nominees Limited ("**HKSCC**"), other corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the final dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the enterprise/individual income tax for all PRC resident enterprise, exempted institution and natural person shareholders whose names appear on the register of members of the Company on the record date for determination of entitlement to the final dividend.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Tricor Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled before 4:30 p.m. on July 28, 2026.

If you wish to change your shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the laws and the requirements of the relevant government departments and based on the register of members of the Company on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding of enterprise income tax.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 16, 2026, to Monday, June 22, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM to be held on Monday, June 22, 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, June 15, 2026.

Subject to the approval of the shareholders at the AGM, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on Thursday, July 30, 2026, being the record date for determination of entitlement to the final dividend. The register of members of the Company will be closed from Wednesday, July 29, 2026, to Thursday, July 30, 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, July 28, 2026.

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”). The Board shall consider the following factors before declaring or recommending dividends:

- the Company’s actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- the Group’s working capital requirements, capital expenditure requirements and future expansion plans;
- the Group’s liquidity position;
- general economic conditions, business cycle of the Group’s business and internal or external factors that may have an impact on the business, financial results and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to any restrictions under the applicable laws and the articles of association of the Company.

As stated in the prospectus of the Company dated September 24, 2018 (the “**Prospectus**”), the Group intends to pay dividends of not less than 20% of the future distributable net profit attributable to equity shareholders after the Listing. Going forward, the Group will continuously evaluate its dividend policy in light of its financial position and the prevailing economic environment. The decision to declare and pay dividends will be based on the Group’s profitability, cash flow, financial position, capital requirements, statutory reserve requirements and any other conditions considered relevant by our Directors. The payment of dividends may also be subject to legal restrictions and financing agreements that the Company may enter into in the future.

BUSINESS REVIEW

1. Business Review of the Company

The Company is principally engaged in the R&D, manufacturing and sales of tires. It has three product categories, namely All Steel Tires, Semi-Steel Tires and Bias Tires, covering passenger, commercial, industrial, agricultural and some special vehicle tires. The Company pursues the core strategies of “cost leadership, efficiency driven, differentiated competition and global operation”, focuses on improving the industrial ecological chain, and responds to the ever-changing needs of customers in a systematic, professional and rapid manner to create value for customers. Prinx Chengshan is a green development enterprise that attaches importance to safety, environmental protection, integrity, win-win and bears a strong sense of social responsibility.

Report of the Directors

For further details, please refer to related contents in this section and “Business Review and Outlook” in the section headed “Management Discussion and Analysis” in this annual report. Substantially all of the Group’s revenue was from sale of tires. The following table sets forth a summary of financial ratios for indicated periods and dates:

Financial Indicators	Year ended December 31,				
	2025	2024	2023	2022	2021
Revenue growth rate ⁽¹⁾	7.6%	10.3%	22.0%	8.2%	20.0%
Net profit increase rate ⁽²⁾	-17.1%	26.9%	162.4%	42.5%	-54.3%
Gross profit margin ⁽³⁾	18.1%	21.2%	21.3%	14.3%	13.8%
EBIT margin ⁽⁴⁾	10.3%	13.2%	12.1%	5.2%	3.6%
Net profit margin ⁽⁵⁾	9.2%	12.0%	10.4%	4.8%	3.7%
Return on equity ⁽⁶⁾	15.8%	21.9%	20.9%	9.4%	7.2%
Return on total assets ⁽⁷⁾	9.6%	12.1%	10.0%	4.1%	3.3%
Asset to liability ratio ⁽⁸⁾	38.8%	40.6%	48.8%	55.4%	56.9%
Trade receivables turnover days ⁽⁹⁾	70	65	59	61	67
Inventory turnover days ⁽¹⁰⁾	69	76	69	73	70

Notes:

- (1) Revenue growth rate = (revenue for the period/revenue for the previous period-1)* 100%;
- (2) Net profit increase rate = (net profit for the period/net profit for the previous period-1)* 100%;
- (3) Gross profit margin = (gross profit for the period/revenue for the period)* 100%;
- (4) EBIT margin = (profit before net finance costs and income tax expenses for the period/revenue for the period)* 100%;
- (5) Net profit margin = (net profit for the period/revenue for the period)* 100%;
- (6) Return on equity = (profit attributable to shareholders for the period/average equity attributable to shareholders of the Company at the beginning and the end of the period)* 100%;
- (7) Return on total assets = (net profit for the period/average total assets at the beginning and the end of the period)* 100%;
- (8) Asset to liability ratio = (total liabilities/total assets)* 100%;
- (9) Trade receivables turnover days = (total trade receivables at the beginning of the period + total trade receivables at the end of the period)/2/revenue for the period* 365 days; and
- (10) Inventory turnover days = (total inventory at the beginning of the period + total inventory at the end of the period)/2/cost of sales for the period* 365 days.

Report of the Directors

The Company selects representative financial indicators in terms of profitability, operational capability and solvency to analyse the Company's growth capability. The Company's financial indicators were stable, of which revenue increased by approximately 7.6% year-on-year and net profit decreased by approximately 17.1% year-on-year in 2025. In 2025, the Company recorded profit before income tax of approximately RMB1,194.4 million, representing a year-on-year decrease of approximately 13.7%. The decrease in profitability was mainly due to an increase in the cost of sales resulting from North American reciprocal tariffs. The asset to liability ratio of the Company as at December 31, 2025 decreased by approximately 1.8 percentage points year-on-year, which was mainly due to an increase in total assets resulting from the increase in net profit for the period. While progressively expanding production capacity, the Company has maintained sufficient liquidity and strong solvency. The Company's trade receivables turnover days in 2025 were approximately 70 days, representing an increase of 5 days as compared to that of 2024. The change was primarily due to an increase in the proportion of direct sales to automobile manufacturers, for which the longer settlement period drove up the overall turnover days. Inventory turnover days were approximately 69 days, a decrease of 7 days from 2024, with a simultaneous improvement in inventory turnover efficiency, which was driven by the dual effects of the high inventory base at the end of 2024 and the continued strengthening of inventory control during the period. In view of the above, the Company has relatively high competitiveness and strong capability for operation and management and can continue to create value for shareholders.

2. Development Strategies of the Company

(1) Planning of the Company

1. With the vision and mission of "leading tire innovation, contributing to smart travel and sustainable development, and achieving a better life", the Group firmly implements the four core development strategies of "cost leadership, efficiency driven, differentiated competition, and global operation", grasps the development trend of the industry, and is committed to improving the innovation ability and core competitiveness of the enterprise, so as to promote smart travel and sustainable development.
2. The Group has formulated a medium-and-long term plan for steady and long-term development. Through the realisation of strategic objectives, the Company will return to the leading position in the domestic industry, build a world-class tire manufacturer, and achieve technology-led tire innovation.
3. The Group is customer-centric, market-oriented, with sales target as an evaluation tool, and builds itself into a world-class tire manufacturer by focusing on the six strategic dimensions of marketing, R&D, manufacturing, team, system and mode. The Group strives for the coordination of the entire value chain including procurement, supply chain, finance, manufacturing, quality, R&D and market to support high-quality corporate development.
4. The Group consolidates the construction of three talent teams, namely management, R&D and production, and cultivates a corporate culture based on the core values of "customer first, responsibility, professionalism, innovation and openness".
5. The Group pursues a multi-brand strategy, strives to achieve the internationalization and localization and differentiates the development of its four major brands under the Group, namely Prinx, Chengshan, Austone and Fortune, to enhance the brand competitiveness based on core products, and to help each user explore a better life with new manufacturing intelligence and perceptible technology.

Report of the Directors

6. Based on the enhancement of core R&D capabilities by the Company's multi-scale tire full life cycle manufacturing innovation centre, the Group continuously improves its technology value-added services to form a competitive advantage in the market.
7. The Group is actively building the CS-LEAD model of "Construction (a two-level management and control system that matches the strategy), System Building Team, Learning Organization, Excellence Engineer Culture, Assessment & Inspiring and Dual Development Channel", to achieve the goal of broadening the channels of employee growth, paying attention to the employee happiness index of, and becoming an enterprise that employees feel happy, welcomed by customers and respected by the society.

(2) Opportunities of the Company

1. The increase in vehicle ownership in the PRC, coupled with the regulation of the production order of the industry by the introduction of relevant national policies such as the adjustment of industrial structure and the optimisation of industrial layout, has driven the development of the tire industry and brought opportunities for the development of the Company.
2. The PRC government's emphasis on environmental protection and sustainable development has led to favourable support and promotion of new energy vehicles, and the rapid growth of China's new energy vehicle market has provided a good development opportunity for the Company's OE business.
3. Under the background of "Carbon Peak, Carbon Neutrality", the Company has continued to promote low-carbon energy structure, intelligent manufacturing and digital transformation in recent years, laying a foundation for the Company to achieve low-carbon transformation and high-quality development.
4. The Company's management system is improving, the management team is relatively stable, and the personnel structure tends to be reasonable, laying a good human resources foundation for the development of the Company.
5. The reasonable capital structure, sufficient cash flow and stable financial position of the Company provide good financial conditions for leapfrog development.
6. With the layout of sales companies in Europe, America and production bases in Thailand and Malaysia, the Company has basically formed a global production and operation pattern, and is more confident to cope with the challenges brought by the changes in the international situation.
7. The air springs market in the PRC has great growth potential due to the increasing demand for air springs as a result of rising consumer demand for comfort.
8. For new products that require compulsory product certification, there is an opportunity to make early market preparations. It will enable the Company to establish competitive advantages in the market, increase market share, and also gain consumer recognition of product quality and safety.

Report of the Directors

3. Environmental Policies and Performance of the Company

The Group complies with various environmental laws and regulations. Hazardous materials involved in the production process are stored, used and disposed of in accordance with regulatory requirements. The waste water, waste gas and other pollutants generated during the production process of the Group are in compliance with national emission standards and disposal requirements. Hazardous waste is stored and disposed of in accordance with regulatory requirements. The Company has established the Environmental Compliance Obligation Identification Management Procedures and the Environmental Information Exchange Management Procedures to receive national and local policies and regulations on environmental protection and take corresponding actions.

4. Future Prospects

The outlook of the Group is set forth in the section headed “Management Discussion and Analysis” of this annual report.

5. Risks and Uncertainties and Compliance with Relevant Laws and Regulations

A description of the principal risks and uncertainties that the Group may be facing and compliance with the relevant laws and regulation are contained in the section headed “Management Discussion and Analysis” of this annual report.

FINANCIAL HIGHLIGHTS

A summary of the consolidated statement of profit or loss and the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 4 to 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended December 31, 2025, the transaction amounts attributable to the Group’s top five customers accounted for approximately 13.4% (2024: 12.4%) of the Group’s total revenue, while the transaction amounts attributable to the Group’s single largest customer accounted for approximately 3.7% (2024: 3.8%) of the Group’s total revenue.

Major Suppliers

For the year ended December 31, 2025, the transaction amounts attributable to the Group’s top five suppliers accounted for approximately 18.5% (2024: 15.1%) of the Group’s total purchases, while the transaction amounts attributable to the Group’s single largest supplier accounted for approximately 4.3% (2024: 4.1%) of the Group’s total purchases.

In 2025, save as disclosed in note 36 to the consolidated financial statements, none of the Directors, any of their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) was interested in the top five customers or suppliers of the Group.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group in 2025 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company in 2025 are set out in note 25 to the consolidated financial statements.

RESERVE

Details of movements in the reserves of the Company and the Group in 2025 are set out in notes 37 and 27 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's reserves available for distribution amounted to approximately RMB2,186.9 million (as at December 31, 2024: approximately RMB2,308.9 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2025 are set out in note 28 to the consolidated financial statements.

DIRECTORS

The Directors in 2025 and up to the date of this annual report are as follows:

Executive Directors:

Che Baozhen
Shi Futao
Jiang Xizhou

Non-executive Directors:

Che Hongzhi
Shao Quanfeng
Wang Ning

Independent Non-executive Directors:

Jin Qingjun
Choi Tze Kit Sammy (resigned on March 1, 2026)
Wang Chuansheng
Chan Chi Fung, Leo (appointed on March 1, 2026)

Report of the Directors

In accordance with Article 108 of the Articles of Association, Mr. Che Baozhen, Mr. Shi Futao and Mr. Wang Chuansheng shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

A circular setting out, among other things, details of the Directors subject to rotation and re-election at the AGM will be dispatched to the Shareholders in due course.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 43 to 50 of this annual report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent for the year ended December 31, 2025.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). For details of the service contracts and the appointment letters of each of the Directors, please refer to the section headed "Corporate Governance Report" in this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 36 to the consolidated financial statements, no Director (or entity connected with any of the Directors) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party in 2025 and up to the date of this annual report.

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 in 2025 and up to the date of this annual report.

EMOLUMENT POLICY

The primary duties of the Nomination and Remuneration committee of the Company are to make recommendations to the Board on the appointment of the Directors, the management of the Board's succession, the overall remuneration policy and structure relating to all the Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration.

In determining the remuneration of Directors and senior management, the Board takes into consideration the remuneration level of comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of each Director and the Company's performance.

Report of the Directors

Details of the emoluments of the Directors and the five highest paid individuals in 2025 are set out in note 10 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 10 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the “Share Option Scheme” and “2024 Share Award Scheme”, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

CHANGES IN INFORMATION OF DIRECTORS

During the period from the date of the 2025 interim report up to the date of this report, save as disclosed in this annual report in relation to “Directors”, there is no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

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

As at December 31, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules were as follows:

Name	Capacity/nature of interest	Number of Shares	Long/short position	Shareholding in the Company Approximate percentage
Mr. Che Hongzhi	Interest of spouse	449,301,000 (Note 1)	Long position	70.35%
Mr. Che Baozhen	Interest of controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Mr. Shi Futao	Beneficial owner	3,832,000 (Note 3)	Long position	0.60%
Mr. Jiang Xizhou	Beneficial owner	4,450,000 (Note 4)	Long position	0.70%

Report of the Directors

Notes:

- (1) Mr. Che Hongzhi is the spouse of Ms. Li Xiuxiang. As such, he is deemed to be interested in all the Shares in which Ms. Li Xiuxiang are interested.
- (2) As at December 31, 2025, Mr. Che Baozhen directly owned 50% equity interest in Shanghai Chengzhan Information Technology Centre (“**Shanghai Chengzhan**”), which in turn owned 95% equity interest in Beijing Zhongmingxin Investment Co., Ltd. (“**Beijing Zhongmingxin**”), which in turn controlled 39.79% equity interest in Chengshan Group. As such, Mr. Che Baozhen, Shanghai Chengzhan and Beijing Zhongmingxin are deemed to be interested in the interests of Chengshan Group.
- (3) As at December 31, 2025, 3,250,000 options held by Mr. Shi Futao had lapsed in accordance with the terms of the 2021 Share Option Scheme. As at December 31, 2025, he held interests in 400,000 Shares through the awards granted under the share award scheme under physically settled equity derivatives.
- (4) As at December 31, 2025, 3,250,000 options held by Mr. Jiang Xizhou had lapsed in accordance with the terms of the 2021 Share Option Scheme. As at December 31, 2025, he held interests in 1,200,000 Shares through the awards granted under the share award scheme under physically settled equity derivatives.
- (5) The calculation is based on the total number of 638,645,000 Shares in issue as at December 31, 2025 and the Company did not hold any treasury shares as at December 31, 2025.

Save as disclosed above, as at December 31, 2025, none of the Directors or chief executive of the Company had any interests 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at any time for the year ended December 31, 2025 none of the Company or its subsidiaries was a party to any arrangement that would enable the Directors or the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

Report of the Directors

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

As at December 31, 2025, to the knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained pursuant to section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares	Long/short position	Shareholding in the Company Approximate percentage
Sinotruk (Hong Kong) Capital Holding Limited	Beneficial owner	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (Hong Kong) International Investment Limited	Interest of controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (Hong Kong) Limited	Interest of controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Sinotruk (BVI) Limited	Interest of controlled corporation	54,873,500 (Note 1)	Long position	8.59%
China National Heavy Duty Truck Group Co., Ltd.	Interest of controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Shandong Heavy Industry Group Co., Ltd.* (山東重工集團有限公司)	Interest of controlled corporation	54,873,500 (Note 1)	Long position	8.59%
Chengshan Group	Beneficial owner	436,600,000 (Note 2)	Long position	68.36%
	Interest of controlled corporation	12,701,000 (Note 2)	Long position	1.99%
Beijing Zhongmingxin	Interest of controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Shanghai Chengzhan	Interest of controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Ms. Li Xiuxiang	Interest of controlled corporation	449,301,000 (Note 2)	Long position	70.35%
Ms. Bi Wenjing	Interest of spouse	449,301,000 (Note 2)	Long position	70.35%
Sino Legend Holding Group Limited	Beneficial owner	32,674,500 (Note 4)	Long position	5.12%
Sino Legend (China) Chemical Company Ltd.	Interest of controlled corporation	32,674,500 (Note 4)	Long position	5.12%
Red Avenue New Materials Group Co., Ltd.	Interest of controlled corporation	32,674,500 (Note 4)	Long position	5.12%
Red Avenue Investment Group Limited	Interest of controlled corporation	32,674,500 (Note 4)	Long position	5.12%
ZHANG NING	Interest of controlled corporation	32,674,500 (Note 4)	Long position	5.12%

Report of the Directors

Notes:

(1) As at December 31, 2025, Shandong Heavy Industry Group Co., Ltd. held 65% interest in China National Heavy Duty Truck Group Co., Ltd., which in turn owned 100% of the interests of Sinotruk (BVI) Limited. Sinotruk (BVI) Limited held 51% of the issued share capital of Sinotruk (Hong Kong) Limited. Sinotruk (Hong Kong) Limited held 100% of the issued share capital of Sinotruk (Hong Kong) International Investment Limited, which in turn held 100% of the issued share capital of Sinotruk (Hong Kong) Capital Holding Limited, which in turn held 54,873,500 shares of the Company. As such, Shandong Heavy Industry Group Co., Ltd., China National Heavy Duty Truck Group Co., Ltd., Sinotruk (BVI) Limited, Sinotruk (Hong Kong) Limited and Sinotruk (Hong Kong) International Investment Limited are deemed to be interested in the 54,873,500 Shares held by Sinotruk (Hong Kong) Capital Holding Limited.

(2) As at December 31, 2025, Ms. Li Xiuxiang directly owned 50% of the equity interest in Shanghai Chengzhan, which owned 95% of the equity interest in Beijing Zhongmingxin, which in turns owned 39.79% of the equity interest in Chengshan Group.

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

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

(3) Ms. Bi Wenjing is the spouse of Mr. Che Baozhen. As such, she is deemed to be interested in all the Shares in which Mr. Che Baozhen is interested.

(4) As at December 31, 2025, Sino Legend (China) Chemical Company Ltd. held 100% interest in Sino Legend Holding Group Limited, and Red Avenue New Materials Group Co., Ltd. held 100% interest in Sino Legend (China) Chemical Company Ltd. Red Avenue Investment Group Limited held 49.11% of the issued share capital of Red Avenue New Materials Group Co., Ltd., ZHANG NING directly held 100% of the issued share capital of Red Avenue Investment Group Limited and Sino Legend Holding Group Limited held 32,674,500 shares of the Company. As such, ZHANG NING, Sino Legend (China) Chemical Company Ltd., Red Avenue New Materials Group Co., Ltd. and Red Avenue Investment Group Limited are deemed to be interested in 32,674,500 Shares held by Sino Legend Holding Group Limited.

(5) The calculation is based on the total number of 638,645,000 Shares in issue as at December 31, 2025 and the Company did not hold any treasury shares as at December 31, 2025.

Save as disclosed above, as at December 31, 2025, to the knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares, if any) during the year ended December 31, 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Report of the Directors

TAX RELIEF

Under the laws of the Cayman Islands, there is no tax imposed on individuals or corporations by reason of holding of the Company's shares with respect to profits, income, gains or appreciations and there is no tax in the nature of inheritance tax or estate duty.

NON-COMPETITION UNDERTAKING

Chengshan Group, Mr. Che Hongzhi, the chairman of the Board and a non-executive Director of the Company, Ms. Li Xiuxiang, Mr. Che Baozhen, an executive Director and the chief executive officer of the Company, Ms. Bi Wenjing, Rongcheng Dongsheng Property Rental Company Limited* (榮成東晟房屋租賃有限公司), Beijing Zhongmingxin* (北京中銘信), Rongcheng Chengyuan Shareholding Investment Centre* (榮成成源股權投資中心), Rongcheng Hongsheng Shareholding Investment Centre* (榮成鴻昇股權投資中心), Rongcheng Chengda Shareholding Investment Centre* (榮成成大股權投資中心), Rongcheng Chenghai Shareholding Investment Centre* (榮成成海股權投資中心), Rongcheng Pucheng Shareholding Investment Centre* (榮成浦成股權投資中心), Rongcheng Haocheng Shareholding Investment Centre* (榮成浩成股權投資中心) and Beijing Baichuantong Consultant Company Limited* (北京百川通諮詢有限責任公司) ("**Beijing Baichuantong**") (the "**Deed of Non-Competition Parties**") as then controlling shareholders of the Company entered into a deed of non-competition ("**Deed of Non-Competition**") on September 10, 2018, pursuant to which the Deed of Non-Competition Parties have, irrevocably and unconditionally, undertaken to and covenanted with the Group during the control period that, he/it will not, and will procure his/its close associates (except any members of the Group) not to, directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or corporation, among other things, engage, participate or hold interests in or otherwise be involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which competes or is likely to compete with the tire manufacturing business and tire sales business of our Company in the PRC.

Please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus for details of the Deed of Non-Competition.

On June 19, 2019, Beijing Baichuantong transferred all of its 95% equity interest in Beijing Zhongmingxin to Shanghai Chengzhan. Upon completion of the transfer, each of Mr. Che Baozhen and Ms. Li Xiuxiang directly owns 50% equity interest in Shanghai Chengzhan, which in turn owns 95% equity interest in Beijing Zhongmingxin, which in turn owns 39.79% equity interest in Chengshan Group. Accordingly, Mr. Che Baozhen, Ms. Li Xiuxiang, Shanghai Chengzhan and Beijing Zhongmingxin are deemed to be interested in the interests of Chengshan Group. Beijing Baichuantong ceased to be a controlling shareholder of the Company. Shanghai Chengzhan replaced Beijing Baichuantong as a controlling shareholder of the Company. Shanghai Chengzhan is also a close associate of Mr. Che Baozhen and Ms. Li Xiuxiang as defined under the Deed of Non-competition.

The Company has received the annual confirmation from the signed Deed of Non-Competition Parties in respect of their compliance with the Deed of Non-Competition in 2025 for disclosure in this annual report.

The independent non-executive Directors have reviewed the implementation of the Deed of Non-Competition in 2025 based on the information and confirmation provided by or obtained from the controlling shareholders of the Company, and were satisfied that the controlling shareholders have complied with the Deed of Non-Competition.

Report of the Directors

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of the Group during the year ended December 31, 2025.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as disclosed in the below sections headed "Related Party Transactions" and "Continuing Connected Transactions" and note 36 to the consolidated financial statements, none of controlling shareholders of the Company or any of their respective subsidiaries had entered into any contract of significance (including for the provision of services to the Group) with the Company or any of its subsidiaries for the year ended December 31, 2025.

DIVIDEND WAIVED OR AGREED TO BE WAIVED BY SHAREHOLDERS

For the year ended December 31, 2025, the Board confirms that no Shareholder has waived or agreed to waive any dividend.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 36 to the consolidated financial statements. Details of any related party transactions which constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules are disclosed below, and other related party transactions (other than the purchase of water and electricity from Chengshan Group, which are fully exempt from the disclosure requirements under Chapter 14A of the Listing Rules) do not constitute connected transactions.

The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above related party transactions.

CONNECTED TRANSACTIONS

Leasing properties from Chengshan Group

On December 19, 2023, Prinx (Shandong) Tire renewed a property lease agreement with Chengshan Group in relation to the leasing of certain properties by the Group from Chengshan Group (the "**2024 Property Lease Agreement**") for a term of three years from January 1, 2024 to December 31, 2026, pursuant to which, Prinx (Shandong) Tire has leased from Chengshan Group (i) part of the office units located at No. 98 Nanshan North Road, Rongcheng City, Shandong Province, the PRC, with a total area of 6,988.92 sq.m as office premises; (ii) Nos. 49-53 and 55 Guotai Community, Rongcheng City, Shandong Province, the PRC with a total area of 11,597.92 sq.m as dormitories; and (iii) No. 56 Guotai Community, Rongcheng City, Shandong Province, the PRC with a total area 3,124.65 sq.m as staff canteen. The value of the right-of-use asset recognized under the 2024 Property Lease Agreement is approximately RMB24.9 million. In respect of the rent amount, the actual transaction amount for these connected transactions for the year ended December 31, 2025 was approximately RMB8.1 million.

Report of the Directors

As the Group has historically leased from Chengshan Group certain properties as office space, dormitories and staff canteen, it is in the interests of the Group in terms of cost, time and stability to enter into the 2024 Property Lease Agreement. The Directors consider it beneficial to enter into the 2024 Property Lease Agreement so long as the relevant rental fees and other terms are no less favourable to the Group than those of comparable properties available from Independent Third Parties, in order to avoid unnecessary relocation costs and disturbance to the Group's operations.

The transaction under the 2024 Property Lease Agreement is regarded as an acquisition of asset under Rule 14.04(1)(a) of the Listing Rules. The value of the right-of-use asset recognized under the 2024 Property Lease Agreement is approximately RMB24.9 million. As the highest percentage ratio is more than 0.1% but less than 5%, the transaction is classified as a one-off connected transaction and is subject to announcement and reporting requirements but exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

Payment to the Trustee of the 2024 Share Award Scheme

On June 13, 2025, the Board has considered and approved the proposal of the Company or the person designated by the Company (including the subsidiaries of the Company) paying the Trustee a maximum amount of HK\$35 million in cash for covering the purchase price or the required expenses in respect of the Share(s) granted and to be granted under the 2024 Share Award Scheme. The Cash Amount will be paid in tranches by the Company or the person designated by the Company (including the subsidiaries of the Company) with its own funds, which will constitute the part of the trust assets. The Company has appointed Futu Trustee Limited as the Trustee of the 2024 Share Award Scheme. Given that the aggregate interests of connected persons of the Company under the 2024 Share Award Scheme exceed 30%, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee becomes an associate of the connected persons of the Company and the payment of Cash Amount to the Trustee by the Company or a designated person of the Company (including a subsidiary of the Company) constitutes a connected transaction of the Company. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) exceeds 0.1% but is less than 5%, payment of the Cash Amount to the Trustee is subject to the reporting, annual review and announcement requirements under the Listing Rules, but is exempted from independent Shareholders' approval requirements.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

For the year ended December 31, 2025, the Group had the following continuing connected transactions:

Name of relevant connected persons	Connected relationship with the Group	Nature of transactions	Annual cap for the year ended December 31, 2025 (RMB' 000)	Actual transaction amount for the year ended December 31, 2025 (RMB' 000)
Rongcheng Chengshan Energy-Saving Services Co., Ltd. (" Rongcheng Chengshan Energy-Saving Services ")	Rongcheng Chengshan Energy-Saving Services is a wholly-owned subsidiary of Chengshan Group, the controlling Shareholder	Energy management	11,000	10,738
Rongcheng Chengshan Properties Co., Ltd. (" Rongcheng Chengshan Properties ")	Rongcheng Chengshan Properties is wholly-owned by Chengshan Group, the controlling Shareholder	Property services	6,800	6,415

Purchasing property services from Rongcheng Chengshan Properties

Prinx (Shandong) Tire entered into the 2024 property services agreement (the "**2024 Property Services Agreement**") with Rongcheng Chengshan Properties on December 19, 2023. Pursuant to the 2024 Property Services Agreement, the services to be provided by Rongcheng Chengshan Properties includes control of access to facilities, security, management of vehicles, cleaning, gardening, conference room management and repair and maintenance of common area and shared facilities. The term of the agreement is 3 years from January 1, 2024 to December 31, 2026.

The proposed annual caps for the transactions contemplated under the 2024 Property Services Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB6.8 million, RMB6.8 million and RMB6.8 million, respectively. The above annual caps are arrived at based on (i) the historical amounts paid by the Group to Chengshan Group under the previous property services agreement; (ii) the anticipated increase in labor costs to be incurred for providing such services; and (iii) the prevailing market rates for similar services in the PRC. In respect of the purchase amount, the actual transaction amount of such continuing connected transactions as at December 31, 2025 was approximately RMB6.4 million.

The principal business of Chengshan Group includes property management. The Board considers that the provision of property management services by Chengshan Group helps to promote good property management service quality. The arrangement with Chengshan Group has been in place for a number of years, therefore so long as the relevant fees and other terms are no less favourable to the Group than those of comparable services available from Independent Third Parties, in order to avoid unnecessary disturbance to the Group's operations, the Directors consider it beneficial to enter into the 2024 Property Services Agreement.

Report of the Directors

Purchasing Energy-saving Services from Rongcheng Chengshan Energy-Saving Services

On December 19, 2023, Prinx (Shandong) Tire entered into an energy management framework agreement with Rongcheng Chengshan Energy-Saving Services (the “**2024 Energy Management Framework Agreement**”). Pursuant to the 2024 Energy Management Framework Agreement, the scope of energy management services provided by Rongcheng Chengshan Energy-Saving Services remains the same as the previous energy management framework agreement. The term of the agreement is 3 years from January 1, 2024 to December 31, 2026. The actual purchase amount for the year ended 31 December 2025 was approximately RMB10.7 million.

The proposed annual caps for the transactions contemplated under the 2024 Energy Management Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB11.0 million, RMB11.0 million and RMB11.0 million, respectively. The above annual caps are arrived at based on (i) the historical amounts paid by the Group to Chengshan Group under the previous energy management framework agreement; (ii) the expected energy-saving efficiency measures under the 2024 Energy Management Framework Agreement; (iii) the expected energy-saving renovation projects of Prinx (Shandong) Tire including the proposed benefit-sharing of the addition of energy saving retrofit projects such as water pumping systems in 2024, motor retrofit projects, central air conditioning retrofit projects for integrated pumping stations, and servo motor retrofit projects in 2025, and the permanent magnet motors and other retrofit projects in 2026; and (iv) following arm’s length negotiations between Rongcheng Chengshan Energy-Saving Services and Prinx (Shandong) Tire, with reference to previous prices.

In the specific implementation process of energy-saving services, the parties, through on-site measurement and technical exchanges, agreed that if Rongcheng Chengshan Energy-Saving Services carried out energy-saving renovation on the energy system of Prinx (Shandong) Tire, huge energy-saving benefits would be generated to Prinx (Shandong) Tire. The arrangement with Chengshan Group has been in place for a number of years and will achieve the goal of reducing Prinx (Shandong) Tire’s electricity consumption cost, while ensuring the smooth running of the energy-saving renovation project. Through the energy-saving retrofit projects such as water pumps, it is expected to achieve reduction in energy consumption of 17.3 million kWh of electricity (equivalent to 2,126 tons of standard coal) in 2024; 18.06 million kWh of electricity (equivalent to 2,219 tons of standard coal) in 2025; and 17.08 million kWh of electricity (equivalent to 2,099 tons of standard coal) in 2026, which will help the Group’s energy conservation and consumption reduction. As such, the Directors consider it beneficial to enter into the 2024 Energy Management Framework Agreement so long as the relevant service fee and other terms are no less favourable to the Group than those of comparable services available from Independent Third Parties.

For the 2024 Property Services Agreement and the 2024 Energy Management Framework Agreement, as one or more of the applicable percentage ratios for the annual caps contemplated under each of the agreements exceed 0.1% but all of which are less than 5%, the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Rule 14A.76(2) of the Listing Rules.

For details of the above connected transactions and the continuing connected transaction agreements, please refer to the announcement published by the Company on December 19, 2023.

Report of the Directors

For the details of the above continuing connected transactions, including specific pricing terms or procedures under each agreement and material data about pricing policies and guidance, please refer to the section headed “Continuing Connected Transactions” in the Prospectus and the announcements published by the Company on December 18, 2020 and December 19, 2023. In 2024, the Group followed these pricing policies and guidance in respect of the values and transaction terms under which continuing connected transactions were entered into.

In 2025, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal or better commercial terms; and
- (iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions and has followed the policies and guidelines as set out in the relevant connected transaction announcements and circulars when determining the price and terms of the continuing connected transactions in 2025.

The Company’s auditor was engaged to report on the Group’s non-exempt continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practise Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above.

The Directors confirm that the auditors have confirmed the matters set out in Rule 14A.56 of the Listing Rules.

Save as disclosed in this annual report, in 2025, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

SANCTIONED BUSINESS ACTIVITIES

During the year ended December 31, 2025, the Company had fulfilled its undertakings to the Stock Exchange in relation to conducting business with countries subject to laws and regulations relating to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, enforced and enforced by the U.S. government, the European Union and its member states, the United Nations or the Government of Australia. Details of the Company’s undertakings are set out in the section headed “Business – Business Activities in Countries subject to International Sanctions – Our undertakings and internal control procedures” in the Prospectus.

In 2025, no business had been taken place between the Group and the countries subject to international sanctions.

Report of the Directors

CHARITABLE DONATIONS

In 2025, charitable and other donations of approximately RMB1,881,560 was made by the Group (2024: RMB208,749).

MATERIAL LEGAL PROCEEDINGS

For the year ended December 31, 2025, the Company were not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

Pursuant to the Articles of Association, the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. Such person shall not be liable to account to any of them for the acts, receipts, neglects or defaults of any other of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonesty or recklessness. To indemnify the Company and/or the Directors (and/or other officers) named for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by any Director (and/or other officers) or any of them of their duties to the Company, the Company may make a payment of insurance premium or other moneys for maintaining insurance, bonds or other instruments for the benefit of the Company or the Directors (and/or other officers) or any of them.

Controlling Shareholder's Specific Performance Obligations under the Financing Agreement

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

Report of the Directors

Under the BOC Agreement, Prinx Thailand shall procure that:

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

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

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

As at the date of this report, both the BOC Agreement and the HSBC Agreement have expired.

The details of the loan agreements with specific performance covenants are set out in the announcements issued by the Company on March 17, 2020, July 7, 2021 and March 20, 2024.

SUBSEQUENT EVENTS

There are no significant events after the balance sheet date.

AUDIT COMMITTEE

The audit committee of the Company has, together with the management and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2025.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high level of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 82 to 103 of this annual report.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company’s total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at any time in 2025 and up to the date of this annual report.

Report of the Directors

AUDITOR

PricewaterhouseCoopers has been appointed as auditor for the year ended December 31, 2025. PricewaterhouseCoopers has audited the accompanying financial statements, which were prepared in accordance with the HKFRSs.

No change in the auditor of the Company in any of the preceding three years.

By order of the Board
Chairman and Non-executive Director
Che Hongzhi

Shandong, March 30, 2026

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high level of corporate governance through an effective board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency to all the Shareholders, to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has been in compliance with the applicable code provisions under Part II of the CG Code for the year ended December 31, 2025. The Company will continue to review and monitor its corporate governance practices in order to ensure the compliance with the CG Code. For the Company’s corporate culture, please refer to the section named “Organisational management upgrade and corporate culture construction” in the “Management Discussion and Analysis” in this annual report.

THE BOARD

Responsibility

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees, including the Audit Committee (the “**Audit Committee**”), the Nomination and Remuneration Committee (the “**Nomination and Remuneration Committee**”), the Development Strategy and Risk Management Committee (the “**Development Strategy and Risk Management Committee**”) (collectively, the “**Board Committees**”). The Board has delegated to these Board Committees responsibilities as set out in their respective terms of reference.

To further promote and strengthen the Group’s ESG and risk management governance structure, the Board has decided to re-define and clarify the duties of the Audit Committee and the Development Strategy and Risk Management Committee. With effect from 30 March 2026, the Audit Committee shall be renamed as the Audit and Risk Management Committee (the “**Audit and Risk Management Committee**”) to unify the function of reviewing the Group’s risk management and internal control systems, and the Development Strategy and Risk Management Committee shall be renamed as the Development Strategy and ESG Committee (the “**Development Strategy and ESG Committee**”) to comprehensively advance ESG practices at a strategic level.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times. The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

Corporate Governance Report

BOARD COMPOSITION

As at the date of this annual report, the Board comprised three executive Directors, three non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

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

Non-executive Directors:

Che Hongzhi (*Chairman*)
Shao Quanfeng
Wang Ning

Independent Non-executive Directors:

Jin Qingjun
Choi Tze Kit Sammy (resigned on March 1, 2026)
Wang Chuansheng
Chan Chi Fung, Leo (appointed on March 1, 2026)

The biographies of the Directors are set out in section headed “Directors and Senior Management” in this annual report.

For the year ended December 31, 2025, the Board had met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee and the Nomination and Remuneration Committee.

As regards the code provision under the CG Code requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Corporate Governance Report

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the Reporting Period, all current Directors had received relevant training on corporate governance and regulatory issues, and provided their training records. In view of the above, the Company considers that all Directors have complied with the code provision C.1.4 of the CG Code.

A summary of the continuous professional development activities relating to the business of the Group participated by the Directors during the year ended December 31, 2025 is as follows:

Name of Director	Training form	Training Content
Executive Directors		
Che Baozhen	Meetings/seminars/training sessions	Laws and Regulations/Corporate Governance/Industry-related/Capital Market
Shi Futao	Meetings/seminars/training sessions	Laws and Regulations/Corporate Governance/Industry-related/Capital Market
Jiang Xizhou	Meetings/seminars/training sessions	Laws and Regulations/Corporate Governance/Industry-related/Capital Market
Non-executive Directors		
Che Hongzhi	Meetings/seminars/training sessions	Industry-related/Laws and Regulations/Corporate Governance
Shao Quanfeng	Meetings/seminars/training sessions	Industry-related/Laws and Regulations/Corporate Governance
Wang Ning	Meetings/seminars/training sessions	Industry-related/Laws and Regulations/Corporate Governance
Independent Non-executive Directors		
Jin Qingjun	Meetings/seminars/training sessions	Industry-related/Laws and Regulations/Capital Market
Choi Tze Kit Sammy	Meetings/seminars/training sessions	Laws and Regulations/Corporate Governance/Accounting/Taxation
Wang Chuansheng	Meetings/seminars/training sessions	Industry-related/Laws and Regulations

Corporate Governance Report

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The company secretary of the Company updates and provides the Directors with written training materials in relation to their roles, functions and duties from time to time.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) are currently two separate positions held by Mr. Che Hongzhi and Mr. Che Baozhen, respectively, with clear distinction in responsibilities. The Chairman is responsible for providing strategic advice and guidance on the development of the Group, while the Chief Executive Officer is responsible for the day-to-day operations of the Group.

Mr. Che Baozhen, the Chief Executive Officer, is the son of Mr. Che Hongzhi, the Chairman.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a specific term of three years, subject to termination as provided in the service contract, which shall be automatically renewed upon expiry.

Each of the non-executive Directors has entered into a letter of appointment with the Company for a term of three years, subject to termination as provided in the service contract, which shall be automatically renewed upon expiry.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one to three years, subject to termination as provided in the service contract, which shall be automatically renewed upon expiry.

Mr. Chan Chi Fung, Leo, who was appointed as an independent non-executive Director on March 1, 2026, has obtained a legal advice under Rule 3.09D of the Listing Rules on February 10, 2026 and has confirmed that he understood his responsibilities as a Director of the Company.

None of the Directors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with Articles 108 and 112 of the Articles of Association. Directors appointed by the Board as an addition to the Board or to fill a casual vacancy on the Board are subject to re-election by Shareholders at the first annual general meeting of the Company respectively after appointment.

In addition, when an independent non-executive Director proposed for re-election has served the Company for more than nine years, his/her re-election will be subject to a separate resolution to be approved at the annual general meeting.

Corporate Governance Report

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

For details of the Directors who will retire from office by rotation and offer themselves for re-election at the AGM, please refer to the section headed "Report of the Directors" in this annual report.

BOARD MEETINGS

The Company adopts the practise of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings should be kept by the Company Secretary with copies circulated to all Directors for their information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of Board meetings are open for inspection by all Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended December 31, 2025.

The Company's employees, who are likely to be in possession of inside information of the Company, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the year ended December 31, 2025.

Corporate Governance Report

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions includes:

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

BOARD COMMITTEES

Audit Committee

During 2025, the Audit Committee consisted of three members, namely Mr. Choi Tze Kit Sammy (Chairman), Mr. Wang Chuansheng and Mr. Jin Qingjun, all being independent non-executive Directors. Mr. Choi Tze Kit Sammy resigned with effect from March 1, 2026 and Mr. Chan Chi Fung, Leo became an independent non-executive Director and the Chairman of the Audit Committee with effect from March 1, 2026. The terms of reference of the Audit Committee are posted on the Stock Exchange's website and the Company's website. According to the terms of reference, the major duties of the Audit Committee are as follows:

1. make recommendations to the Board on the appointment, re-appointment and/or removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and consider any questions of resignation or dismissal of that auditor;

Corporate Governance Report

2. monitor the integrity of financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;
3. oversee the Company's risk management, financial reporting system and internal control procedures;
4. oversee the Company's corporate governance functions, including review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and the training and continuous professional development of Directors and senior management; and
5. oversee the Company's continuing connected transactions, including holding meetings every six months to review the reports on continuing connected transactions.

The main work of the Audit Committee in 2025 was as follows:

- reviewed the report on 2025 audit plan;
- reviewed the 2024 annual financial report;
- reviewed the 2025 interim results report;
- discussed tax compliance matters;
- reviewed the Company's internal control over connected transactions and continuing connected transactions;
- discussed and reviewed the Company's 2025 internal audit reports and 2026 internal audit plan;
- discussed and approved the pre-approval policy and service list for non-assurance services provided by independent auditors;
- discussed and reviewed the resolution on engaging internal control consultant; and
- discussed and reviewed the internal control system of the Company.

The Audit Committee has reviewed the audited consolidated financial statements for the year ended December 31, 2025.

Nomination and Remuneration Committee

During 2025, the Nomination and Remuneration Committee comprised three members, including two independent non-executive Directors, namely Mr. Jin Qingjun (Chairman), Mr. Choi Tse Kit Sammy and a non-executive Director, Ms. Wang Ning. Mr. Choi Tze Kit Sammy resigned with effect from March 1, 2026 and Mr. Chan Chi Fung, Leo became an independent non-executive Director and a member of the Nomination and Remuneration Committee with effect from March 1, 2026.

Corporate Governance Report

The terms of reference of the Nomination and Remuneration Committee are published on the Stock Exchange's website and the Company's website. According to the terms of reference, the major duties of the Nomination and Remuneration Committee are as follows:

1. review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and establishing a formal and transparent procedure for developing remuneration policy;
3. review and approve the management's remuneration proposals with reference to the Board's goals and objectives;
4. make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, as the Board may direct;
5. make recommendations to the Board on the remuneration of non-executive Directors;
6. make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors in particular the chairman of the Board and the managing director;
7. identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorship;
8. consider salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities, and employment conditions elsewhere in the Group;
9. review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and in line with market practise;
10. review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
11. ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration;
12. review the policy of the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor, on expense reimbursements for the Directors and senior management;

Corporate Governance Report

13. assess the independence of independent non-executive Directors; and
14. review and/or approve matters relating to the share scheme as described in Chapter 17 of the Listing Rules.

The Company has adopted a nomination policy (“**Nomination Policy**”). Pursuant to the Nomination Policy, the Nomination and Remuneration Committee assesses, selects, and recommends candidates for directors to the Board on criteria such as credibility, success, and experience in the tire manufacturing industry, time available to be invested, benefits of sectors represented by the candidates, and the diversity the candidates will bring to the Board. The recommendations of the Nomination and Remuneration Committee will then be put to the Board for decision.

The main work of the Nomination and Remuneration Committee in 2025 was as follows:

- reviewed the structure, size and composition of the Board;
- reviewed the board diversity policy;
- reviewed the remuneration of the Directors and senior management for 2024 and made recommendations to the Board on adjustments;
- assessed the performance of executive Directors;
- reviewed the remuneration policy and structure of Directors and senior management of the Company in 2025;
- discussed and reviewed the remuneration of independent non-executive Directors and confirmed the terms of appointment contracts of independent non-executive Directors;
- discussed and reviewed the appointment and remuneration of senior management;
- discussed and reviewed the organisational structure;
- discussed and approved the resolution on the change in the composition of the Nomination and Remuneration Committee and the amendments to its terms of reference;
- discussed and approved the resolution on grant of share incentive to senior management for 2025;
- discussed and approved the resolution on the revision of the assessment indicators under the employee incentive scheme;
- considered the re-election of the retiring Directors at the 2025 AGM; and
- reviewed whether there are independent non-executive Directors who are or will be directors of seven or more companies.

Corporate Governance Report

The Group actively attracts, selects and cultivates senior management talents to facilitate the implementation of the global development strategy. By implementing international, professional and diversified talent recruitment, training, evaluation and succession programmes, the Group strengthens the pool of talents with international operation vision and diversified professional experience and skills, and provides talents with equal opportunities, inclusive corporate culture and a platform for sustainable development in various aspects such as organisational designing, leadership training, cultural construction, remunerations and incentive schemes.

Mechanisms to ensure that the Board can obtain independent views and opinions

To ensure that the Board has access to the independent advice and recommendations of the independent non-executive Directors, the Nomination and Remuneration Committee and the Board are committed to assessing the independence of the Directors annually against all relevant factors relating to the independent non-executive Directors, including the following:

- the character, integrity, professional knowledge, experience and stability required to perform his duties;
- the contribution of time and attention to the Company's affairs;
- the strong commitment to his independent role and to the Board;
- the statement to his conflict of interest as an independent non-executive Director;
- not involving in the daily management of the Company nor in any relationships or circumstances which would interfere with the exercise of his independent judgment; and
- regular meetings between the chairman and the independent non-executive Directors without the presence of executive Directors.

In 2025, the Company has reviewed the implementation and effectiveness of these mechanisms and considered them effective and adequate.

DIRECTORS' REMUNERATION

The Company has made full disclosure of the Directors' remuneration by name, amount and category in note 38 to the consolidated financial statements. For the year ended December 31, 2025, no Director has waived or agreed to waive any remuneration for the year ended December 31, 2025.

Corporate Governance Report

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the senior management of the Company, whose biographies are set out on pages 43 to 50 of this annual report, for the year ended December 31, 2025 is set out below:

Emolument bands	Number of Senior Management
HK\$1,000,001 to HK\$2,000,000 (approximately RMB926,050 – RMB1,852,100)	3
HK\$2,000,001 to HK\$3,000,000 (approximately RMB1,852,100 – RMB2,778,100)	0
HK\$3,000,001 to HK\$4,000,000 (approximately RMB2,778,100 – RMB3,704,200)	2
HK\$4,000,001 to HK\$5,000,000 (approximately RMB3,704,200 – RMB4,630,249)	1
HK\$5,000,001 to HK\$6,000,000 (approximately RMB4,630,249 – RMB5,556,297)	0
HK\$6,000,001 to HK\$7,000,000 (approximately RMB5,556,297 – RMB6,482,348)	1
HK\$7,000,001 to HK\$8,000,000 (approximately RMB6,482,348 – RMB7,408,396)	0

BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board diversity policy is summarised as follows:

The selection of candidates will be based on a series of diversity scopes, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be made according to the merits of candidates and their contribution to the Board. The Company is committed to maintaining gender diversity at the Board level and avoiding a single gender on the Board.

In 2025, the Board, through the Nomination and Remuneration Committee, has reviewed the implementation and effectiveness of the Board diversity policy and confirmed that the Board has the appropriate mix of skills and experience required for implementing the Company's policy.

As at the date of this annual report, the Board comprises nine Directors, including one female Director. The Company considers that the Board has achieved gender diversity. The Company will continue to maintain at least one female director in the Board and is committed to improving gender diversity in the search for suitable candidates. There are three independent non-executive Directors in the Board, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, age, educational background, professional experience, skills, knowledge and length of service.

Corporate Governance Report

In view of the expansion of the Group's domestic and overseas markets and operation scale, the Company intends to reference international and local best practices to ensure a proper balance and diversity among the members of the Board, with a view to achieving an appropriate proportion of members in the Board composition who possess capabilities and experience in international operations, risk management and sustainable development, thereby facilitating the implementation of the Group's internationalization strategy.

The Company will review the Board diversity policy and the relevant measurable targets based on its business operation and development needs, and monitor the progress towards the achievement of these targets.

In 2025, the Company officially released the "Employee Diversity Policy" and improved the relevant systems and implementation processes as supporting measures, continuously promoting the implementation of the employment philosophy of diversity, equality and inclusion. To ensure the effective implementation of the policy, the Company simultaneously revised the "Recruitment Management System" to further expand its scope of application, optimize recruitment processes and employment standards, and establish an anti-discrimination assessment mechanism for the interview process. The system explicitly prohibits all forms of employment discrimination and strictly prohibits the employment of child labor, forced labor and workplace harassment. The Company has also established real-name and anonymous feedback channels for employees, forming a full-process management system covering recruitment, employment, promotion and labor management.

During the Reporting Period, the Group actively recruited ethnic minority employees and employees with disabilities, conducted cultural exchange activities through its overseas branches, and integrated the concept of inclusion into the entire process of daily management and talent development, ensuring that its employment management fully complies with the laws and regulations of the locations of its operations and with international labor standards.

As at December 31, 2025, the proportion of female and male employees of the Group (excluding Directors) was approximately 20% and 80%, respectively. Given that the Group is primarily engaged in the research and development, production and sales of tire products, its workforce is mainly composed of research and development personnel, technical personnel and frontline production workers. Such positions in the manufacturing industry as a whole are generally dominated by male practitioners, which has resulted in the existing gender structure of the Group's employees. The Group adheres to the principle of equal employment and attaches great importance to the development of gender diversity among its employees. In the future, the Group will continue to implement the concept of gender diversity in all aspects of recruitment, training and promotion, and continuously optimize its employee structure.

Corporate Governance Report

DEVELOPMENT STRATEGY AND RISK MANAGEMENT COMMITTEE

The Development Strategy and Risk Management Committee consists of three members, including two independent non-executive Directors, Mr. Wang Chuansheng and Mr. Jin Qingjun, and a non-executive Director, Mr. Che Hongzhi (Chairman).

The terms of reference of the Development Strategy and Risk Management Committee are published on the Stock Exchange's website and the Company's website. According to the terms of reference, the major duties of the Development Strategy and Risk Management Committee are as follows:

1. understand and oversee the overall operation of the Company;
2. understand, analyse, and monitor the current situation of the international and domestic industry;
3. understand and oversee relevant national policies;
4. study the short, medium and long-term development strategies of the Company or the relevant issues;
5. provide consultancy advice on the Company's long-term development strategy and major decisions on major investments, reforms and etc.;
6. review and approve the special research report on the development strategies;
7. publish routine research reports on a regular or irregular basis;
8. review and make recommendations on the overall objectives and basic policies of compliance management and risk management, including ESG aspects;
9. stipulate the strategic structure and resources used for the Company's risk management, including material ESG risks, and ensure that they are compatible with the Company's internal risk management policies;
10. review and make recommendations on the establishment of the compliance management and risk management institutions and the powers and duties thereof, including ESG aspects; oversee the risk management and internal control systems of the Company on an ongoing basis, including focusing on material ESG risks, and ensure that a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries is conducted at least annually. The review shall cover all material controls, including financial, operational and compliance controls, and shall, in particular, include:
 - i. the changes, since last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
 - ii. the scope and quality of management's ongoing monitoring of risks and the internal control systems, and its internal audit function;
 - iii. the extent and frequency of communication of monitoring results to the Board (or the special committees under it);

Corporate Governance Report

- iv. significant control failures or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies;
 - v. the effectiveness of the Company's procedures on financial reporting and compliance with the Listing Rules;
11. review and make recommendations on the institutional set up and duties in relation to compliance management and risk management, and ensure the adequacy resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
 12. evaluate and advise on risks relating to major decisions to be considered and approved at the Board and the solutions to such major tasks;
 13. set limits for material risks and conduct regular assessments of material ESG risks;
 14. supervise, review and make recommendations to the Board on relevant risk management policies, including material ESG risks;
 15. evaluate and determine the Company's ESG-related risks and opportunities;
 16. ensure appropriate and effective ESG risk management and internal control systems are in place;
 17. formulate the Company's ESG management policies, strategies, priorities and objectives;
 18. regularly review the Company's performance on ESG matters, discuss and review the Group's annual ESG report;
 19. review and advise on compliance reports and risk evaluation reports to be reviewed by the Board; and
 20. perform such other duties determined by the Board and required by the Listing Rules or regulatory requirement of the place where the shares of the Company are listed.

The main work of the Development Strategy and Risk Management Committee in 2025 was as follows:

- studied the development strategies of the Company, discussed and reviewed medium and long-term strategic plans;
- discussed and reviewed the resolution on the construction of an Off-The-Road Tire Project;
- continuously supervised the Company's risk management and internal control systems, and provided advice on the Company's compliance management;
- made recommendations on the Company's ESG policies, discussed, reviewed and monitored the progress of ESG on a regular basis;

Corporate Governance Report

- discussed and reviewed the new employee diversity policy and updates to the corporate integrity compliance guidelines, the anti-fraud management policy, and the whistleblowing policy and procedures, etc.;
- discussed and reviewed the annual ESG report of the Company; and
- discussed and reviewed the 2025 annual work report on anti-fraud.

DIRECTORS' ATTENDANCE RECORDS

For the year ended December 31, 2025, the Company held 5 Board meetings, passed 1 Board written resolution, held 3 Audit Committee meetings, 4 Nomination and Remuneration Committee meetings, 4 Development Strategy and Risk Management Committee meetings and one AGM.

The attendance record of each Director at the Board meetings and Board Committee meetings and the general meetings of the Company held during the year ended December 31, 2025 is set out in the table below:

Name of Director	The Board	Audit Committee	Nomination and Remuneration Committee	Development Strategy and Risk Management Committee	AGM
Mr. Che Baozhen	5/5		2/2		1/1
Mr. Shi Futao	5/5				1/1
Mr. Jiang Xizhou	5/5				1/1
Mr. Che Hongzhi	5/5			3/3	1/1
Mr. Shao Quanfeng	5/5				1/1
Ms. Wang Ning	5/5		2/2		1/1
Mr. Jin Qingjun	5/5	3/3	4/4	3/3	1/1
Mr. Choi Tze Kit Sammy (resigned on March 1, 2026)	5/5	3/3	4/4		1/1
Mr. Wang Chuansheng	5/5	3/3		3/3	1/1

The Company will schedule at least four regular Board meetings each year and such number of Board committee meetings as required under the respective terms of reference to carry out the functions of the Board Committees. Meetings will also be arranged between the Chairman and the independent non-executive Directors without the presence of executive Directors and non-executive Directors.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

Corporate Governance Report

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 104 to 108 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

In the course of business operation, the Group is subject to various risks, including business risks, financial risks, compliance risks, and operational and other risks, etc. The Board acknowledges its responsibility for the Group's risk management and internal control systems, and is responsible for reviewing the effectiveness of such systems. For the year ended December 31, 2025, the Audit Committee is responsible for the Group's internal audit function, including reviewing the Group's financial records, internal control procedures, and risk management systems. For the year ended December 31, 2025, the Development Strategy and Risk Management Committee is authorised by the Board to continuously oversee the risk management (including the sanctions risk exposure) and implementation of relevant internal control systems of the Group. Under the supervision of the Board, the Group's management are responsible for designing and implementing the risk management and internal control system of the Group. Such systems are established to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established comprehensive risk management and internal control processes through which the Group monitors, evaluates and manages the risks that the Group is exposed to in its business activities. The risk management procedure of the Group is based on the well-defined risk identification standards, risk monitor responsibilities and risk control measure of each major classification. The management of the Group actively monitors the macroeconomic, trend of tire industry and changes of each jurisdiction's laws and regulations, and assesses the production expansion and income and outcome and absorptive capacity of the foreign investment. The risk management procedure of the Group clearly specifies the management duties, authorization and approval of each sides in respect of the major risk identification and management, and develops clear written policy for significant risk management process and circulate it to all managements and staffs. The Group has adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Corporate Governance Report

The Group has established an independent internal audit department and a sound internal control system to mitigate financial and operational risks and ensure the achievement of operational objectives. In 2025, the internal audit department carried out 9 audit projects covering areas such as risk management, human resources, logistics, quality, associates and sales operations. The findings were mainly concentrated in the areas of operational management compliance and business process execution. All relevant issues and suggestions for improvement have been incorporated into the rectification ledger and are subject to closed-loop management. All rectification tasks were completed on schedule, effectively enhancing the Company's risk identification and prevention capabilities.

Since 2019, the Group has engaged an international consulting company (the “**Consulting Company**”) to provide corporate governance and internal control advisory services. The relevant agreement was renewed for a term of three years in 2025 with the approval of the Audit Committee. During the Reporting Period, the Consulting Company, from an independent and objective perspective, conducted an assessment of the Group's internal control and risk management across 15 key areas including sales, procurement and finance, while assisting the internal audit department in enhancing its professional capabilities. The internal control issues identified in this assessment were mainly concentrated in areas such as certain imperfect management systems, non-standard business procedures and inadequate supervision of individual business processes. As of the date of this report, all issues have been fully rectified, effectively improving the internal control system and strengthening risk prevention capabilities.

The Directors and senior management of the Group receive training related to continuing disclosure obligation of listed group regularly. The Group has also engaged an external legal consultant and auditor to obtain its professional guidance on disclosure obligations in respect of inside information. The management of the Group is responsible for designing, implementing, and maintaining the effectiveness of the internal control system, which includes control of the compliance with disclosure obligations in respect of inside information. The Board is responsible for supervising and controlling the appropriateness and efficiency of the risk management and internal control measures carried by management.

The Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012.

Corporate Governance Report

The Company has established a system, including management rules, processes and procedures for external information dissemination, to comply with the disclosure obligations in relation to price-sensitive and/or inside information. The major steps involved are as follows:

- The Board and the Company Secretary identify the existence of inside information in a systematic and timely manner through periodic financial and operational reports;
- Monitor business and corporate development and events through core managers so as to identify information that may form inside information in a timely manner;
- Extensive disclosure of information to the public through channels such as financial reports, announcements and the Company's website;
- Ensure confidentiality of inside information before disclosure to the public; and
- Designated persons (including Directors, Company Secretary and board office manager) to communicate with shareholders, investors and analysts on the premise of compliance with the relevant disclosure obligations and requirements under the Listing Rules.

The system remains effective. The Company will also continue its efforts to further enhance its role in business operations, corporate development and compliance with laws and regulations.

The Group has adopted various measures to ensure the effective implementation of the internal control system, through the establishment of a team, the review of the Group's internal control system, and the guidance in respect of the internal control policies, the responsibilities and duties of the listing group's directors and management under the Listing Rules, and other applicable laws and regulations provided to the Directors, senior management and employees.

The Board performs an annual review of the Group's risk management and internal control systems. The Board and the management have conducted the annual review on the suitability and effectiveness of the Group's risk management and internal control systems for the year ended December 31, 2025, did not identify any significant areas of concern, and confirmed that they are adequate and effective to effectively mitigate the risks that may affect the Group in achieving its strategic objectives, in line with the purposes set out in Principle D2 of the Corporate Governance Code. In the Board's annual review, the Board has considered and ensured that the resources, staff qualifications and experience, training programs and budget in respect of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Group's environmental, social and governance performance and reporting, are adequate.

For the year ended December 31, 2025, the Board considers that there have been no material changes to the Company's risk assessment (including environmental, social and governance risks) and risk management and internal control systems.

Corporate Governance Report

AUDITORS' REMUNERATION

The remuneration for the audit and non-audit services provided by the auditor of the Company to the Company during the year ended December 31, 2025 is approximately as follows:

Service Category	Amount (RMB)
Audit services	4,306,308
Non-audit services (tax consulting, etc.)	386,043
Total	<u>4,692,351</u>

COMPANY SECRETARY

For the year ended December 31, 2025, Ms. Cao Xueyu, the company secretary of the Company, has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

On October 9, 2018, the Board adopted the Shareholders' Communication Policy (the "**Shareholders Communication Policy**"). The Board has reviewed the Shareholders Communication Policy for the year ended December 31, 2025 to ensure its implementation and effectiveness. After the implementation of the following measures, the Company considers that it has effectively implemented the Shareholders Communication Policy in 2025.

Goal

The objective of the Shareholders Communication Policy is to ensure communication between shareholders of the Company, both individual and institutional, and potential investors, and to enhance shareholders' value in the long run. The policy sets out the approach to ensure that the shareholders and potential investors, including analysts who report and analyze the Company's performance, are provided with ready and timely access to information about the Company in order to enable the shareholders to exercise their rights in an informed manner, and to enhance communication with the Company.

General Policies

The Board maintains an on-going dialog with the Shareholders and potential investors. The Board will review the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

Corporate Governance Report

Information shall be communicated to the Shareholders and potential investors mainly 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 its corporate communications on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.prinxchengshan.com).

The Company always ensures effective and timely dissemination of information to Shareholders and potential investors.

Communication Channels

Shareholders' Enquiries

The contact details of the Company are set out on the Company's website for the Shareholders to make any enquiries in relation to the Company.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office and provide their contact details.

Corporate Communications

Any corporate communication (as defined in the Listing Rules) issued or to be issued by the Company to the Shareholders for their information or action, including but not limited to (i) the Directors' Report, annual accounts and the auditors' report; (ii) the annual report and interim report; (iii) a notice of meeting; (iv) a listing document; (v) a circular; and (vi) a proxy form, should be sent to the Shareholders in a timely manner and in both plain English and Chinese versions to enable the Shareholders to understand the contents of the communication. Shareholders may choose the means (either in printed form or electronic form) and language (either English or Chinese or both) to receive corporate communications. Shareholders may at any time change their choice by notifying the Company by post or by email.

In order to facilitate timely and effective communication, Shareholders are encouraged to provide, among other things, their contact details, in particular, by email address, to the Hong Kong branch share registrar and transfer office of the Company.

Company Website

Corporate communication on the Company's website (www.prinxchengshan.com) provides Shareholders with corporate information such as principal business activities and the latest development of the Company as well as information on the Group's corporate governance and the composition and functions of the Board and the Board committees. The Company will publish its results announcement on the Stock Exchange's website and the Company's website after the results have been approved by the Board. The results announcement contains details of the Group's performance and results, recommendation of dividend payment (if any) and closure of register of members (if applicable) and any other information required to be disclosed under the Listing Rules from time to time.

Information published by the Company on the Stock Exchange's website will also be posted on the Company's website immediately thereafter.

Corporate Governance Report

Press releases and communications issued by the Company from time to time are also available on the Company's website. Information published on the Company's website is updated regularly.

General Meeting

The general meetings provide a good opportunity for constructive communication between the Company and the Shareholders. Shareholders are encouraged to attend the general meetings in person or, if they are unable to attend, to appoint proxies to attend and vote at the meetings on their behalf. The chairman of the Company and the chairman of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

Shareholders' Privacy

The Company recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by the Stock Exchange, the Securities and Futures Commission or applicable laws and regulations.

Communication with the Capital Market

Investor and analyst briefings are held on or after the date of the annual results announcement and interim results announcement. Relevant senior executives attended the meetings to answer questions from the attendees in order to facilitate communication between the Company, the Shareholders and the investment community. The Company also holds various activities on an as-needed basis, including reception of on-site visits by investors and analysts, face-to-face meetings and open day for media and investors.

The Company aims at promoting investor relations and enhancing communication with the existing Shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange in a timely manner after each general meeting.

Corporate Governance Report

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Shareholders may put forward proposals at the general meetings of the Company for consideration. Any one or more member(s) of the Company 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 of the Company to require an extraordinary general meeting to be convened by the Company 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 to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the Company's website.

PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the investor relations at the headquarters of the Company by email at investor@prinxchengshan.com.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company's general meeting approved the adoption of the Company's seventh amended and restated Memorandum and Articles of Association on May 31, 2024. During the Reporting Period, there were no changes to the Memorandum and Articles of Association.

Independent Auditor's Report

To the Shareholders of Prinx Chengshan Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Prinx Chengshan Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 109 to 206, comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2025;
- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

The Key audit matter identified in our audit is related to “the provision for impairment of trade receivables”.

Key Audit Matter

Provision for impairment of trade receivables

Refer to note 39.14, note 4(c) and note 22 to the consolidated financial statements.

As at 31 December 2025, the net carrying amount of the Group's trade receivables amounted to RMB1,946 million, after netting off the accumulated provision for impairment of RMB30 million.

To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics.

The Group provided for the impairment of trade receivables based on lifetime expected credit loss. The expected credit loss is estimated based on historical loss experience including the counterparty's past settlement details and incurred credit losses in observed periods, and existing market conditions with adjustment to reflect forward-looking factors.

How our audit addressed the Key Audit Matter

We obtained an understanding of management's internal controls and process of provision impairment assessment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested the key controls over the Group's provision impairment assessment of trade receivables.

We evaluated the outcome of prior period provision impairment assessment of trade receivables to assess the effectiveness of management's estimation process.

We performed the following procedures on assessing expected credit loss of trade receivables:

- We evaluated the appropriateness of the provisioning methodologies adopted by management including the appropriateness of grouping based on credit risk characteristics of the relevant trade receivables.
- We agreed historical data, including the counterparty's past settlement profile and incurred credit losses in observed periods, on a sample basis, to the relevant accounting records of the Group.
- We tested the accuracy of the aging analyses of trade receivables on a sample basis.
- We reviewed the economic indicators selected by management in determining forward- looking factors and evaluated the economic scenarios and the underlying probability weightings applied by management based on our understanding of the relevant industry and with reference to external macro-economic data.
- We tested the mathematical accuracy of the calculation of the provision for impairment of trade receivables.

Independent Auditor's Report

Key Audit Matter

We consider the provision for impairment of trade receivables a key audit matter because the carrying amount of trade receivables is significant and the estimation of impairment provision is inherently subjective and requires exercise of significant management judgement.

How our audit addressed the Key Audit Matter

- We assessed the adequacy of the disclosures related to the provision for impairment of trade receivables in the context of the applicable financial reporting framework.

Based on the above, we considered that management's judgements and assumptions applied in the impairment assessment of trade receivables were supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

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 Leung Wai Kin (practising certificate number: P03880).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB' 000	2024 RMB' 000
Revenue	6	11,806,801	10,973,885
Cost of sales	9	(9,669,014)	(8,644,220)
Gross profit		2,137,787	2,329,665
Selling and distribution expenses	9	(522,194)	(517,042)
Administrative expenses	9	(233,446)	(235,957)
Research and development expenses	9	(258,989)	(250,747)
Net impairment losses on financial assets	3.1 (b)	(6,811)	(5,088)
Other income	7	58,350	51,400
Other gains — net	8	19,718	41,022
Operating profit		1,194,415	1,413,253
Finance income	11	25,403	34,228
Finance costs	11	(25,646)	(63,068)
Finance costs — net	11	(243)	(28,840)
Share of result of associates		215	84
Profit before income tax		1,194,387	1,384,497
Income tax expense	12(a)	(106,793)	(72,629)
Profit for the year		1,087,594	1,311,868
Profit attributable to:			
— Shareholders of the Company		1,087,559	1,311,837
— Non-controlling interests		35	31
		1,087,594	1,311,868
Earnings per share for profit attributable to shareholders of the Company for the year			
— Basic (RMB)	13	1.71	2.06
— Diluted (RMB)	13	1.71	2.06

The accompany notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB' 000	2024 RMB' 000
Profit for the year		1,087,594	1,311,868
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(72,976)	34,593
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences		(19,873)	17,099
Other comprehensive income/(loss) for the year, net of tax		(92,849)	51,692
Total comprehensive income for the year		994,745	1,363,560
Attributable to:			
— Shareholders of the Company		994,710	1,363,529
— Non-controlling interests		35	31
Total comprehensive income for the year		994,745	1,363,560

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As At 31 December 2025

	Note	As at 31 December	
		2025 RMB' 000	2024 RMB' 000
Assets			
Non-current assets			
Property, plant and equipment	16	5,056,690	5,249,878
Right-of-use assets	17	157,711	134,870
Intangible assets	18	78,535	83,635
Investment in associates		10,217	6,187
Prepayments and other non-current assets	23	113,188	45,975
Deferred tax assets	33	1,393	4,038
		5,417,734	5,524,583
Current assets			
Inventories	20	1,674,895	1,942,879
Trade and notes receivables	22	2,441,626	2,020,649
Prepayments, other receivables and other current assets	23	403,837	486,380
Financial assets at fair value through profit or loss	21	153,362	150,458
Amounts due from related parties	36(b)	553,379	201,857
Restricted cash	24	64,928	143,788
Cash and cash equivalents	24	1,034,913	554,112
		6,326,940	5,500,123
Total assets		11,744,674	11,024,706
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	25	203	202
Share premium	25	2,203,372	2,193,501
Treasury shares	27	(27,438)	—
Reserves	27	5,013,318	4,349,841
		7,189,455	6,543,544
Non-controlling interests		(46)	(81)
Total equity		7,189,409	6,543,463

Consolidated Statement of Financial Position

As At 31 December 2025

	Note	As at 31 December	
		2025 RMB' 000	2024 RMB' 000
Liabilities			
Non-current liabilities			
Bank borrowings	28	391,500	410,703
Lease liabilities	17	6,693	23,891
Amounts due to related parties	36(b)	230,000	—
Deferred income	32	76,927	80,062
Deferred tax liabilities	33	55,976	57,422
		761,096	572,078
Current liabilities			
Trade payables	29	2,012,635	2,106,142
Other payables and accruals	30	1,202,213	1,240,169
Contract liabilities	6	77,397	60,791
Lease liabilities	17	23,180	30,059
Provision for warranties	31	83,992	85,241
Amounts due to related parties	36(b)	20,507	19,510
Current income tax liabilities		82,804	22,646
Bank borrowings	28	291,441	344,607
		3,794,169	3,909,165
Total liabilities		4,555,265	4,481,243
Total equity and liabilities		11,744,674	11,024,706

The accompany notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 109 to 206 were approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

Che Baozhen
Director

Shi Futao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Note	Equity attributable to shareholders of the Company			Total RMB' 000	Non- controlling interests RMB' 000	Total equity RMB' 000
		Share capital RMB' 000 (Note 25)	Share premium RMB' 000 (Note 25)	Reserves RMB' 000 (Note 27)			
Balance at 1 January 2024		201	2,185,598	3,248,056	5,433,855	(112)	5,433,743
Comprehensive income							
Profit for the year		—	—	1,311,837	1,311,837	31	1,311,868
Other comprehensive income							
Currency translation differences		—	—	51,692	51,692	—	51,692
Total other comprehensive income, net of tax		—	—	51,692	51,692	—	51,692
Total comprehensive income		—	—	1,363,529	1,363,529	31	1,363,560
Transactions with shareholders							
Issue of shares under employee share scheme		1	7,903	(1,499)	6,405	—	6,405
Employee share option schemes — value of employee services	26, 27	—	—	793	793	—	793
Cash dividends	14	—	—	(261,038)	(261,038)	—	(261,038)
Total transactions with shareholders		1	7,903	(261,744)	(253,840)	—	(253,840)
Balance at 31 December 2024		202	2,193,501	4,349,841	6,543,544	(81)	6,543,463

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Equity attributable to shareholders of the Company

	Note	Equity attributable to shareholders of the Company				Non-	Total	
		Share capital RMB' 000 (Note 25)	Share premium RMB' 000 (Note 25)	Treasury shares RMB' 000 (Note 27)	Reserves RMB' 000 (Note 27)	Total RMB' 000	controlling interests RMB' 000	equity RMB' 000
Balance at 1 January 2025		202	2,193,501	—	4,349,841	6,543,544	(81)	6,543,463
Comprehensive income								
Profit for the year		—	—	—	1,087,559	1,087,559	35	1,087,594
Other comprehensive income								
Currency translation differences		—	—	—	(92,849)	(92,849)	—	(92,849)
Total other comprehensive loss, net of tax		—	—	—	(92,849)	(92,849)	—	(92,849)
Total comprehensive income		—	—	—	994,710	994,710	35	994,745
Transactions with shareholders								
Issue of shares under employee share scheme		1	9,871	—	(1,945)	7,927	—	7,927
Employee share option schemes		—	—	—	(36,005)	(36,005)	—	(36,005)
— value of employee services	26, 27	—	—	—	(36,005)	(36,005)	—	(36,005)
Treasury shares	27	—	—	(27,438)	—	(27,438)	—	(27,438)
Cash dividends	14	—	—	—	(293,282)	(293,282)	—	(293,282)
Other		—	—	—	(1)	(1)	—	(1)
Total transactions with shareholders		1	9,871	(27,438)	(331,233)	(348,799)	—	(348,799)
Balance at 31 December 2025		203	2,203,372	(27,438)	5,013,318	7,189,455	(46)	7,189,409

The accompany notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB' 000	2024 RMB' 000
Cash flows from operating activities			
Cash generated from operations	34(a)	1,276,868	1,434,881
Interest paid		(21,593)	(71,576)
Income tax paid		(54,123)	(113,097)
Net cash inflow from operating activities		1,201,152	1,250,208
Cash flows from investing activities			
Purchases of property, plant and equipment and land use rights		(577,295)	(582,427)
Proceeds from assets-related government grants		6,494	5,635
Proceeds from disposal of property, plant and equipment	34(b)	10,325	7,546
Proceeds from disposal of intangible assets		273	—
Investment in an associate		(4,000)	—
Dividend from an associate		185	137
Purchase of intangible assets	18	(4,159)	(7,400)
Purchase of financial assets at fair value through profit or loss	21	(860,400)	(1,314,616)
Proceeds from disposal of financial assets at fair value through profit or loss	21	860,988	1,342,772
Interest received		27,427	33,077
Net cash outflow from investing activities		(540,162)	(515,276)
Cash flows from financing activities			
Proceeds from borrowings	34(b)	1,548,393	906,345
Repayments of borrowings	34(b)	(1,605,762)	(1,362,162)
Payment of lease liabilities	34(b)	(35,563)	(29,713)
Loans from related parties	34(b)	230,000	—
Purchase of treasury shares		(27,438)	—
Proceeds from issues of shares		7,927	6,405
Cash dividends paid		(285,013)	(254,695)
Net cash outflow from financing activities		(167,456)	(733,820)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of year	24	554,112	547,920
Effects of exchange rate on cash and cash equivalents		(12,733)	5,080
Cash and cash equivalents at the end of year	24	1,034,913	554,112

The accompany notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1 GENERAL INFORMATION, REORGANISATION AND BASIS PRESENTATION

1.1 General information

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

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

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

These consolidated financial statements are presented in thousands of Renminbi (RMB’000) and were approved for issue by the board of directors on 30 March 2026.

2 BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS

2.1 Basis of preparation

(i) **Compliance with HKFRS Accounting Standards and Hong Kong Companies Ordinance**

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

Accounting policies applied in the preparation of these consolidated financial statements have been consistently applied, unless otherwise stated. Other than those material accounting policies which are disclosed in the notes to the relevant financial line item or transaction in these consolidated financial statements, other accounting policies have been set out in the summary in Note 39.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2 BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS (Continued)

2.1 Basis of preparation (Continued)

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets and liabilities are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21 — Lack of Exchangeability;

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group are as follows:

Standards	Key requirements	Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 18	Presentation and disclosure in financial statements	1 January 2027
HKFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2 BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards and interpretations not yet adopted (Continued)

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

The group's risk management is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are dominated in a currency that is not the Group entities' functional currency. The Group's subsidiaries with RMB as their functional currency are exposed to foreign currency risks arising from some currency exposures, mainly with respect to USD due to certain financial assets and liabilities that denominated in USD. The Group's subsidiaries with USD as their functional currency are exposed to foreign currency exposures on assets and liabilities that are not denominated in USD, such as the Thailand operation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Exposure

The aggregate net foreign exchange gains recognised in profit or loss were:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Net foreign exchange gains included in other gains — net	22,706	38,472

The Group's major exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

Assets and liabilities denominated in foreign currencies held by the Group's subsidiaries with RMB as their functional currency, expressed in RMB.

	As at 31 December 2025	
	USD RMB' 000	EUR RMB' 000
Cash and cash equivalents	283,713	7,344
Trade receivables	426,293	6,916
Trade payables	51,930	—
	651	—

	As at 31 December 2024	
	USD RMB' 000	EUR RMB' 000
Cash and cash equivalents	183,643	5,456
Trade receivables	496,453	48,920
Trade payables	130,464	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(a) Market risk** (Continued)*(i) Foreign exchange risk* (Continued)

Assets and liabilities denominated in foreign currencies held by the Company and its subsidiaries with USD as their functional currency, expressed in RMB.

	As at 31 December 2025			
	RMB RMB' 000	HKD RMB' 000	EUR RMB' 000	THB RMB' 000
Cash and cash equivalents	131,939	13,517	18,834	26,609
Trade receivables	13,116	—	107,044	4,286
Trade payables	131,076	—	312	133,603
Other payables	80,222	—	118	100,566
	As at 31 December 2024			
	RMB RMB' 000	HKD RMB' 000	EUR RMB' 000	THB RMB' 000
Cash and cash equivalents	2,280	6,231	17,153	5,584
Trade receivables	19,531	—	68,592	7,359
Trade payables	106,170	—	86	144,798
Other payables	233,636	—	—	4,289

The Group is primarily exposed to changes in USD/RMB exchange rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2025 and 2024, if USD and EUR had weakened/strengthened by 5% against RMB, with all other variables held constant, post-tax profit for each year would have changed mainly as a result of foreign exchange losses/gains on translation of USD and EUR denominated cash and cash equivalents, trade receivables, trade payables and other payables in RMB functional currency subsidiaries. Details of the changes are as follows:

	As at 31 December	
	2025	2024
	RMB' 000	RMB' 000
Year ended:		
Post-tax profit (decrease)/increase		
— Weakened 5% against RMB	(26,966)	(36,760)
— Strengthened 5% against RMB	26,966	36,760

As at 31 December 2025 and 2024, if RMB and THB had weakened/strengthened by 5% against USD, with all other variables held constant, post-tax profit for each year would have changed mainly as a result of foreign exchange gains/losses on translation of RMB and THB denominated cash and cash equivalents, trade receivables, trade payables and other payables in USD functional currency subsidiaries. Details of the changes are as follows:

	As at 31 December	
	2025	2024
	RMB' 000	RMB' 000
Year ended:		
Post-tax profit (decrease)/increase		
— Weakened 5% against USD	6,528	22,707
— Strengthened 5% against USD	(6,528)	(22,707)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2025 and 2024, if USD had weakened/strengthened by 5% against RMB, with all other variables held constant, other comprehensive income for each year would have changed mainly as a result of the translation of financial statements of USD functional currency entities to RMB. Details of the changes are as follows:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Year ended:		
Other comprehensive income (decrease)/increase		
— Weakened 5% against RMB	(233,377)	(172,887)
— Strengthened 5% against RMB	233,377	172,887

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 28.

As at 31 December 2025 and 2024, if interest rates on borrowings at variable rates had been 5% higher/lower with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of higher/lower interest expense on floating rate borrowings. Details of the changes are as follows:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Year ended:		
Post-tax profit (decrease)/increase		
— 5% higher	(448)	(340)
— 5% lower	448	340

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, notes receivable, other receivables, amounts due from related parties, cash and cash equivalents and restricted cash. The carrying amounts of trade receivables, notes receivable, other receivables, amounts due from related parties, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

Most of the notes receivable are issued from state-owned banks in the PRC. The credit quality of notes receivable has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

(i) Cash and cash equivalents and restricted cash

As at 31 December 2025, the Group has assessed that the expected credit loss rates for cash and cash equivalents and restricted cash were immaterial. Thus no loss allowance for these financial assets was recognised.

(ii) Amounts due from related parties and other receivables

As at 31 December 2025, the Group has assessed that the expected credit loss rates for amounts due from related parties and other receivables were immaterial. Thus no loss allowance for these receivables was recognised.

(iii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics presented in Noted 3.1(b) and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 3 years before 31 December 2025 or 31 December 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information, including gross domestic products and retail sales of consumer goods, on factors affecting the ability of the customers to settle the receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

As at 31 December 2025 and 2024, the loss allowance for trade receivables was determined as follows.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
31 December 2025					
Expected loss rate	0.7%	49.4%	56.5%	100.0%	—
Gross carrying amount	1,948,235	21,858	825	4,887	1,975,805
Loss allowance	(14,156)	(10,795)	(466)	(4,887)	(30,304)
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
31 December 2024					
Expected loss rate	1.1%	39.9%	52.8%	100.0%	—
Gross carrying amount	1,771,394	1,023	1,493	3,394	1,777,304
Loss allowance	(19,287)	(408)	(788)	(3,394)	(23,877)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(c) Liquidity risk**

	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
At 31 December 2025					
Bank borrowings	291,441	245,500	146,000	—	682,941
Interest payables for bank borrowings	20,473	9,118	1,046	—	30,637
Amount due to related parties	27,407	6,900	233,450	—	267,757
Trade payables	2,012,635	—	—	—	2,012,635
Other payables	884,830	—	—	—	884,830
Lease liabilities	23,839	5,544	1,301	—	30,684
	3,260,625	267,062	381,797	—	3,909,484
	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
At 31 December 2024					
Bank borrowings	344,607	159,085	251,618	—	755,310
Interest payables for bank borrowings	15,973	11,869	4,875	—	32,717
Amount due to related parties	19,510	—	—	—	19,510
Trade payables	2,106,142	—	—	—	2,106,142
Other payables	999,944	—	—	—	999,944
Lease liabilities	31,433	19,494	5,067	—	55,994
	3,517,609	190,448	261,560	—	3,969,617

The interest on borrowings is calculated based on borrowings held as at 31 December 2025 and 2024 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 31 December 2025 and 2024 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The Group monitors on the basis of the gearing ratio. This ratio is calculated as net surplus/debt divided by total capital. Net surplus/debt is calculated as total borrowings (including "current and non-current borrowings" and lease liabilities as shown in the consolidated statements of financial position) less cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net surplus/debt.

The gearing ratios as at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Bank borrowings (Note 28)	682,941	755,310
Total Lease liabilities (Note 17)	29,873	53,950
Less: Cash and cash equivalents (Note 24)	(1,034,913)	(554,112)
Restricted cash (Note 24)	(64,928)	(143,788)
Net debt	(387,027)	111,360
Total equity	7,189,409	6,543,463
Total capital	6,802,382	6,654,823
Gearing ratio	-5.7%	1.7%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2025 and 2024.

	Level 1	Level 2	Level 3	Total
As at 31 December 2025				
Assets				
Financial assets at fair value through profit or loss				
— Wealth management products (a)	—	—	150,000	150,000
— Listed equity securities	3,362	—	—	3,362
Financial assets at fair value through other comprehensive income				
— Notes receivable (a)	—	—	496,125	496,125
	3,362	—	646,125	649,487

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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

For the year ended 31 December 2025 and 2024, There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The additions and disposals of level 1 and level 3 are disclosed in Note 21.

(i) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments mainly include option pricing model or discounted cash flow analysis.

There were no changes in valuation techniques for the years ended 31 December 2024 and 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT (Continued)**3.3 Fair value estimation** (Continued)**(a) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and how a reasonable change in the input would affect the fair value:

	Fair value at 31 December 2025 RMB' 000	Valuation Technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	150,000	Discounted cash flow	Expected yield rate	1.1%-2.0% (1.6%)	A change in the yield rate by 100 basis points would increase/decrease the fair value approximately RMB1,477,000
Notes receivable	496,125	Discounted cash flow	Expected discount interest rate	0.5%-3.2% (1.9%)	A change in the discount interest rate by 100 basis points would increase/decrease the fair value approximately RMB4,871,000
	Fair value at 31 December 2024 RMB' 000	Valuation Technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	141,771	Discounted cash flow	Expected yield rate	1.37%-2.65% (2.0%)	A change in the yield rate by 100 basis points would increase/ decrease the fair value approximately RMB1,388,000
Notes receivable	267,222	Discounted cash flow	Expected discount interest rate	1.6%-3.6% (2.6%)	A change in the discount interest rate by 100 basis points would increase/decrease the fair value approximately RMB2,605,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management reassesses the useful lives on a regular basis. Management will increase the depreciation charge where useful lives are shorter than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Income taxes and deferred tax assets/liabilities

The Group is subject to income taxes in several jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(c) Provision for impairment of trade receivables

For trade receivables (excluding non-financial assets), the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which requires the use of the lifetime expected loss allowance for all trade receivables (excluding non-financial assets). The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selects the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Management reassesses the provision at each balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. Management reassesses the estimates at each balance sheet date.

(e) Warranty claims provision

The Group generally offers warranties with period of 48 months for its tires. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as product costs.

5 SEGMENT INFORMATION

Description of segments and principal activities

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 SEGMENT INFORMATION (Continued)

Description of segments and principal activities (Continued)

The Group has two segments as follows:

- Chinese Mainland and Hong Kong as one segment (“**Domestic**”) for trading of raw material related to tire products, manufacturing and selling tire products.
- Overseas regions as the other segment for manufacturing and selling tire products.

Segment profit or loss

	For the year ended 31 December 2025		
	Domestic RMB' 000	Overseas RMB' 000	Total RMB' 000
Segment revenue	7,279,661	4,527,140	11,806,801
Segment results	1,149,437	988,350	2,137,787
Selling and distribution expenses			(522,194)
Administrative expenses			(233,446)
Research and development expenses			(258,989)
Net impairment losses on financial assets			(6,811)
Other income			58,350
Other gains — net			19,718
Finance costs — net			(243)
Share of result of associates			215
Profit before income tax			1,194,387

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 SEGMENT INFORMATION (Continued)**Segment profit or loss** (Continued)

	For the year ended 31 December 2024		
	Domestic RMB' 000	Overseas RMB' 000	Total RMB' 000
Segment revenue	6,843,211	4,130,674	10,973,885
Segment results	1,151,803	1,177,862	2,329,665
Selling and distribution expenses			(517,042)
Administrative expenses			(235,957)
Research and development expenses			(250,747)
Net impairment losses on financial assets			(5,088)
Other income			51,400
Other gains — net			41,022
Finance costs — net			(28,840)
Share of result of associates			84
Profit before income tax			1,384,497

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

	Year ended 31 December	
	2025 Revenue RMB' 000	2024 Revenue RMB' 000
Domestic	3,997,163	3,437,060
Americas	3,901,915	3,717,325
Asia (excluding domestic)	1,126,640	1,175,291
Africa	1,007,259	825,079
Middle East	787,756	903,503
Other countries	986,068	915,627
	11,806,801	10,973,885

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 SEGMENT INFORMATION (Continued)**Segment profit or loss** (Continued)

The total non-current assets are analysed as follows:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Total non-current assets other than deferred tax assets and investment in associates		
– Domestic	2,440,424	2,340,348
– Overseas	2,965,700	3,174,010
Deferred income tax assets	1,393	4,038
Investment in associates	10,217	6,187
Total non-current assets	5,417,734	5,524,583

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Domestic	2,237,017	2,211,673
Overseas	2,977,384	3,173,075
	5,214,401	5,384,748

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6 REVENUE

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Revenue from customers and recognised at point in time		
Sales of tire products:		
– All steel radial tires	6,664,224	6,271,265
– Semi-steel radial tires	4,936,109	4,496,262
– Bias tires	201,395	202,479
Trade of raw material related to tire products	5,073	3,879
	11,806,801	10,973,885

(i) Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received and receivable, and represents amounts receivable for goods supplied, stated net of rebates and returns. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of returns on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Sales of products

Revenue from the sale of good directly to the customers is recognised at the point that the control of the inventories have passed to the customers, which is primarily upon the acceptance of the products by the customers. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The Group collects cash or bank acceptance notes from the customers before or upon deliveries of products through banks. Cash or bank acceptance notes collected from the customers before product delivery is recognised as contract liabilities when the Group receives consideration in advance of satisfying a performance obligation by transferring the control of promised products.

The Group's obligation to repair or replace faulty products under the standard warranty terms, which cannot be purchased separately and serve as an assurance that the products sold comply with agreed-upon specifications at the time of sale, is recognised as a provision.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6 REVENUE (Continued)

(i) Accounting policies of revenue recognition (Continued)

Sales of products (Continued)

No customer contributes 10% or more to the Group's revenue for the year ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Contract liabilities	77,397	60,791

(ii) Significant change in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. There was no significant change in contract liabilities.

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised for the year ended 31 December 2025 and 2024 relates to carried-forward contract liabilities.

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Revenue recognised that was included in the contract liabilities balance at the 1 January 2025 and 1 January 2024		
Sales of tire products	60,791	48,013

(iv) Unsatisfied contracts related to sales of tire products

The Group selects a practical expedient and omit disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7 OTHER INCOME

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Sales of scraps	31,351	34,774
Amortisation of deferred income (<i>Note 32</i>)	9,629	9,689
Government grants related to expenses	17,370	6,937
	58,350	51,400

Governments grants received during the year primarily comprised financial subsidies received from various local government authorities in the Chinese Mainland. There are no unfulfilled conditions or contingencies relating to these incomes.

8 OTHER GAINS – NET

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Gains on disposal of financial assets at fair value through profit or loss (<i>Note 21</i>)	2,092	2,157
Gains/(losses) from fair value change of financial assets at fair value through profit or loss (<i>Note 21</i>)	1,400	(1,903)
Gains on disposal of property, plant and equipment (<i>Note 34(b)</i>)	9	704
Net foreign exchange gains and others	16,217	40,064
	19,718	41,022

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and Research and development expenses are analysed as follows:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Raw materials and consumables used	8,400,212	7,986,594
Wages and salaries, social welfare and benefits, including director's emoluments (Note 10)	808,096	746,658
Depreciation of property, plant and equipment (Note 16)	500,919	498,985
Transportation cost and storage expenses	198,827	193,436
Change in inventories of finished goods and work in progress	181,959	(324,927)
Maintenance and repair	91,244	85,080
Shipping agency, customs declaration and other export fees	69,374	72,024
Travel, conference and office expenses	57,235	49,649
Advertising expenses	48,529	41,010
Surcharges and other levies	41,697	26,816
Provision for warranties (Note 31)	40,692	54,190
Depreciation of right-of-use assets (Note 17)	37,531	32,703
Sales commission	27,865	29,405
Professional service fees	27,001	26,993
Property insurance premium	19,547	18,366
Write-downs of inventories (Note 20)	13,510	16,252
Rental and property management fees	11,864	9,992
Amortisation of intangible assets (Note 18)	9,040	8,953
Auditor's remuneration		
— Audit services	4,306	4,506
— Non-audit services	386	382
Other expenses	93,809	70,899
	10,683,643	9,647,966

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTOR'S EMOLUMENTS

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Salaries, wages and bonuses	640,059	597,523
Pension, housing fund, medical insurance and other welfare benefits	204,042	148,342
Share-based compensation benefits	(36,005)	793
Total employee benefit expenses	808,096	746,658

(a) Pension costs — defined contribution plans

The employees of the Group's subsidiaries participate in defined contribution retirement plans organised by the relevant provincial governments under which these subsidiaries are required to make monthly contributions to these plans at certain percentages of the employees' monthly salaries and wages, subject to certain ceilings.

(b) Five highest paid individuals

The five highest paid employees of the Group for the year ended 31 December 2025 include 3 (2024: 3) directors, details of whose emoluments are reflected in the analysis shown in Note 38(a). Details of the total emoluments paid to the remaining 2 (2024: 2) highest paid employees for the year were as follows:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Salaries	3,108	3,058
Discretionary bonuses	1,196	1,457
Allowances and benefits in kind	87	79
Employer's contribution to a retirement benefits scheme	84	69
Share-based compensation benefits	189	575
Total employee benefit expenses	4,664	5,238

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTOR'S EMOLUMENTS

(Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Emolument bands		
HKD1,500,001 to HKD2,000,000 (approximately RMB1,355,000—RMB1,806,000)	1	—
HKD2,000,001 to HKD2,500,000 (approximately RMB1,806,000—RMB2,258,000)	—	1
HKD3,000,001 to HKD3,500,000 (approximately RMB2,710,000—RMB3,161,000)	1	—
HKD3,500,001 to HKD4,000,000 (approximately RMB3,161,000—RMB3,613,000)	—	1
	2	2

11 FINANCE COSTS — NET

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Finance costs:		
— Interest expense on bank borrowings	21,536	61,024
— Interest expense on amounts due to related parties	2,677	—
— Interest expense on lease liabilities (Note 17)	1,456	2,044
	25,669	63,068
Less: amounts capitalised on qualifying assets (Note 16)	(23)	—
	25,646	63,068
Finance income:		
— Interest income derived from bank deposits	(25,403)	(34,228)
Finance costs — net	243	28,840

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12 TAXATION

(a) Income tax expense

The amounts of income tax expense charged to the consolidated statement of profit or loss represent:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Current income tax		
– PRC enterprise income tax	49,966	40,379
– Hong Kong and overseas profits tax	55,628	21,323
Deferred income tax (<i>Note 33</i>)	1,199	10,927
Income tax expense	106,793	72,629

(i) Cayman Islands and British Virgin Islands profit tax

The Company and its subsidiary, Prinx Investment Holding Limited, are not subject to any taxation in the Cayman Islands and British Virgin Islands respectively. The Company has obtained the qualification of PRC tax residence enterprise. The applicable profits tax rate is 25% for the year ended 31 December 2025 (2024: 25%).

(ii) Hong Kong profits tax

The Company's subsidiaries, Prinx Chengshan (Hong Kong) Tire Limited and Prinx (Hong Kong) Rubber Co., Limited, are subject to Hong Kong profits tax. The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2025 (2024: 16.5%). Prinx Chengshan (Hong Kong) Tire Limited has obtained the qualification of PRC tax residence enterprise. The applicable profits tax rate is 25% for the year ended 31 December 2025 (2024: 25%).

(iii) PRC enterprise income tax ("EIT")

EIT is provided on the assessable income of entities within the Group incorporated in the Chinese Mainland. The applicable EIT tax rate is 25% except for a subsidiary which is qualified as High and New Technology Enterprises ("HNTE") and entitled to enjoy a beneficial tax rate of 15% from 2023 to 2026.

(iv) Other overseas profits tax

The Company's subsidiary, Prinx Chengshan Tire North America, Inc., incorporated in California USA, is subject to the federal tax rate of 21% and the state tax of 5.95% for the year ended 31 December 2025 (2024: 21% and 8.84%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12 TAXATION (Continued)

(a) Income tax expense (Continued)

(iv) Other overseas profits tax (Continued)

Prinx Chengshan Tire (Thailand) Co., Ltd. was established in Thailand and the applicable income tax rate in Thailand is 20%. As it is qualified as a key encouraged industry enterprise and approved by local tax authority to be entitled to a full tax exemption from 2020.

Prinx Chengshan Tire Europe GmbH, incorporated in Germany, is subject to an overall tax rate of 15.83% set by the local authority for the year ended 31 December 2025 (2024: 31.77%).

No overseas profits tax of the Group's other subsidiaries have been provided since these subsidiaries do not have assessable taxable profits for the year ended 31 December 2025 (2024: nil).

(v) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules, and it applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group will incur top-up taxes due to the Pillar Two legislation that became effective 1 January 2025. Under the legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-base Erosion effective tax rate in each jurisdiction and the 15% minimum rate.

The Group's assessment indicates for Prinx Chengshan Tire (Thailand) Co., Ltd. that the weighted average effective tax rate based on accounting profit is 0% for the annual financial year ended 31 December 2025 because it was entitled to a full tax exemption from 2020. Considering the impact of specific adjustments in the Pillar Two legislation, the Group recognised a current income tax expense of RMB70,870,000 for the year. This is included in income tax in the consolidated statement of profit or loss.

(vi) Withholding tax ("WHT")

On 27 December 2019, the Company and its subsidiary, Prinx Chengshan (Hong Kong) Tire Limited, have obtained the qualification of PRC tax residence enterprise and are also subject to EIT for the year ended 31 December 2025. The distribution of dividends among Prinx Shandong, Prinx Chengshan (Hong Kong) Tire Limited and the Company is no longer subject to PRC WHT since 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12 TAXATION (Continued)

(a) Income tax expense (Continued)

(vi) Withholding tax (“WHT”) (Continued)

The income tax on the Group’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate to profits of the consolidated entities as follows:

	Year ended 31 December	
	2025 RMB’ 000	2024 RMB’ 000
Profit before income tax	1,194,387	1,384,497
Tax calculated at statutory tax rates	241,463	308,878
Expenses not deductible for tax purposes	1,960	4,084
Tax preferences from HNTE qualification	(45,379)	(53,477)
Additional deduction of research and development cost and other expense	(34,018)	(31,325)
OECD Pillar Two model rules	70,870	—
Tax exemption of a subsidiary	(150,498)	(156,178)
Tax losses for which no deferred income tax asset was recognised	25,405	3,205
Utilisation of previously unrecognised tax losses	(3,010)	(2,558)
Income tax expense	106,793	72,629

(b) Value-added tax (“VAT”)

Sales of self-manufactured products of the Company’s subsidiaries in the Chinese Mainland and Thailand are subject to VAT. The applicable tax rate for PRC domestic sales is 13%. The applicable tax rate for Thailand domestic sales is 7%.

Input VAT on purchases of raw materials, fuel, utilities, certain property, plant and equipment and other production materials (merchandise, transportation costs) are creditable against output VAT. VAT payable is the net difference between output VAT and creditable input VAT.

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For the year ended 31 December 2025

13 EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Profit attributable to the shareholders of the Company	1,087,559	1,311,837
Weighted average number of ordinary shares in issue (thousands)	636,035	637,407
Basic earnings per share (RMB)	1.71	2.06

(b) Diluted

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

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Profit attributable to the shareholders of the Company	1,087,559	1,311,837
Weighted average number of ordinary shares in issue (thousands)	636,035	637,407
Adjustments for share options	—	300
Weighted average number of ordinary shares for diluted earnings per share	636,035	637,707
Diluted earnings per share (RMB)	1.71	2.06

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For the year ended 31 December 2025

14 DIVIDENDS

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Cash dividends declared by the Company (a)	293,282	261,038
Final dividends proposed by the Company (b)	288,419	295,132

- (a) Dividends paid during the year ended 31 December 2025 and 2024 represented interim and final cash dividends paid by the Company to its shareholders. The difference between the proposed and paid dividends was due to the impact of exchange rate fluctuation.
- (b) At a meeting held on 30 March 2026, the Board proposed a final dividend of HKD319,323,000 (equivalent to RMB288,419,000) (2024: HKD318,704,000 (equivalent to RMB295,132,000)), representing 50 cents (equivalent to RMB45 cents) (2024: HKD50 cents (equivalent to RMB46 cents)) per share to be distributed from the retained earnings account. The amount of final dividend is calculated based on 638,645,000 Shares in issued as at 30 March 2026. This proposed dividends are subject to the approval by the shareholders at the annual general meeting of the Company and are not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the retained earnings account for the year ending 31 December 2026.

15 SUBSIDIARIES

The investments in subsidiaries are stated at cost, less impairment, if any. Set out below the details of the principal subsidiaries of the Company as at 31 December 2025:

Company name	Date of incorporation	Country/Place of incorporation, legal status and kind of legal entity	Principal country/place of operation	Registered share capital	Paid-in share capital	Directly and indirectly held		Principal activities
						31 December 2024	31 December 2025	
Directly held by the Company								
Prinx Chengshan (Hong Kong) Tire Limited	06 June 2014	Hong Kong SAR, limited liability company	Hong Kong SAR	USD178,000,000	USD178,000,000	100%	100%	Investment holding and trading of tire products
Prinx Investment Holding Limited	26 November 2018	British Virgin Islands, limited liability company	Hong Kong SAR	USD500	USD500	100%	100%	Investment holding

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15 SUBSIDIARIES (Continued)

Company name	Date of incorporation	Country/Place of incorporation, legal status and kind of legal entity	Principal country/ place of operation	Registered share capital	Paid-in share capital	Directly and indirectly held		Principal activities
						31 December 2024	31 December 2025	
Indirectly held by the Company								
Prinx Chengshan (Shandong) Tire Co., Ltd.	29 December 2005	Shandong China, wholly foreign owned enterprise	China	USD222,180,000	USD222,180,000	100%	100%	Manufacturing and trading of tire products
Prinx Chengshan Tire Europe GmbH	17 March 2020	Darmstadt Germany, limited liability company	Germany	EUR25,000	EUR25,000	100%	100%	The manufacturing, development, trading and distribution of all kinds of goods made of rubber, synthetic or similar
Prinx Chengshan (Qingdao) Industrial Research & Design Co., Ltd.	12 January 2017	Shandong China, limited liability company	China	RMB10,000,000	RMB10,000,000	100%	100%	Technology Research and trading of tire products
Shandong Prinx Chengshan Tire Technology Research Co., Ltd.	26 September 2017	Shandong China, limited liability company	China	RMB10,000,000	RMB9,250,000	92.5%	92.5%	Tire technology and equipment research and development, providing technical services
Qingdao Zhianda Investment Co., Ltd.	08 March 2018	Shandong China, limited liability company	China	RMB76,800,000	RMB57,440,000	100%	100%	Investment holding and trading of tire products
Prinx Chengshan Tire North America, Inc.	01 November 2018	California USA, corporation	United States of America	USD1,303,990	USD1,303,990	100%	100%	Investment holding and trading of inflatable products and related products
Prinx (Hong Kong) Rubber Co., Limited	13 December 2018	Hong Kong SAR, limited liability company	Hong Kong SAR	USD20,000	USD20,000	100%	100%	Investment holding and trading of tire products
Prinx Chengshan Tire (Thailand) Co., Ltd.	20 December 2018	Thailand, limited liability company	Thailand	THB9,025,634,600	THB9,025,634,600	100%	100%	Manufacturing and trading of tire products
Jinan Zhianda Tire Service Co., Ltd.	07 June 2018	Shandong China, limited liability company	China	RMB20,000,000	RMB20,000,000	100%	100%	Providing tire rental service and trading of tire products
Shanghai Zhianda Rubber Technology Co., Ltd.	14 January 2019	Shanghai China, limited liability company	China	RMB20,000,000	RMB14,315,000	100%	100%	Providing tire rental service and trading of tire products

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15 SUBSIDIARIES (Continued)

Company name	Date of incorporation	Country/Place of incorporation, legal status and kind of legal entity	Principal country/ place of operation	Registered share capital	Paid-in share capital	Directly and indirectly held		Principal activities
						31 December 2024	31 December 2025	
Indirectly held by the Company								
Prinx Chengshan (Anhui) Tire Co., Ltd. (i)	19 April 2021	Anhui China, limited liability company	China	RMB378,000,000	RMB0	100%	0%	Providing tire rental service and trading of tire products
Zhianda (Shanghai) Tire Service Co., Ltd.	13 May 2021	Shanghai China, limited liability company	China	RMB76,800,000	RMB69,740,000	100%	100%	Providing tire rental service and trading of tire products
Prinx Chengshan (Shanghai) Tire Sales Co., Ltd.	09 March 2021	Shanghai China, limited liability company	China	RMB10,000,000	RMB10,000,000	100%	100%	Providing tire rental service and trading of tire products
Prinx Chengshan (Shanghai) Investment Co., Ltd.	09 February 2021	Shanghai China, wholly foreign owned enterprise	China	USD12,800,000	USD12,800,000	100%	100%	Investment holding and trading of tire products
Prinx Chengshan (Shandong) Trading Co., Ltd.	12 October 2022	Shandong China, limited liability company	China	RMB5,000,000	RMB5,000,000	100%	100%	Trading of tire products
Prinx Tire (Malaysia) SDN. BHD	20 December 2024	Malaysia, limited liability company	Malaysia	MYR8,657,769	MYR8,657,769	100%	100%	Manufacturing and trading of tire products

(i) Prinx Chengshan (Anhui) Tire Co., Ltd. was liquidated on 19 August, 2025.

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16 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB' 000	Machinery and factory equipment RMB' 000	Furniture and fixtures RMB' 000	Vehicles RMB' 000	Tooling RMB' 000	Construction in progress RMB' 000	Total RMB' 000
Year ended 31 December 2024							
Opening net book amount	1,499,756	3,354,612	28,128	14,189	203,891	162,959	5,263,535
Transfers	9,001	322,804	2,380	5,224	81,055	(420,464)	—
Additions	—	—	4,003	—	—	441,207	445,210
Disposals	(1,745)	(3,641)	(297)	—	(1,159)	—	(6,842)
Depreciation charges (Note 9)	(55,845)	(349,104)	(10,918)	(4,552)	(78,566)	—	(498,985)
Exchange difference	16,577	28,374	95	13	1,595	306	46,960
Closing net book amount	1,467,744	3,353,045	23,391	14,874	206,816	184,008	5,249,878
At 31 December 2024							
Cost	1,876,063	6,276,175	80,905	51,260	831,607	184,008	9,300,018
Accumulated depreciation	(408,319)	(2,923,130)	(57,514)	(36,386)	(624,791)	—	(4,050,140)
Net book amount	1,467,744	3,353,045	23,391	14,874	206,816	184,008	5,249,878
Year ended 31 December 2025							
Opening net book amount	1,467,744	3,353,045	23,391	14,874	206,816	184,008	5,249,878
Transfers	27,911	193,042	4,076	1,204	85,531	(311,764)	—
Additions	—	—	126	—	—	389,038	389,164
Disposals	—	(2,039)	(31)	—	(8,246)	—	(10,316)
Depreciation charges (Note 9)	(55,540)	(348,611)	(9,830)	(4,366)	(82,572)	—	(500,919)
Exchange difference	(24,188)	(42,418)	(176)	(20)	(2,232)	(2,083)	(71,117)
Closing net book amount	1,415,927	3,153,019	17,556	11,692	199,297	259,199	5,056,690
At 31 December 2025							
Cost	1,879,786	6,424,760	84,900	52,444	906,660	259,199	9,607,749
Accumulated depreciation	(463,859)	(3,271,741)	(67,344)	(40,752)	(707,363)	—	(4,551,059)
Net book amount	1,415,927	3,153,019	17,556	11,692	199,297	259,199	5,056,690

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For the year ended 31 December 2025

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended 31 December 2025 and 2024, the amounts of depreciation expense charged to cost of sales, selling and distribution expenses, administrative expenses and research and development expenses are as follows:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Cost of sales	435,980	433,310
Selling and distribution expenses	1,766	2,105
Administrative expenses	19,259	21,919
Research and development expenses	43,914	41,651
Total	500,919	498,985

As at 31 December 2025, the net book value of property, plant and equipment pledged as security for the Group's borrowings and undrawn borrowing facilities amounted to approximately RMB98,330,000 (2024: RMB108,649,000) (Note 28).

17 RIGHT-OF-USE ASSETS

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Right-of-use assets		
— Land use rights	128,091	82,451
— Buildings	29,620	52,419
	157,711	134,870
Lease liabilities		
Current		
— Lease liabilities	23,180	30,059
Non-Current		
— Lease liabilities	6,693	23,891
	29,873	53,950

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17 RIGHT-OF-USE ASSETS (Continued)

The Group's land use rights are located in the PRC.

The current and non-current portion of lease liabilities amounting to RMB8,369,000 and nil (2024: RMB8,273,000 and RMB8,559,000) represent amounts due to related parties (Note 36(b)(iii)) respectively.

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

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Depreciation of right-of-use assets (Note 9)		
— Land use rights	4,702	3,860
— Buildings	32,829	28,843
	37,531	32,703
Interest expense (Note 11)	1,456	2,044
Expense relating to short term leases	1,942	842

The cash payments for short-term leases and right-of-use assets excluding land use rights were RMB37,255,000 for the year ended 31 December 2025 (2024: RMB30,555,000).

The Group leases various offices, warehouses and vehicles. Lease contracts except for short-term leases are typically made for fixed periods over 12 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

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For the year ended 31 December 2025

18 INTANGIBLE ASSETS

	Goodwill RMB' 000	Trademarks RMB' 000	Computer software RMB' 000	Patented technology RMB' 000	Total RMB' 000
Year ended 31 December 2024					
Opening net book amount	43,436	—	40,184	1,254	84,874
Additions	—	—	6,702	698	7,400
Amortisation charge (Note 9)	—	—	(8,370)	(583)	(8,953)
Exchange difference	—	—	314	—	314
Closing net book amount	43,436	—	38,830	1,369	83,635
At 31 December 2024					
Cost	43,436	1,572	83,599	4,818	133,425
Accumulated amortisation	—	(1,572)	(44,769)	(3,449)	(49,790)
Net book amount	43,436	—	38,830	1,369	83,635
Year ended 31 December 2025					
Opening net book amount	43,436	—	38,830	1,369	83,635
Additions	—	—	4,159	—	4,159
Disposals	—	—	(273)	—	(273)
Amortisation charge (Note 9)	—	—	(8,562)	(478)	(9,040)
Exchange difference	—	—	54	—	54
Closing net book amount	43,436	—	34,208	891	78,535
At 31 December 2025					
Cost	43,436	1,572	87,539	4,818	137,365
Accumulated amortisation	—	(1,572)	(53,331)	(3,927)	(58,830)
Net book amount	43,436	—	34,208	891	78,535

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For the year ended 31 December 2025

18 INTANGIBLE ASSETS (Continued)

During the year ended 31 December 2025 and 2024, amortisation of intangible assets were charged to the consolidated statement of comprehensive income is as follows:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Selling and distribution expenses	317	342
Administrative expenses	933	859
Research and development expenses	7,790	7,752
	9,040	8,953

(a) Impairment test for goodwill

Goodwill is monitored by management at the cash-generating unit (“CGU”) level. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Notes to the Consolidated Financial Statements

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18 INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill (Continued)

The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

	As at 31 December	
	2025	2024
Sales volume (% annual growth rate)	2%-8%	3%-7%
Sales price (% annual growth rate)	2%-4%	2%-3%
Gross margin (% of revenue)	15%-20%	18%-19%
Long term growth rate	3%	3%
Pre-tax discount rate	18%	18%

These assumptions have been used for the analysis of CGU within the operating segment.

Sales volume is the average annual growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.

Sales price is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each territory.

Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in rubber, a key raw material, which management does not expect to be able to pass on to customers through price increases.

The long term growth rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

As at 31 December 2025 and 2024, the directors of the Company assessed that there was no impairment of goodwill.

The directors of the Company have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost RMB' 000	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Total RMB' 000
As at 31 December 2025				
Financial assets				
Financial assets at fair value through profit or loss	—	153,362	—	153,362
Amounts due from related parties	553,379	—	—	553,379
Trade and notes receivables	1,945,501	—	496,125	2,441,626
Other receivables	25,217	—	—	25,217
Cash and cash equivalents	1,034,913	—	—	1,034,913
Long-term Deposit	30,000	—	—	30,000
Restricted cash	64,928	—	—	64,928
Total	3,653,938	153,362	496,125	4,303,425
Financial liabilities at amortised cost				
				RMB' 000
As at 31 December 2025				
Financial liabilities				
Lease liabilities				29,873
Borrowings				682,941
Trade payables				2,012,635
Other payables				884,830
Amounts due to related parties				250,507
Total				3,860,786

Notes to the Consolidated Financial Statements

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19 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Financial assets at amortised cost RMB' 000	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Total RMB' 000
As at 31 December 2024				
Financial assets				
Financial assets at fair value through profit or loss	—	150,458	—	150,458
Amounts due from related parties	201,857	—	—	201,857
Trade and notes receivables	1,753,427	—	267,222	2,020,649
Other receivables	25,196	—	—	25,196
Cash and cash equivalents	554,112	—	—	554,112
Long-term Deposit	30,000	—	—	30,000
Restricted cash	143,788	—	—	143,788
Total	2,708,380	150,458	267,222	3,126,060
				Financial liabilities at amortised cost RMB' 000
As at 31 December 2024				
Financial liabilities				
Lease liabilities				53,950
Borrowings				755,310
Trade payables				2,106,142
Other payables				999,944
Amounts due to related parties				19,510
Total				3,934,856

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

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20 INVENTORIES

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Raw materials	408,047	480,562
Work-in-progress	105,969	116,974
Finished goods	1,160,879	1,345,343
	1,674,895	1,942,879

During the year ended 31 December 2025, the cost of inventories recognised as an expense and included in 'cost of sales' was RMB8,545,186,000 (2024: RMB7,614,281,000). Write-downs of inventories amounting to RMB13,510,000 were made for the year ended 31 December 2025 (2024: RMB16,252,000).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
At beginning of the year	150,458	178,360
Additions	860,400	1,314,616
Disposals	(860,988)	(1,342,772)
Gains on disposal of financial assets at fair value through profit or loss (Note 8)	2,092	2,157
Fair value gains/(losses) on financial assets at fair value through profit or loss (Note 8)	1,400	(1,903)
At the end of the year	153,362	150,458

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Financial assets at fair value through profit or loss		
— Wealth management products (a)	150,000	141,771
— Listed equity securities (b)	3,362	8,687
	153,362	150,458

Notes to the Consolidated Financial Statements

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21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- (a) The wealth management products are stated at fair value using a discounted cash flow approach. The main input used by the Group is estimated yield rate written in contract with the counterparty. The fair value is within level 3 of the fair value hierarchy (Note 3.3).
- (b) The listed equity securities are fair valued based on the quoted market price.

22 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Trade receivables	1,975,805	1,777,304
Less: provision for impairment of trade receivables	(30,304)	(23,877)
Trade receivables — net	1,945,501	1,753,427
Notes receivable	496,125	267,222
Trade and notes receivables — net	2,441,626	2,020,649

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

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Up to 3 months	2,206,064	2,034,098
4 to 6 months	229,592	3,109
7 to 12 months	8,704	1,409
1 to 2 years	21,858	1,023
2 to 3 years	825	1,493
Over 3 years	4,887	3,394
	2,471,930	2,044,526

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22 TRADE AND NOTES RECEIVABLES (Continued)

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

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
At beginning of the year	23,877	21,894
Provision for impairment of trade receivables	6,811	4,835
Trade receivables written off during the year as uncollectible	(384)	(2,852)
At the end of the year	30,304	23,877

The creation and release of provision for impaired receivables have been included in 'net impairment losses on financial assets' in the consolidated statement of profit or loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of the Group's trade and notes receivables are denominated in the following currencies:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
RMB	1,308,141	870,616
USD	1,037,644	1,051,470
EUR	121,859	114,972
THB	4,286	7,468
	2,471,930	2,044,526

Notes to the Consolidated Financial Statements

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23 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Non-current		
Long-term deposit	30,000	30,000
Prepayments for purchase of property, plant and equipment	83,188	15,975
	113,188	45,975
Current		
Prepayments for inventory	48,118	85,855
Other receivables	25,217	25,196
Other current assets		
— value added tax to be deducted	300,121	312,030
— prepaid income tax	30,381	28,741
— cash in transit	—	20,000
— prepaid sales tax	—	14,558
	403,837	486,380
	517,025	532,355

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

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24 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Cash on hand	1	4
Cash at banks	1,099,840	697,896
	1,099,841	697,900
Less: restricted cash (a)	(64,928)	(143,788)
	1,034,913	554,112

(a) As at 31 December 2025, the restricted cash balances amounting were primarily pledged as security for issuing notes payable of the Group.

Cash at bank and on hand are denominated in the following currencies:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
RMB	273,629	222,149
USD	752,301	441,327
HKD	13,517	6,231
EUR	32,945	22,609
THB	26,609	5,584
MYR	840	—
	1,099,841	697,900

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25 SHARE CAPITAL AND SHARE PREMIUM

				Number of authorised shares
Authorised share capital:				1,000,000,000
As at 1 January 2024, 31 December 2024 and 2025				<u>1,000,000,000</u>
	Number of issued shares	Nominal value of Ordinary shares RMB' 000	Share premium RMB' 000	Total RMB' 000
As at 31 December 2023	<u>636,440,000</u>	<u>201</u>	<u>2,185,598</u>	<u>2,185,799</u>
Employee share option schemes — Exercise of options (<i>Note 26</i>)	<u>967,000</u>	<u>1</u>	<u>7,903</u>	<u>7,904</u>
As at 31 December 2024	<u>637,407,000</u>	<u>202</u>	<u>2,193,501</u>	<u>2,193,703</u>
Employee share option schemes — Exercise of options (<i>Note 26</i>)	<u>1,238,000</u>	<u>1</u>	<u>9,871</u>	<u>9,872</u>
As at 31 December 2025	<u>638,645,000</u>	<u>203</u>	<u>2,203,372</u>	<u>2,203,575</u>

26 SHARE-BASED PAYMENTS**26.1 Share option scheme**

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

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

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26 SHARE-BASED PAYMENTS (Continued)

26.1 Share option scheme (Continued)

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26 SHARE-BASED PAYMENTS (Continued)**26.1 Share option scheme** (Continued)

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

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

	2025		2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	HKD8.28	22,658,345	HKD8.33	33,506,401
Granted during the year	—	—	—	—
Exercised during the year	HKD7.24	(1,238,000)	HKD7.24	(967,000)
Lapsed during the year	HKD7.30	(3,863,845)	HKD8.12	(315,556)
Forfeited during the year	HKD8.57	(17,556,500)	HKD8.57	(9,565,500)
As at 31 December	—	—	HKD8.28	22,658,345
Vested and exercisable at 31 December		—		5,101,845

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26 SHARE-BASED PAYMENTS (Continued)

26.1 Share option scheme (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Exercise price</u>	<u>Share options 31 December 2025</u>	<u>Share options 31 December 2024</u>
9 July 2019	9 July 2025	HKD7.244	—	4,822,150
9 July 2020	9 July 2025	HKD7.960	—	279,695
28 June 2021	28 June 2029	HKD8.568	—	16,282,500
28 September 2022	28 June 2029	HKD8.568	—	650,000
28 September 2023	28 June 2029	HKD8.568	—	624,000
Total			<u>—</u>	<u>22,658,345</u>
Weighted average remaining contractual life of options outstanding at end of period			0 years	3.10 years

During the years ended 31 December 2025, 17,556,500 share options were forfeited in accordance with the terms of 2021 Share Option Scheme.

During the years ended 31 December 2025, 3,863,845 share options were lapsed in accordance with the terms of 2019 Share Option Scheme.

26.2 Share award scheme

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

On 30 December 2024 (the “**2024 Grant Date**”), the board of directors resolved to grant 1,360,000 awarded shares to certain selected employees under the 2024 Share Award Scheme, the purchase price of the awarded shares is HKD0.00 per share. Assuming all the conditions for vest of the awarded shares are fulfilled in accordance with the 2024 Share Award Scheme, the proportion of 30%, 30% and 40% of the awarded shares may be vested after the 36 months, 48 months and 60 months from the date of grant. Subject to the vesting schedule, the 2024 Share Award Scheme are vested within a period of five years commencing from the grant date. Total fair value of shares as at the 2024 Grant Date granted during year ended 31 December 2024 were determined to be HKD10,036,800, assuming the full conditions can be fulfilled. As at 31 December 2025, due to employee resignation, 100,000 awarded shares granted have been lapsed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26 SHARE-BASED PAYMENTS (Continued)**26.2 Share award scheme** (Continued)

On 16 December 2025 (the “**2025 Grant Date**”), the board of directors resolved to grant 1,260,000 awarded shares to certain selected employees under the 2024 Share Award Scheme, the purchase price of the awarded shares is HKD0.00 per share. Assuming all the conditions for vest of the awarded shares are fulfilled in accordance with the 2024 Share Award Scheme, the proportion of 30%, 30% and 40% of the awarded shares may be vested after the 24 months, 36 months and 48 months from the date of grant. Subject to the vesting schedule, the 2024 Share Award Scheme are vested within a period of four years commencing from the grant date. Total fair value of shares as at the 2024 Grant Date granted during year ended 31 December 2025 were determined to be HKD9,765,000, assuming the full conditions can be fulfilled.

Set out below are summaries of share award granted under the plan:

	2025		2024	
	Price per share award	Number of share award	Price per share award	Number of share award
As at 1 January	HKD0.00	1,360,000	—	—
Granted during the year	HKD0.00	1,260,000	HKD0.00	1,360,000
Lapsed during the year	HKD0.00	(100,000)	—	—
As at 31 December	HKD0.00	2,520,000	HKD0.00	1,360,000
Vested and exercisable at 31 December		—		—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26 SHARE-BASED PAYMENTS (Continued)

26.2 Share award scheme (Continued)

Share award outstanding at the end of the year have the following vesting period and exercise prices:

<u>Grant Date</u>	<u>Vesting period</u>	<u>Exercise price</u>	Share award 31 December 2025	Share award 31 December 2024
30 December 2024	30 December 2024 – 30 December 2029	HKD0.00	1,260,000	1,360,000
16 December 2025	16 December 2025 – 30 December 2029	HKD0.00	1,260,000	—
Total			2,520,000	1,360,000
Weighted average remaining contractual life of share award outstanding at end of period			4.00 years	5.00 years

As at 31 December 2025, employee benefit expense of amounting to RMB38,200,000 for the above share option scheme are reversed in profit or loss with a corresponding decrease in equity.

As at 31 December 2025, employee benefit expense of amounting to RMB2,195,000 for the above share award scheme are recognised in profit or loss with a corresponding increase in equity.

As at 31 December 2024, employee benefit expense of amounting to RMB793,000 for the above share option scheme and share award scheme are recognised in profit or loss with a corresponding increase in equity.

Notes to the Consolidated Financial Statements

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27 TREASURY SHARES AND RESERVES**(a) Treasury shares**

	2025 Shares	2024 Shares	2025 RMB' 000	2024 RMB' 000
Treasury shares	(4,000,000)	—	(27,438)	—

These shares are shares in the Company that are held by the Employee Share Trust for the purpose of issuing shares under the 2024 Share Award Scheme.

Details	Number of shares	RMB' 000
Opening balance 1 January 2024	—	—
Acquisition of shares by the Trust	—	—
Balance 31 December 2024	—	—
Acquisition of shares by the Trust	(4,000,000)	(27,438)
Employee share scheme issue	—	—
Balance 31 December 2025	(4,000,000)	(27,438)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27 TREASURY SHARES AND RESERVES (Continued)

(b) Reserves

	Capital reserve RMB' 000	Statutory reserve (i) RMB' 000	Translation reserve RMB' 000	Retained earnings (i) RMB' 000	Share compensation reserves RMB' 000	Total RMB' 000
Balance at 31 December 2023	(70,715)	478,989	42,999	2,752,464	44,319	3,248,056
Profit for the year	—	—	—	1,311,837	—	1,311,837
Cash dividends (Note 14)	—	—	—	(261,038)	—	(261,038)
Profit appropriation to statutory reserves	—	139,490	—	(139,490)	—	—
Currency translation differences	—	—	51,692	—	—	51,692
Employee share option schemes						
— issue of shares	—	—	—	—	(1,499)	(1,499)
— value of employee services (Note 26)	—	—	—	—	793	793
Balance at 31 December 2024	(70,715)	618,479	94,691	3,663,773	43,613	4,349,841
Profit for the year	—	—	—	1,087,559	—	1,087,559
Cash dividends (Note 14)	—	—	—	(293,282)	—	(293,282)
Profit appropriation to statutory reserves	—	41,964	—	(41,964)	—	—
Currency translation differences	—	—	(92,849)	—	—	(92,849)
Other	—	—	—	(1)	—	(1)
Employee share option schemes						
— issue of shares	—	—	—	—	(1,945)	(1,945)
— value of employee services (Note 26)	—	—	—	—	(36,005)	(36,005)
Balance at 31 December 2025	(70,715)	660,443	1,842	4,416,085	5,663	5,013,318

- (i) In accordance with the PRC Company Law and the articles of association of the PRC subsidiaries of the Group (the “**PRC subsidiaries**”), the PRC subsidiaries are required to allocate 10% of their profits attributable to the respective owners of the PRC subsidiaries after offsetting accumulated losses of previous years as set out in their statutory financial statements, to the statutory reserve until such reserve reaches 50% of the registered capital of the respective PRC subsidiary.

Under the Thailand Provision of Civil and Commerce Code, the Thai company is required to set aside as a legal reserve at least 5% of its profits arising from the business of the Company at each dividend distribution until the reserve is not less than 10% of the registered share capital. The legal reserve is non-distributable.

These reserves shall only be used to make up for previous years' losses or to increase the capital. The entities in the PRC may transfer their respective statutory reserves into paid-in capital, provided that the balance of the statutory reserve after such transfer is not less than 25% of the registered capital.

Notes to the Consolidated Financial Statements

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28 BANK BORROWINGS

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Non-current		
Bank borrowings		
— Secured	190,000	220,000
— Unsecured	201,500	190,703
	391,500	410,703
Current		
Current portion of non-current bank borrowings		
— Secured	30,000	30,000
— Unsecured	143,175	20,210
	173,175	50,210
Short-term bank borrowings		
— Unsecured	118,266	294,397
	291,441	344,607
Total borrowings	682,941	755,310

As at 31 December 2025, the weighted average effective interest rates on borrowings from banks were 2.70% per annum (2024: 3.34%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28 BANK BORROWINGS (Continued)

As at 31 December 2025, the secured bank borrowings of RMB220,000,000 (2024: RMB250,000,000) and undrawn borrowing facilities of RMB130,000,000 (2024: RMB100,000,000) were secured by certain property, plant and equipment amounting to RMB98,330,000 (2024: RMB108,649,000) (Note 16).

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
RMB	654,675	515,913
MYR	28,266	—
USD	—	239,397
	682,941	755,310

The exposure of the Group's borrowings to the interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	As at 31 December			
	2025 RMB' 000	%of total loans	2024 RMB' 000	%of total loans
Repricing or maturity dates:				
— Variable rate borrowings	342,441	50.1%	323,897	42.9%
— Fixed rate borrowing				
Less than 1 year	97,000	14.2%	90,210	11.9%
1-2 years	188,000	27.6%	144,085	19.1%
2-5 years	55,500	8.1%	197,118	26.1%
	682,941	100.0%	755,310	100.0%

The maturity of bank borrowings as of the balance sheet dates is as follows:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Within one year	291,441	344,607
Between one and two years	245,500	159,085
Between two and five years	146,000	251,618
	682,941	755,310

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28 BANK BORROWINGS (Continued)

The effective annual interest rates at the balance sheet date were as follows:

	As at 31 December	
	2025	2024
RMB	2.15%–3.05%	2.64%–4.65%
USD	—	3.60%–6.29%
MYR	4.26%	—

The carrying amounts and fair value of the non-current bank borrowings at fixed rate are as follows:

	Carrying amount		Fair value	
	2025 RMB' 000	2024 RMB' 000	2025 RMB' 000	2024 RMB' 000
1–2 years	188,000	144,085	188,391	144,330
2–5 years	55,500	197,118	55,057	196,783
	243,500	341,203	243,448	341,113

The fair values of non-current bank borrowings are based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial institution with substantially the same terms and characteristics at the respective balance sheet dates.

29 TRADE PAYABLES

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Accounts payable	1,216,573	1,235,302
Notes payable (a)	796,062	870,840
	2,012,635	2,106,142

(a) As at 31 December 2025, RMB796,062,000 (2024: RMB870,840,000) notes payable represented bank acceptance notes secured by certain restricted bank balances RMB59,271,000 and notes receivable balances RMB82,852,000 (2024: RMB143,788,000 and nil).

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29 TRADE PAYABLES (Continued)

The Group's trade payables were denominated in the following currencies:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
RMB	1,769,069	1,881,936
USD	109,604	83,937
THB	133,603	138,749
EUR	312	1,520
MYR	47	—
	2,012,635	2,106,142

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Within 3 months	1,464,419	1,563,161
4 to 6 months	438,610	461,719
7 to 12 months	31,066	19,200
Above 1 year	78,540	62,062
	2,012,635	2,106,142

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30 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2025	2024
	RMB' 000	RMB' 000
Payroll and employee benefit payables	291,766	236,061
Payables for purchase of property, plant and equipment	274,321	344,920
Accrued expenses	253,234	239,148
Freights and custom duty payable	139,528	172,285
Accrued sales rebates and commission	131,283	134,318
Deposit from customers and suppliers	38,978	39,092
Other tax payables	25,617	4,165
Interest payables	529	586
Other payables	46,957	69,594
	1,202,213	1,240,169

31 PROVISION FOR WARRANTIES

	Products warranties
	RMB' 000
As at 31 December 2023	80,481
Additional provision (<i>Note 9</i>)	54,190
Utilised during the year	(49,430)
As at 31 December 2024	85,241
Additional provision (<i>Note 9</i>)	40,692
Utilised during the year	(41,941)
As at 31 December 2025	83,992

Notes to the Consolidated Financial Statements

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32 DEFERRED INCOME

	Deferred government grants RMB' 000
As at 31 December 2023	84,116
Addition	5,635
Credited to the consolidated statement of profit or loss	(9,689)
As at 31 December 2024	80,062
Addition	6,494
Credited to the consolidated statement of profit or loss	(9,629)
As at 31 December 2025	76,927

33 DEFERRED INCOME TAX

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Deferred tax assets:		
– Deferred tax assets to be recovered within 12 months	35,046	42,118
– Deferred tax assets to be recovered after more than 12 months	11,451	15,059
Set-off of deferred tax liabilities pursuant to set-off provisions	(45,104)	(53,139)
Deferred tax assets, net	1,393	4,038
Deferred tax liabilities:		
– Deferred tax liabilities to be settled within 12 months	(16,525)	(17,622)
– Deferred tax liabilities to be settled after more than 12 months	(84,555)	(92,939)
Set-off of deferred tax assets pursuant to set-off provisions	45,104	53,139
Deferred tax liabilities, net	(55,976)	(57,422)

Notes to the Consolidated Financial Statements

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33 DEFERRED INCOME TAX (Continued)

The gross movement of the deferred income tax account is as follows:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
At beginning of the year	(53,384)	(42,457)
Charged to profit or loss (Note 12)	(1,199)	(10,927)
At end of the year	(54,583)	(53,384)

The movement in deferred tax assets and liabilities during the year, without taking consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Impairment RMB' 000	Accruals RMB' 000	Warranties RMB' 000	Government grants RMB' 000	Others RMB' 000	Total RMB' 000
At 31 December 2023	4,030	15,473	7,781	13,948	13,478	54,710
Credited/(charged) to the consolidated statement of profit or loss	301	552	(513)	(548)	2,675	2,467
At 31 December 2024	4,331	16,025	7,268	13,400	16,153	57,177
Credited/(charged) to the consolidated statement of profit or loss	441	1,029	(573)	(1,861)	(9,716)	(10,680)
At 31 December 2025	4,772	17,054	6,695	11,539	6,437	46,497

Notes to the Consolidated Financial Statements

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33 DEFERRED INCOME TAX (Continued)

Deferred tax liabilities

	Fair value gains arising from business combination RMB' 000	Depreciation difference RMB' 000	Others RMB' 000	Total RMB' 000
At 31 December 2023	10,951	79,388	6,828	97,167
(Credited)/charged to the consolidated statement of profit or loss	(742)	12,601	1,535	13,394
At 31 December 2024	10,209	91,989	8,363	110,561
Credited to the consolidated statement of profit or loss	(742)	(5,220)	(3,519)	(9,481)
At 31 December 2025	9,467	86,769	4,844	101,080

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34 CASH GENERATED FROM OPERATIONS**(a) Reconciliation of profit before income tax to cash generated from operations**

	Year ended 31 December	
	2025	2024
	RMB' 000	RMB' 000
Profit before income tax	1,194,387	1,384,497
Adjustments for:		
– Share of result of associates	(215)	(84)
– Depreciation of property, plant and equipment (<i>Note 16</i>)	500,919	498,985
– Depreciation of right-of-use assets (<i>Note 17</i>)	37,531	32,703
– Amortisation of intangible assets (<i>Note 18</i>)	9,040	8,953
– Gains on disposal of financial assets at fair value through profit or loss (<i>Note 8</i>)	(2,092)	(2,157)
– (Gains)/losses from fair value change of financial assets at fair value through profit or loss (<i>Note 8</i>)	(1,400)	1,903
– Deferred income related to property, plant and equipment	(9,629)	(9,689)
– Share based compensation (<i>Note 26</i>)	(36,005)	793
– Gains on disposal of property, plant and equipment (<i>Note 8</i>)	(9)	(704)
– Provision for impairment of financial assets	6,811	5,088
– Write-downs of inventories (<i>Note 20</i>)	13,510	16,252
– Finance costs – net (<i>Note 11</i>)	243	28,840
Changes in working capital (excluding currency translation differences on consolidation):		
– Decrease in pledged bank deposits	78,860	34,256
– Decrease/(increase) in inventories	230,528	(317,072)
– Increase in trade and notes receivables	(445,484)	(159,273)
– Decrease/(increase) in prepayments, other receivables and other current assets	84,211	(24,042)
– (Increase)/decrease in amounts due from related parties	(351,522)	42,228
– Decrease in trade payables	(92,100)	(290,887)
– Increase in amounts due to related parties	997	18,585
– (Decrease)/increase in provision for warranties	(1,249)	4,760
– Increase in other payables and accruals	42,930	148,168
– Increase in contract liabilities	16,606	12,778
Cash inflow from operations	1,276,868	1,434,881

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34 CASH GENERATED FROM OPERATIONS (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Net book value (Note 16)	10,316	6,842
Gains on disposal of property, plant and equipment (Note 8)	9	704
Proceeds from disposal of property, plant and equipment	10,325	7,546

The reconciliation of liabilities arising from financial activities is as follows:

	Bank borrowings RMB' 000	Lease liabilities RMB' 000	Amounts due to related parties RMB' 000	Total RMB' 000
As of 31 December 2023 (Note)	1,222,477	30,837	—	1,253,314
Cash flows				
— inflow from financing activities	906,345	—	—	906,345
— outflow from operating activities	(71,576)	—	—	(71,576)
— outflow from financing activities	(1,362,162)	(29,713)	—	(1,391,875)
Non-cash changes				
— increase of right-of-use assets	—	50,782	—	50,782
— interest expense	61,024	2,044	—	63,068
— currency translations	(212)	—	—	(212)
As of 31 December 2024 (Note)	755,896	53,950	—	809,846
Cash flows				
— inflow from financing activities	1,548,393	—	230,000	1,778,393
— outflow from operating activities	(21,593)	—	—	(21,593)
— outflow from financing activities	(1,605,762)	(35,563)	—	(1,641,325)
Non-cash changes				
— increase of right-of-use assets	—	10,030	—	10,030
— interest expense	21,536	1,456	2,677	25,669
— derecognition of discounted notes receivables	(15,000)	—	—	(15,000)
As of 31 December 2025 (Note)	683,470	29,873	232,677	946,020

Note: The balances of these financial liabilities comprise “bank borrowings”, “lease liabilities”, “amounts due to related parties”, respective interest payable in “other payables and accruals”.

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35 COMMITMENTS

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Purchase of property, plant and equipment — Contracted but not provided for	745,288	77,823

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Save as disclosed elsewhere in the consolidated financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the year ended 31 December 2025 and 2024, and balances arising from related party transactions as at the respective balance sheet dates.

Name and relationship with related parties are set out below:

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

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36 RELATED PARTY TRANSACTIONS (Continued)

Related party	Relationship
Sino Legend Holding Group Limited	A shareholder of the Company
Sino Legend (China) Chemical Company Ltd.	Parent company of Sino Legend Holding Group Limited, a shareholder of the Company
RACHEM (CHINA) CO., LTD.	An entity under same control with Sino Legend Holding Group Limited, a shareholder of the Company
Hebei Prinx Chengshan Tire Co., Ltd.	An associated company of the Group, established on 30 August 2019, with 39% equity interest attributable to the Group

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

(a) Transactions with related parties

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
(i) Purchase of utilities — Chengshan Group	216,079	204,926
(ii) Sale of goods		
— Sinotruk	738,485	397,276
— Yunnan Prinx Chengshan Tire Co., Ltd.	17,894	19,434
— Hebei Prinx Chengshan Tire Co., Ltd.	60,977	71,959
— Guangdong Prinx Chengshan Tire trading Co., Ltd.	44,673	13,029
	862,029	501,698
(iii) Purchase of raw materials		
— Sino Legend (China) Chemical Company Ltd.	25,309	22,799
— RACHEM (CHINA) CO., LTD.	15,557	13,501
	40,866	36,300

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

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
(iv) Rental and estate management expenses paid — Rongcheng Chengshan Properties Co., Ltd.	6,415	6,415
(v) Purchase of right-of-use assets — Chengshan Group	—	24,853
The total depreciation and finance charges for the leases from related parties recorded in the consolidated statement of profit or loss amounted to RMB8,351,000 for the year ended 31 December 2025 (2024: RMB9,004,000).		
(vi) Services received — Rongcheng Chengshan Energy-Saving Services Co., Ltd.	10,738	10,399
(vii) Key management compensation		
Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:		
— Salaries, director fees, bonus, pension, housing fund, medical insurance and other welfare benefits	20,697	19,907
— Share-based compensation benefits	1,605	4,597
	22,302	24,504
(viii) Loans from related parties		
— Beginning of the year	—	—
— Loans advanced	230,000	—
— Interest charged	2,677	—
— End of year	232,677	—

As at 31 December 2025, the loans from related parties are borrowings from Chengshan Group, with a fixed interest rate of 3% and a term of three years.

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36 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

(i) Amounts due from related parties

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Current		
Trade receivables		
– Sinotruk	511,274	163,812
– Hebei Prinx Chengshan Tire Co., Ltd.	24,318	26,119
– Guangdong Prinx Chengshan Tire trading Co., Ltd.	12,787	11,926
	548,379	201,857
Other receivables		
– Yunnan Prinx Chengshan Tire Co., Ltd.	5,000	—
	553,379	201,857

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
1-3 months	551,046	201,857
4-6 months	2,333	—
	553,379	201,857

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For the year ended 31 December 2025

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(ii) Amounts due to related parties (Continued)

The carrying amounts of the Group's amount due to related parties are denominated in the following currencies:

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
RMB	250,507	19,510

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

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
1-3 months	20,507	19,510
2-3 years	230,000	—
	250,507	19,510

(iii) Lease liabilities

	As at 31 December	
	2025 RMB' 000	2024 RMB' 000
Non-current		
— Chengshan Group	—	8,559
Current		
— Chengshan Group	8,369	8,273
	8,369	16,832

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37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December	
		2025 RMB' 000	2024 RMB' 000
Assets			
Non-current assets			
Interests in subsidiaries		2,327,460	2,397,884
Deferred tax assets		1,393	3,990
		2,328,853	2,401,874
Current assets			
Financial assets at fair value through profit or loss		3,362	3,220
Cash and cash equivalents		14,454	84,345
		17,816	87,565
Total assets		2,346,669	2,489,439
Equity			
Share capital	25	203	202
Share premium	25	2,203,372	2,193,501
Treasury shares		(27,438)	—
Reserves		161,464	285,791
Total equity		2,337,601	2,479,494
Liabilities			
Current liabilities			
Other payables and accruals		4,447	3,317
Amounts due to related parties		4,621	6,628
		9,068	9,945
Total liabilities		9,068	9,945
Total equity and liabilities		2,346,669	2,489,439

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37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

	Translation reserve RMB' 000	Retained earnings/ (accumulated losses) RMB' 000	Treasury shares RMB' 000	Reserves RMB' 000	Total RMB' 000
Balance at 31 December 2023	153,275	(9,247)	—	44,319	188,347
Profit for the year	—	342,089	—	—	342,089
Cash dividends (Note 14)	—	(261,038)	—	—	(261,038)
Currency translation differences (i)	17,099	—	—	—	17,099
Issue of shares under employee share scheme	—	—	—	(1,499)	(1,499)
Employee share option schemes	—	—	—	—	—
— value of employee services (Note 26, 27)	—	—	—	793	793
Balance at 31 December 2024	170,374	71,804	—	43,613	285,791
Profit for the year	—	226,778	—	—	226,778
Cash dividends (Note 14)	—	(293,282)	—	—	(293,282)
Currency translation differences (i)	(19,873)	—	—	—	(19,873)
Issue of shares under employee share scheme	—	—	—	(1,945)	(1,945)
Treasury shares	—	—	(27,438)	—	(27,438)
Employee share option schemes	—	—	—	—	—
— value of employee services (Note 26, 27)	—	—	—	(36,005)	(36,005)
Balance at 31 December 2025	150,501	5,300	(27,438)	5,663	134,026

(i) The Company's functional currency is USD.

The balance sheet of the Company was approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

Che Baozhen
Director

Shi Futao
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38 BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' emoluments**

	Year ended 31 December	
	2025 RMB' 000	2024 RMB' 000
Directors		
— Salaries, wages and bonuses	12,908	12,879
— Pension, housing fund, medical insurance and other welfare benefits	310	213
— Share-based compensation benefits	1,259	3,352
	14,477	16,444

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2025

Name of Director	Fees RMB' 000	Salaries RMB' 000	Discretionary bonuses RMB' 000	Allowances and benefits in kind ⁽ⁱ⁾ RMB' 000	Employer's contribution to a	Share-based compensation benefits RMB' 000	Total RMB' 000
					retirement benefits scheme RMB' 000		
Executive directors							
Che Baozhen	216	2,184	1,086	—	151	—	3,637
Shi Futao	216	1,944	1,820	—	79	315	4,374
Jiang Xizhou	216	2,376	2,307	—	80	944	5,923
Non-executive director							
Che Hongzhi	—	—	—	—	—	—	—
Shao Quanfeng	—	—	—	—	—	—	—
Wang Ning	—	—	—	—	—	—	—
Independent non-executive directors							
Jin Qingjun	163	—	—	—	—	—	163
Choi Tze Kit, Sammy	217	—	—	—	—	—	217
Wang Chuansheng	163	—	—	—	—	—	163
	1,191	6,504	5,213	—	310	1,259	14,477

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38 BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(a) Directors' emoluments** (Continued)**For the year ended 31 December 2024**

Name of Director	Fees RMB' 000	Salaries RMB' 000	Discretionary bonuses RMB' 000	Allowances and benefits in kind (i) RMB' 000	Employer's contribution to a retirement benefits scheme RMB' 000	Share-based compensation benefits RMB' 000	Total RMB' 000
Executive directors							
Che Baozhen	483	2,058	896	—	66	—	3,503
Shi Futao	32	2,160	1,436	—	66	1,596	5,290
Jiang Xizhou (i)	—	2,592	1,913	—	65	1,596	6,166
Cao Xueyu (i)	—	504	215	—	16	160	895
Non-executive director							
Che Hongzhi (i)	43	—	—	—	—	—	43
Shao Quanfeng	—	—	—	—	—	—	—
Wang Ning (i)	—	—	—	—	—	—	—
Wang Lei (i)	—	—	—	—	—	—	—
Independent non-executive directors							
Jin Qingjun	164	—	—	—	—	—	164
Choi Tze Kit, Sammy	219	—	—	—	—	—	219
Wang Chuansheng	164	—	—	—	—	—	164
	<u>1,105</u>	<u>7,314</u>	<u>4,460</u>	<u>—</u>	<u>213</u>	<u>3,352</u>	<u>16,444</u>

(i) Jiang Xizhou was appointed as the Company's executive director on 28 March 2024, Cao Xueyu resigned as the Company's executive director on 28 March 2024; Wang Ning was appointed as the Company's non-executive director on 28 March 2024, Wang Lei resigned as the Company's non-executive director on 28 March 2024. For the year ended 31 December 2024, Mr. Che Hongzhi, the Chairman of the Board and non-executive director of the Company, waived part of his remuneration, amounting to RMB215,000. Apart from this, no director has waived or agreed to waive any remuneration for the year ended 31 December 2024.

(b) Directors' termination benefits

There were no termination benefits paid to any director for the year ended 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2025, the Company provided no consideration to third parties for making available director's services (2024: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans and other dealings entered into between the Group and the directors in favour of the directors as at 31 December 2025, or at any time for the year ended 31 December 2025 (2024: nil).

39 SUMMARY OF OTHER ACCOUNTING POLICIES

39.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and financial position respectively.

39.2 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.2 Equity method (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 39.9.

39.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

39.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decisionmaker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is United States Dollar ("**USD**"). The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within 'finance costs — net'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'other gains/(losses) — net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)**39.6 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land represents freehold land in Thailand and is not depreciated. Other property and equipment, or each significant part of an item of property or equipment, are depreciated by the straight-line method over the following estimated useful lives:

— Buildings	30 years
— Machinery and factory equipment	5-14 years
— Furniture and fixtures	5-10 years
— Vehicles	5 years
— Tooling	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 39.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other gains/(losses) — net' in the consolidated statement of profit or loss.

Construction-in-progress ("**CIP**") mainly represents buildings, machinery and toolings under construction or pending installation and is stated at historical cost less accumulated impairment losses, if any. Historical cost includes the costs of construction, acquisition and borrowing. No provision for depreciation is made on CIP until such time as the relevant assets are completed and available for intended use. When the assets concerned are ready for their intended use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.7 Intangible assets

(a) *Goodwill*

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the CGUs.

(b) *Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 2-10 years based on the expected use in future operating plan.

(c) *Computer software*

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of 3-10 years.

(d) *Patented technology*

Development costs that are directly attributable to the design and testing of patented technology are recognised as intangible assets and amortised using the straight-line method over their estimated useful life of 5-10 years.

39.8 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)**39.8 Leases** (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Extension options are included in the offices and apartments leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the financial position based on their nature. The Group had no assets held as lessor during the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

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39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

39.10 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

39.11 Financial assets

(i) Classification

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Notes to the Consolidated Financial Statements

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39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)**39.11 Financial assets** (Continued)**(i) Classification** (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

See Note 19 for details of each type of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.11 Financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **Fair value through other comprehensive income (“FVOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses) — net. Interest income from these financial assets is included in finance income or other income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss (“FVPL”):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and presented net in the consolidated statement of profit or loss within other gains/(losses) — net in the period in which it arises.

Notes to the Consolidated Financial Statements

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39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)**39.11 Financial assets** (Continued)**(iii) Measurement** (Continued)*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) – net in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

39.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

39.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.14 Trade and notes receivables

Trade and notes receivables are amounts due from customers for merchandise and service provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Notes receivable are measured at fair value through other comprehensive income. See Note 39.11 for a description of the Group's impairment policies.

39.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

39.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

39.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.18 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

39.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.20 Share-based payments

Share-based compensation benefits are provided to employees via the employee share option scheme and share award scheme. Information relating to the schemes are set out in Note 26.

The fair value of shares or share options granted under the employee share option scheme and share award scheme are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares or share options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

39.22 Government assistance and grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised as other income in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.23 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of other income for investment purpose.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

39.24 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.24 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

39.25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

39.25 Earnings per share (Continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

39.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, where appropriate.

39.27 Research and development expenses

Research costs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product cost includes employee costs for new manufacture technology development and an appropriate portion of relevant overheads. Costs associated with maintaining new manufacture technology programmes are recognised as an expense as incurred.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.