

ANNUAL REPORT
2024



XINGDA INTERNATIONAL HOLDINGS LIMITED
興達國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code : 1899)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIU Jinlan (*Chairman*)
Mr. LIU Xiang
Mr. HANG Youming (appointed on 15 January 2024)
Mr. WANG Jin (appointed on 15 January 2024)
Ms. WANG Yu (appointed on 15 January 2024)
Mr. ZHANG Yuxiao (resigned on 28 May 2024)

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis
Ms. XU Chunhua
Ms. ZHANG Guoyun (appointed on 6 September 2024)
Mr. LUO Tiejun (resigned on 3 April 2024)

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)
Ms. XU Chunhua
Ms. ZHANG Guoyun (appointed on 6 September 2024)
Mr. LUO Tiejun (ceased to be a member on 3 April 2024)

REMUNERATION AND MANAGEMENT DEVELOPMENT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)
Ms. ZHANG Guoyun (appointed on 6 September 2024)
Mr. LUO Tiejun (ceased to be a member on 3 April 2024)

NOMINATION COMMITTEE

Mr. LIU Jinlan (*Chairman*)
Mr. KOO Fook Sun, Louis
Ms. XU Chunhua

COMPANY SECRETARY

Mr. CHENG Kam Ho, *CPA*

AUTHORISED REPRESENTATIVES

Mr. WANG Jin (appointed on 3 June 2024)
Mr. CHENG Kam Ho
Mr. ZHANG Yuxiao (resigned on 28 May 2024)

LEGAL ADVISORS

As to Hong Kong Law:
Patrick Mak & Tse
Solicitors

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

INVESTOR RELATIONS

Ever Bloom (HK) Communications Consultants Group Limited
10/F., 80 Gloucester Road
Wan Chai
Hong Kong

REGISTERED OFFICE

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

HEAD OFFICE

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Yunling Road (East)
Putuo District
Shanghai 200062
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit S03, 7/F, Low block
Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Bank of China (Hong Kong) Limited
Industrial Bank Co., Ltd. Hong Kong Branch

SHARE REGISTRARS AND TRANSFER OFFICES

Principal:

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586,
Gardenia Court, 49 Market Street, Camana Bay,
KY1-1100, Cayman Islands

Hong Kong Branch:

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

01899

WEBSITE

www.irasia.com/listco/hk/xingda/index.htm

FINANCIAL HIGHLIGHTS

	2024	2023	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
OPERATING RESULTS			
Revenue	11,940.4	11,490.5	+3.9%
Gross profit	2,194.3	2,200.5	-0.3%
EBITDA ⁽¹⁾	1,562.6	1,611.7	-3.0%
Profit for the year	387.8	637.4	-39.2%
Profit attributable to owners of the Company	269.0	449.4	-40.1%
Earnings per share – basic (RMB cents)	14.23	27.07	-47.4%
Earnings per share – diluted (RMB cents)	14.14	26.89	-47.4%

	2024	2023	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
FINANCIAL POSITION			
Total assets	22,381.5	20,719.9	+8.0%
Total liabilities	13,695.3	12,421.0	+10.3%
Net assets	8,686.2	8,298.9	+4.7%
Equity attributable to owners of the Company	6,467.7	6,104.9	+5.9%

	2024	2023
KEY RATIOS		
Gross profit margin ⁽²⁾	18.4%	19.2%
EBITDA margin ⁽³⁾	13.1%	14.0%
Return on equity ⁽⁴⁾	4.2%	7.4%
Current ratio ⁽⁵⁾	1.0	1.0
Gearing ratio ⁽⁶⁾	34.8%	32.0%
Net debts to equity ratio ⁽⁷⁾	107.5%	99.3%

Notes:

- (1) It is arrived at profit for the year before finance costs, income tax expense, depreciation and amortization.
- (2) Gross profit divided by revenue.
- (3) EBITDA divided by revenue.
- (4) Profit for the year attributable to owners of the Company divided by equity attributable to owners of the Company.
- (5) Current assets divided by current liabilities.
- (6) Total debts (borrowings) divided by total assets.
- (7) Total debts (borrowings) less cash and bank balances divided by equity attributable to owners of the Company.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present the audited annual results of Xingda International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group" or "Xingda") for the year ended 31 December 2024.

Over the past year, the global economy continued to recover slowly amidst multiple challenges, and overall economic growth remained stable. The Group's business still recorded stable growth in 2024. During the Year, the Group's revenue increased by 3.9% year-on-year to RMB11,940 million (2023: RMB11,490 million). Gross profit decreased by 0.3% year-on-year to RMB2,194 million (2023: RMB2,201 million) and gross profit margin dropped by 0.8 percent point year-on-year to 18.4% (2023: 19.2%), which was primarily due to intensified competition within the industry in the third quarter. Profit attributable to owners of the Company decreased by 40.1% year-on-year to RMB269 million (2023: RMB449 million). Basic earnings per share were RMB14.23 cents (2023: RMB27.07 cents). The Board of Directors did not recommend any final dividend for the year ended 31 December 2024 (2023: 13.0 HK cents per share).

In 2024, China's economy made steady progress despite complex internal and external challenges, reaching a new milestone in total economic output. Industrial production maintained relatively rapid growth during this period. Despite the overall weakness of the domestic automotive industry, the new energy vehicle (NEV) sector and overseas markets remained strong. Annual production and sales of NEVs exceeded 12 million units, representing a year-on-year growth of 34.4% and 35.5%, respectively, while NEV exports reached 1.28 million units, reflecting a year-on-year increase of 6.7%. In addition, in the second half of 2024, the Chinese government launched a multi-ministerial initiative to promote a trade-in policy for consumer goods, which accelerated growth in new energy vehicle sales, drove transformation and upgrading in the automotive industry, and benefited both automakers and tire manufacturers. The prosperity of the NEV market provided strong support for the sales of radial tire cord.

As for overseas markets, tire demand remained strong, with Southeast Asia, the Americas, Europe and the Middle East continuing to be the main export regions for Chinese tires. Despite anti-dumping investigations and tariff impositions on Chinese tire companies in Europe and the United States, these companies have continued to gain traction in overseas markets due to their high quality and strong price-performance ratios. According to the latest data released by the General Administration of Customs of the PRC, the total export volume of Chinese rubber tires in 2024 reached 9.32 million tonnes, representing a year-on-year increase of 5.2%, while the export value reached RMB164.5 billion, reflecting a year-on-year increase of 5.6%.

Looking ahead, 2025 marks the final year of both the "14th Five-Year Plan" and "Made in China 2025." On the one hand, the Chinese government will introduce more robust and flexible macroeconomic policies to further expand domestic demand and stimulate prices. On the other hand, the trade-in policy will be intensified, with increased support and subsidies for bulk consumption of NEVs. It is expected that domestic tire demand will continue to rise, driving the development of the radial tire cord industry. As for overseas market demand, due to the ongoing uncertainties across the globe, escalating trade barriers in various countries, and high global inflation, the management maintains a cautious outlook on the industry's development in 2025. The Group will closely monitor changes in overseas markets.

CHAIRMAN'S STATEMENT

In 2024, Great Trade Limited, the majority shareholder of the Group, along with its persons acting in concert, increased their shareholding in the Group on November 15 and November 29, respectively. This move fully demonstrates the majority shareholder's deep recognition of and strong confidence in the Group's products, affirming the Group's core position in the radial tire cord industry and its promising future development prospects.

In 2025, the Group will fully embrace the growing domestic market demand and actively expand overseas markets, including Southeast Asia and India, Europe and the Americas. Xingda is committed to enhancing the product quality of radial tire cords, steadily exploring new opportunities, and driving the green transformation and sustainable development of the tire industry.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to shareholders, the management and all employees for their contribution to the Group. The Group will strive to maintain steady growth, further consolidate its market leadership and bring long-term investment returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Xingda International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “Xingda”) are pleased to present the audited consolidated annual results of the Group for the twelve months ended 31 December 2024 (the “Year”).

For the twelve months ended 31 December 2024, the Group recorded revenue of RMB11,940.4 million, representing a year-on-year increase of 3.9% (2023: RMB11,490.5 million). Gross profit decreased year-on-year by 0.3% to RMB2,194.3 million (2023: RMB2,200.5 million), and gross profit margin decreased by 0.8 percentage point compared to the same period last year to 18.4% (2023: 19.2%). Profit attributable to owners of the Company decreased year-on-year by 40.1% to RMB269.0 million (2023: RMB449.4 million). Basic earnings per share were RMB14.23 cents (2023: RMB27.07 cents). The Board of Directors did not recommend any final dividend for the year ended 31 December 2024 (2023: 13.0 HK cents per share).

INDUSTRY OVERVIEW

In 2024, China’s economy continued to recover and achieved stable progress, and the full-year economic growth target was successfully achieved. According to data from the National Bureau of Statistics, China’s Gross Domestic Product (GDP) exceeded RMB130 trillion for the first time in 2024, with a year-on-year growth rate of 5.0%. Amidst a complex situation characterized by increased external pressures and growing internal challenges, the total volume of social logistics in China reached RMB360.6 trillion in 2024, representing a year-on-year increase of 5.8%. At the same time, according to the latest data from the Ministry of Transport, from January to November 2024, national road passenger volume increased by 7.4% year-on-year, and national road freight volume increased by 3.3% year-on-year.

In terms of policy, in the second half of 2024, the Chinese government comprehensively promoted large-scale equipment renewal and trade-in programs for consumer goods. In addition, automakers launched multiple new models in the second half of the year, resulting in fierce competition and a more pronounced year-end sales push. In 2024, the trade-in of automobiles exceeded 6.8 million units, driving total automobile sales to reach RMB920 billion. The domestic market penetration rate of new energy passenger vehicles exceeded 50% for seven consecutive months starting from June 2024, with an annual penetration rate as high as 47.6%.

According to the latest data from the China Association of Automobile Manufacturers (CAAM), in 2024, China’s automobile production and sales reached 31.282 million units and 31.436 million units, respectively, setting new historical highs with year-on-year increases of 3.7% and 4.5%, respectively. This further drove the demand for radial tires and radial tire cords. Additionally, according to statistics from the Ministry of Public Security, as of the end of December 2024, the number of automobiles in service nationwide reached 353 million. The registration of new energy vehicles also showed a rapid growth trend. It is believed that these factors will continue to provide strong support for the replacement market of radial tires in the long term.

In 2024, the domestic tire market in China maintained stable growth, driven by the rapid popularization of new energy vehicles and the continuous increase in the number of automobiles in service. In terms of exports, the global economic recovery and the gradual normalization of international trade provided a favorable environment for China’s tire industry. Although anti-dumping policies and trade barriers in some countries and regions still posed certain pressures on exports, Chinese tire companies remained highly competitive. This strong competitiveness also benefited the overseas business of radial tire cords.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, domestic demand continued to grow steadily, driven by the stable expansion of the new energy vehicle market, while overseas demand remained optimistic. The radial tire cord industry maintained stable, enabling Xingda to continue leveraging its position as an industry leader to sustain overall stable business development. During the Year, the Group's total sales volume increased by 9.3% year-on-year to 1,428,000 tonnes; the sales volume of radial tire cords rose by 9.7% to 1,144,100 tonnes, accounting for 80.1% of the Group's total sales volume (2023: 79.9%); the sales volume of bead wires increased by 4.2% to 161,900 tonnes, representing 11.3% of the Group's total sales volume (2023: 11.9%). The sales volume of hose wires and other wires grew by 13.2% to 122,000 tonnes, making up 8.6% of the Group's total sales volume (2023: 8.2%).

During the Year, the sales volume of radial tire cords for trucks increased by 5.9% year-on-year to 758,900 tonnes, primarily due to the gradual increase of China's economic and logistics activities, as well as the year-on-year growth in domestic tire production and demand. The sales volume of radial tire cords for passenger cars also increased by 17.9% to 385,200 tonnes, driven by the rising domestic demand for passenger car radial tires. The sales volumes of radial tire cords for trucks and passenger cars accounted for 66.3% and 33.7% respectively of the total sales volume of radial tire cords during the Year.

Sales Volume

	2024	2023	Change
	Tonnes	Tonnes	
Radial tire cords	1,144,100	1,043,000	+9.7%
– For trucks	758,900	716,400	+5.9%
– For passenger cars	385,200	326,600	+17.9%
Bead wires	161,900	155,300	+4.2%
Hose wires and other wires	122,000	107,800	+13.2%
Total	<u>1,428,000</u>	<u>1,306,100</u>	+9.3%

In the China market, the sales volume of the Group's radial tire cords increased by 7.6% to 817,400 tonnes in 2024 (2023: 759,700 tonnes), primarily driven by the growth in the new energy vehicle market and Gross Domestic Product, which spurred the demand for radial tires. During the Year, overseas market demand continued to grow steadily. The sales volume of radial tire cords increased by 15.3% to 326,700 tonnes (2023: 283,300 tonnes), mainly due to the sustained demand from overseas tire manufacturers. The domestic and overseas markets accounted for 71.4% and 28.6% of the Group's total sales volume, respectively (2023: 72.8% and 27.2%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW – CONTINUED

Sales Volume – Continued

As at 31 December 2024, the Group's annual production capacity of radial tire cords increased by 20.5% to 1,294,000 tonnes, with the annual production capacity of the Jiangsu plant reaching 890,000 tonnes, maintaining stable growth; benefiting from the transformation of early fixed asset investment, the annual production capacity of the Shandong plants were significantly released, reaching 325,000 tonnes, providing strong support for domestic sales; the annual production capacity of the Thailand plant reaching 79,000 tonnes. At a time when international trade risks and uncertainties continue to increase, the Company's strategic layout in Thailand will lay a solid foundation for the stable development of the Company's overseas business. The annual production capacity of bead wires increased to 173,000 tonnes. The annual production capacity of hose wires and other wires increased to 131,000 tonnes. During the Year, the overall capacity utilization rate of the Group's plants dropped to 91.7% (2023: 96.3%).

	2024	2024	2023	2023
	Production	Utilization	Production	Utilization
	Capacity	Rate	Capacity	Rate
	(Tonnes)		<i>(Tonnes)</i>	
Radial tire cords	1,294,000	91.0%	1,074,000	96.3%
Bead wires	173,000	94.7%	161,000	96.8%
Hose wires and other wires	131,000	94.5%	114,000	95.1%
Overall	<u>1,598,000</u>	<u>91.7%</u>	<u>1,349,000</u>	<u>96.3%</u>

To bolster production capacity and enlarge its business footprint, the Group has continued to invest resources in strengthening product research and development, upgrading product technology, and creating customized radial tire cords to meet the diverse needs of customers. During the Year, the Group developed 16 new types of radial tire cords and 7 new types of bead wires and other wires.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following is an analysis of the Group's revenues from its major products:

<i>RMB in million</i>	2024	Proportion	2023	Proportion	Change
Radial tire cords	10,243.7	85.8%	9,880.8	86.0%	+3.7%
– For trucks	6,705.2	56.2%	6,743.8	58.7%	-0.6%
– For passenger cars	3,538.5	29.6%	3,137.0	27.3%	+12.8%
Bead wires	868.5	7.3%	861.1	7.5%	+0.9%
Hose wires and other wires	828.2	6.9%	748.6	6.5%	+10.6%
Total	<u>11,940.4</u>	<u>100.0%</u>	<u>11,490.5</u>	<u>100.0%</u>	<u>+3.9%</u>

During the Year, the Group's revenue increased by RMB449.9 million or 3.9% year-on-year to RMB11,940.4 million (2023: RMB11,490.5 million), mainly due to the increase in demand and sales volume in both the domestic and overseas markets.

Gross profit and gross profit margin

The Group's gross profit decreased by RMB6.2 million or 0.3% year-on-year to RMB2,194.3 million (2023: RMB2,200.5 million), with a gross profit margin of 18.4% (2023: 19.2%), representing a year-on-year decrease of 0.8 percentage point. The decline in both gross profit and gross profit margin was primarily due to intensified competition within the industry in the third quarter of 2024 and the drop of 2024 overall production capacity utilization rate which led to an increase in unit cost of the products.

Other income

Other income increased by RMB63.3 million or 43.7% to RMB208.3 million (2023: RMB145.0 million), mainly due to the increase in bank interest income from fixed bank deposits and bank balances during the Year.

Government grants

During the Year, government grants increased by RMB11.9 million or 84.4% to RMB26.0 million (2023: RMB14.1 million), mainly due to an increase in subsidies released from deferred income.

Other gains and losses, net

Other gains and losses, net decreased by RMB22.8 million or 33.8% from a net gain of RMB67.4 million in 2023 to a net gain of RMB44.6 million in 2024. This was primarily due to a decrease in net foreign exchange gain recorded during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – CONTINUED

Reversal (recognition) of impairment losses under expected credit loss model

Reversal (recognition) of impairment losses under expected credit loss model decreased by RMB26.9 million or 103.5% to a reversal of impairment loss of RMB0.9 million in the Year (2023: recognition of impairment loss of RMB26.0 million). This was primarily due to a decrease in trade receivables as at 31 December 2024 when compared to the amount of trade receivables as at 31 December 2023.

Other expense

Other expense decreased by RMB2.7 million or 34.6% to RMB5.1 million (2023: RMB7.8 million), primarily due to the reduction in sundry income in the Year and the corresponding decrease in costs of sundry income.

Distribution and selling expenses

Distribution and selling expenses increased by RMB283.6 million, or 35.6%, to RMB1,080.0 million (2023: RMB796.4 million), mainly due to higher transportation costs under increasing shipment fees on a year-on-year basis.

Administrative expenses

Administrative expenses decreased by RMB43.2 million, or 9.5%, to RMB413.8 million (2023: RMB457.0 million), mainly due to a decrease in staff costs classified as administrative expenses in the Year.

Research and development expenditure

Research and development expenses increased by RMB61.5 million, or 36.0%, to RMB232.2 million (2023: RMB170.7 million), mainly because the Group invested more resources in new product research and development to meet the diverse needs of customers.

Finance costs

If the finance costs, including the interest capitalised in the cost of qualifying assets, they would have decreased by RMB30.9 million or 12.3% to RMB220.7 million (2023: RMB251.6 million). The decrease was mainly due to the drop of the weighted average interest rate of bank borrowings.

Income tax expense

The Group's income tax expense increased by RMB35.9 million or 36.5% to RMB134.3 million (2023: RMB98.4 million) with an effective tax rate of 25.7% (2023: 13.4%). During the Year, current tax was decreased by RMB32.0 million or 24.2% to RMB100.2 million (2023: RMB132.2 million) due to the decrease in profit before tax. By using the current tax on calculating the effective tax rate, it would become 19.2% (2023: 18.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – CONTINUED

Net profit

Taking the factors mentioned above into account, the Group's net profit for the year ended 31 December 2024 decreased by RMB249.6 million or 39.2% year-on-year to RMB387.8 million (2023: RMB637.4 million).

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the Year, there were no significant changes in the Group's funding and treasury policies. The principal source of liquidity and capital resources were the cash flow generated from operating activities and financing activities, whereas the principal usage of cash was for the acquisition of properties, plant and equipment, payments of dividends, interest and income tax.

As at 31 December 2024, the Group's bank balances and cash increased by RMB264.8 million or 46.4% from RMB570.8 million as at 31 December 2023 to RMB835.6 million. The increase was primarily due to the cash generated from operating activities of RMB817.6 million, financing activities of RMB678.2 million and the increase in cash due to foreign exchange rate changes of RMB5.6 million, which exceeded the cash used in investing activities of RMB1,236.6 million.

As at 31 December 2024, the Group's borrowings amounted to RMB7,785.6 million, representing an increase of RMB1,155.5 million or 17.4% from RMB6,630.1 million as at 31 December 2023. The fixed interest rates on the borrowings ranged from 0.57% to 3.50% (31 December 2023: 1.35% to 3.90%), while the floating interest rates ranged from 2.28% to 3.80% (31 December 2023: 2.90% to 7.73%). Borrowings of RMB6,815.2 million are due for repayment within one year from 31 December 2024, and the remaining RMB970.4 million are due for repayment after one year from 31 December 2024.

As at 31 December 2024, the Group's current assets increased by RMB813.0 million or 7.0% to RMB12,400.8 million (31 December 2023: RMB11,587.8 million), while current liabilities increased by RMB825.7 million or 7.1% to RMB12,393.9 million (31 December 2023: RMB11,568.2 million). The Group's current ratio (being defined as current assets divided by current liabilities) remained at 1.0 time (31 December 2023: 1.0 time). As at 31 December 2024, the Group's gearing ratio (being defined as total borrowings to total assets) was 34.8% (31 December 2023: 32.0%).

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in RMB, US dollars, Euros and Thai Baht.

Apart from certain bank and debtors' balances in US dollars, Euros, Hong Kong dollars and Thai baht, most of the current assets and current liabilities of the Group were denominated in Renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. The Group did not enter into any financial derivative instruments to hedge against foreign exchange currency risk during the Year. However, the Group is closely monitoring the impact of change in value of the Renminbi on its operations and may consider appropriate hedging solutions, if required.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

For the twelve months ended 31 December 2024, the Group's capital expenditure on property, plant and equipment amounted to RMB1,639.0 million (2023: RMB1,098.4 million).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had made a capital commitment of approximately RMB134.5 million (31 December 2023: RMB228.7 million) for acquisition of property, plant and equipment and freehold land contracted for but not provided in the consolidated financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment and freehold land authorised but not contracted as at 31 December 2024 and 31 December 2023. The capital commitment is expected to be met by the internal resources of the Group and borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 and 31 December 2023.

PLEDGE OF ASSETS

As at 31 December 2024, bank borrowings were secured by pledged term deposits, bills receivable and trade receivables of the Group amounting to RMB1,757.5 million and RMB301.5 million and RMB49.6 million, respectively (31 December 2023: secured by term deposits, leasehold lands and bills receivable amounting to RMB885.2 million, RMB195.7 million and RMB174.0 million, respectively).

SIGNIFICANT INVESTMENTS

During the Year, affected by multiple internal and external factors such as the increasing uncertainty of international trade risks, the continued compression of profits due to intensified industry competition, the Group continued to optimize its capital investment and production expansion strategies to better achieve long-term, stable and healthy development.

Pursuant to the placing letter signed by the Company on 2 October 2018, the Company has agreed to subscribe for 11,993,000 shares of Prinx Chengshan Holdings Limited (formerly known as Prinx Chengshan (Cayman) Holdings Limited) ("Prinx Chengshan", stock code: 01809), whose shares are listed on the Main Board of the Stock Exchange, at HK\$5.89 per share in cash under the initial public offering. The total subscription money, after deducting expenses, amounted to approximately HK\$71.4 million. In 2024, Xingda has subscribed another 6,100,000 shares of Prinx Chengshan at HK\$8.90 per share, for a total payment of approximately HK\$54.5 million after deducting expenses. The shares held by Xingda accounted for 2.8% and 1.9% of the entire issued shares of Prinx Chengshan as at 31 December 2024 and 31 December 2023 respectively. Prinx Chengshan is a modern enterprise focusing on the research and development, manufacturing, sales of tires and the provision of tire full-life-cycle services, and a leading domestic manufacturer in the PRC's commercial all steel radial tire replacement market. The above mentioned investment still exists and a gain on change in fair value of financial assets at fair value through profit or loss of RMB4.2 million was recorded during the twelve months ended 31 December 2024 (2023: gain of RMB4.3 million). For the year ended 31 December 2024, the dividend income received from Prinx Chengshan was RMB7.4 million (2023: RMB2.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS – CONTINUED

The fair value of the investment in Prinx Chengshan as at 31 December 2024 was RMB123.1 million (31 December 2023: RMB69.4 million). The above mentioned investment accounted for 0.6% and 0.3% of the total assets value of the Group as at 31 December 2024 and 31 December 2023 respectively.

Save as disclosed above, the Group had no other significant investments as at 31 December 2024 and 31 December 2023 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, save as disclosed in this announcement, there was no any material acquisitions or disposals of subsidiaries and associated companies by the Group.

MATERIAL EVENTS

Subscription of New Shares under General Mandate

Reference is made to the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024 (the “Subscriptions Announcements”), in relation to the subscriptions of new Shares under General Mandate. Unless otherwise specified, capitalised terms used under this subheading shall have the same meanings as those defined in the Subscriptions Announcements.

On 8 February 2024, the Subscriptions were completed in accordance with the terms and conditions of the relevant Subscription Agreements. An aggregate of 257,680,000 ordinary Shares (of an aggregate nominal value of HK\$25,768,000), representing (i) approximately 15.50% of the issued share capital of the Company immediately before Completion; and (ii) approximately 13.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion, have been issued at the Subscription Price of HK\$1.31 per Subscription Share to the Subscribers, namely 133,000,000 Subscription Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), 39,900,000 Subscription Shares to HAOHUA TIRE CO., LIMITED and 84,780,000 Subscription Shares to Longmarch Hongkong Holding Limited (長征香港控股有限公司) respectively. The gross proceeds from the Subscriptions amounted to approximately HK\$337.56 million and the net proceeds, after deduction of expenses, amounted to approximately HK\$337.06 million, representing the net price of approximately HK\$1.308 per Subscription Share. Such net proceeds have been applied in the manner as disclosed in the Subscriptions Announcements. The market value of the Subscription Shares which was determined based on the closing price of HK\$1.63 per Share as at the date of the Subscription Agreements was approximately HK\$420.02 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENTS – CONTINUED

Voluntary Conditional Cash Offer

Reference is made to the announcements jointly issued by the Offeror and the Company on 24 September 2024, 25 October 2024, 15 November 2024 and 29 November 2024 (the “Joint Announcements”) and the composite offer and response document (the “Composite Document”) jointly issued by the Offeror and the Company on 25 October 2024 together with the accompanying Form of Acceptance. Capitalised terms used herein shall have the same meanings as those defined in the Joint Announcements and the Composite Document unless specified otherwise.

On 4 September 2024, the Offeror notified the Company that it has firm intention to make the Offer (in compliance with the Takeovers Code) through Shenwan Hongyuan to acquire all the Shares not already owned by the Offeror and the Offeror Concert Parties at the Offer Price of HK\$1.30 per Offer Share. The Offer was closed at 4:00 p.m. on 29 November 2024 and was not revised or extended by the Offeror. Immediately before commencement of the Offer Period (i.e. 24 September 2024), the Offeror and the Offeror Concert Parties were interested in an aggregate of 710,956,146 Shares, representing approximately 37.03% of the issued Share capital of the Company as at the date of the close of Offer on 29 November 2024 (the “Close of Offer”). Immediately after the Close of Offer and taking into account the Acceptance Shares and subject to the due registration by the Registrar of the transfer of the Offer Shares in respect of which valid acceptances were received, the Offeror and the Offeror Concert Parties would hold an aggregate of 1,218,017,546 Shares, representing approximately 63.43% of the issued Share capital of the Company as at the date of the Close of Offer.

HUMAN RESOURCES

As at 31 December 2024, the Group had approximately 8,600 full-time employees (31 December 2023: approximately 8,700). Total staff costs including directors’ remuneration for the year ended 31 December 2024 was RMB1,236.9 million (2023: RMB1,085.2 million). Salaries are generally reviewed with reference to employees’ merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda (“Xingda Labor Union”). Each year, major operating subsidiaries including Jiangsu Xingda, 山東興達鋼簾線有限公司 (Shandong Xingda Steel Tyre Cord Co., Ltd.*) (“Shandong Xingda”) and Taizhou Xingda Specialized Wires Co., Ltd. (“Taizhou Xingda”) contribute 2% of the total salary of staff (“Union Fee”) to support operation of the Xingda Labor Union. The Union Fee, together with other funds obtained by the Xingda Labor Union are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the year ended 31 December 2024, the amount of Union Fees contributed by the Labor Unions of Jiangsu Xingda, Shandong Xingda, and Taizhou Xingda was RMB19.7 million (2023: RMB19.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES – CONTINUED

According to the Social Insurance Regulations published by the State Council of China on 14 January 1999, the Group is required to make contributions to pension funds and insurance policies for its employees. Full-time employees of the Group in China are covered by the contributory pension scheme managed by the government entitling them to a monthly pension after they retire. The PRC government is responsible for crediting the pension to the retired and the Group is required to make annual contributions to the retirement scheme run by the Xinghua Municipality at a specified rate. The contribution is booked in due course as an operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from pension funds, the Group has provided medical, personal accident and unemployment insurance policies for its employees.

In 2009, the Board adopted a share award scheme to retain elite employees and encourage them to achieve performance goals by aligning their interests to the shareholders through share ownerships. Shares are to be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the selected employees until such shares are vested in them.

In 2010, 5,000,000 shares of the Company (the “First Batch Shares”) were purchased by the trustee on the public market. In 2011, another 5,000,000 shares of the Company (the “Second Batch Shares”) were purchased by the trustee on the public market. In 2013, 10,481,000 shares of the Company were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were classified as the Third Batch Shares (the “Third Batch Shares”). In 2014, 4,519,000 shares of the Company were purchased by the trustee on the public market and were added to the Third Batch Shares. In 2016, 7,282,000 shares of the Company were purchased by the trustee on the public market (the “Fourth Batch Shares”). In 2017, 601,011 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2018, 506,266 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2019, 418,899 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. Meanwhile, 4,900,000 shares of the Company were purchased by the trustee on the public market, of which 1,075,824 shares were added to the Fourth Batch Shares and the remaining 3,824,176 shares as the Fifth Batch Shares (the “Fifth Batch Shares”). In 2020, 732,018 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fifth Batch Shares. In 2021, 665,471 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fifth Batch Shares. For the year ended 31 December 2021, 102,000 Fourth Batch Shares were unvested and added to the Fifth Batch Shares. As at 31 December 2024, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 31 December 2024, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and the Fourth Batch Shares and one-third of the Fifth Batch Shares have been vested with selected employees. The remaining 2,139,665 Fifth Batch Shares are expected to be vested with selected employees not later than the end of year 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2024, China's macro policies continued to focus on boosting consumption and expanding domestic demand, promoting a steady economic recovery. The National Development and Reform Commission, the Ministry of Finance and the Ministry of Commerce and other departments have successively introduced a series of policies and measures focusing on supporting the trade-in of old cars and the consumption of green smart home appliances. With the support of these policies, advantageous industries such as new energy vehicles have become important growth engines, bringing new impetus to the demand for semi-steel tires and high-performance steel cords. However, the domestic demand for full-steel tires was slowed down by the decline in the logistics boom and inventory pressure, and the intensified competition in the industry led to the compression of profit margins. Although the demand for semi-steel tires and high-performance steel cords was driven by the increase in penetration rate of new energy vehicles, the fluctuation of raw material prices, uncertainty of sea freight rates and overcapacity posed a continuous pressure on the industry's profitability.

Entering 2025, China's economic work continues to adhere to the general tone of "seeking progress while maintaining stability," implementing more proactive macroeconomic policies. The National Development and Reform Commission and the Ministry of Finance have issued the "Notice on Intensifying and Expanding the Implementation of Large-scale Equipment Renewal and Consumer Goods Trade-in Policies in 2025," which is expected to further unleash the potential of the automotive market and drive further development in the steel cord industry. However, facing challenges such as a complex international environment, high global inflation, and upgraded trade barriers, the Group remains cautiously optimistic about the industry's short-term development.

Looking ahead, the global trend towards greener tires in the automotive industry is clear, with increasing demand for lightweight and recyclable steel cords. The Group will closely follow industry trends and policy directions, optimize its global capacity layout, and continue to advance technological innovation and product upgrades. The Group will focus on the research and production of green products, providing high-quality solutions for customers. As a leading global enterprise in radial tire cords, the Group will actively respond to the green and low-carbon trend in the tire industry, promote sustainable development, and contribute to the industry's progress.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. LIU Jinlan (劉錦蘭), aged 75, has been a Director and the chairman of the Board since April 2005 and was in August 2005 designated as an executive Director. He is the chairman of each of the nomination committee and the manufacturing and operations committee of the Company, and a member of each of the executive committee and investment and international development committee of the Company. He has also been a director of Faith Maple International Ltd. ("Faith Maple") since 16 June 2004, a director of 興達國際(上海)特種簾線有限公司 (Xingda International (Shanghai) Special Cord Co., Ltd.*) ("Xingda International (Shanghai)") since 18 September 2006, a director of 江蘇興達特種金屬複合線有限公司 (Jiangsu Xingda Special Cord Co., Ltd.*) ("Xingda Special Cord") since 13 June 2007 and a director of 山東興達鋼簾線有限公司 (Shandong Xingda Steel Tyre Cord Co., Ltd.*) ("Shandong Xingda") since 27 June 2011. Both Faith Maple and Xingda International (Shanghai) are wholly-owned subsidiaries of the Company whereas Xingda Special Cord and Shandong Xingda are the non-wholly owned subsidiaries of the Company. He joined Xingda Steel Tyre Cord Group, the predecessor of 江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd.*) ("Jiangsu Xingda") since May 1994 and has been a director of Jiangsu Xingda since its establishment in 1998. He is also the sole director of Great Trade Limited, a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"). Mr. Liu was awarded 國家科學技術進步獎二等獎 (the State Science and Technology Improvement Award (Second Class)*) in respect of development of production technology for high-performance (new structures) radial tire cords for use in radial tires by the State Council in 2005. He was recognized as 中國橡膠工業科學發展帶頭人 (Leader in Technology Development in China Rubber Industry*) by the China Rubber Industry Association in April 2005 and was awarded 科技進步獎一等獎 (the Technology Improvement Award (First Class)*) in respect of development of production technology for high-performance (new structures) radial tire cords for use in radial tires by 中國石油和化學工業協會 (China Petroleum and Chemical Industry Association*) in December 2003 and 全國五一勞動節獎章 (the National 1 May Labor medal*) by 中華全國總工會 (All China Federation of Trade Unions*) in April 2003. He is a senior engineer. Mr. Liu has more than 29 years of experience in the radial tire cord manufacturing industry. He is the father of Mr. Liu Xiang and the father-in-law of Mr. Hang Youming, who are executive Directors of the Company.

Mr. LIU Xiang (劉祥), aged 48, has been an executive Director since August 2005. He is a member of the manufacturing and operations committee of the Company. He has also been a director of Xingda International (Shanghai) since 18 September 2006 and a director of Xingda Special Cord since 13 June 2007. He has been the general manager and a director of Jiangsu Xingda since January 2003 and is responsible for the overall operation of Jiangsu Xingda with a particular focus on production. He joined Xingda Steel Tyre Cord Group, the predecessor of Jiangsu Xingda, in late 1995 and served in the supply and marketing department. He is also the sole director of In-Plus Limited, a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Liu Xiang obtained a bachelor degree in computer science and technology from 西安通信學院 (Xi'an Tongxin Xueyuan*) of 中國人民解放軍 (the People's Liberation Army*) in 2004. In 2009, he graduated from Fudan University with a master's degree in business administration. Mr. Liu has approximately 29 years of experience in the radial tire cord manufacturing industry. He is the son of Mr. Liu Jinlan, an executive Director, and the brother-in-law of Mr. Hang Youming, an executive Director.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS – CONTINUED

Mr. Hang Youming (杭友明), aged 56, has been an executive Director of the Company since January 2024. He is serving as the vice president of Jiangsu Xingda, being responsible for sales and marketing of the Group. He joined Jiangsu Xingda Steel Cord Group Company* (江蘇興達鋼簾線集團公司), the predecessor of Jiangsu Xingda, in May 1994, holding a sales management position, and has been working for Jiangsu Xingda since its establishment in 1998. He has been a director of Jiangsu Xingda since 5 February 2021 and a director of Shandong Xingda since 27 June 2011. He was awarded as the Top Ten Marketing Stars in Industrial Enterprises Marketing* (工業企業營銷十大營銷明星) by the Taizhou Municipal People's Government* (泰州市人民政府) and won the Second Prize for Scientific and Technological Progress* (科技進步二等獎) from the China Petroleum and Chemical Industry Federation. Mr. Hang has more than 29 years of experience in the radial tire cord manufacturing industry. He is the son-in-law of Mr. Liu Jinlan, an executive Director, and the brother-in-law of Mr. Liu Xiang, an executive Director.

Mr. Wang Jin (王進), aged 45, has been an executive Director and Chief Financial Officer of the Company since January 2024 and June 2024 respectively. He is the chairman of each of the executive committee and investment and international development committee of the Company. He is a senior economist and has joined the Group since 2004. He graduated from Jilin University in January 2016, majoring in finance. He worked as an accounting supervisor in Xinghua Dainan sub-branch of China Construction Bank Corporation* (中國建設銀行股份有限公司興化戴南支行) from August 2001 to February 2004. He later joined Jiangsu Xingda and served as (i) an accounting supervisor from March 2004 to December 2004; (ii) a financial supervisor from January 2005 to June 2006; and (iii) has been the director of the finance department since 2006. Mr. Wang has engaged in financial and accounting management work for more than 20 years, with rich experiences in national finance, tax laws and regulations. He has made significant contributions to the finance management of the Group and obtained various awards from governmental authorities in the PRC, including "Jiangsu Province Advanced Accountant"* (江蘇省先進會計個人) honour in 2022.

Ms. Wang Yu (王煜), aged 43, has been an executive Director of the Company since January 2024. She has obtained a master's degree in Public Administration and Management from National University of Singapore. Ms. Wang joined the Group in March 2023 and is currently serving as the general manager of the international sales headquarters of Jiangsu Xingda, responsible for management and coordination of international sales. Ms. Wang was elected as a member of the Guangzhou Municipal Committee of the China Democratic League in July 2016, a member of the 13th Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference in January 2017. Ms. Wang has many years of experience in the automotive and tire industries. Prior to joining the Group, Ms. Wang worked in Guangzhou Automobile Group Co., Ltd. and Guangzhou Wanli Group* (廣州萬力集團有限公司), holding management and senior executive positions.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KOO Fook Sun, Louis (顧福身), aged 68, has been an independent non-executive Director since August 2005. He is the chairman of each of the audit committee and remuneration and management development committee of the Company, and a member of the nomination committee of the Company. Mr. Koo has many years of experience in investment banking and professional accounting. Mr. Koo was the independent non-executive director of Good Friend International Holdings Inc. ("Good Friend") from December 2005 to 9 January 2022 (in respect of Good Friend, the withdrawal of the listing of the shares of Good Friend on the Stock Exchange became effective on 14 December 2021 and the withdrawal of the listing of the Taiwan depository receipts on the Taiwan Stock Exchange became effective on 13 December 2021). Mr. Koo serves currently as an independent non-executive director of Li Ning Company Limited and Winfull Group Holdings Limited (all of which are companies listed on the Main Board of the Hong Kong Stock Exchange). While Mr. Koo has served as an independent non-executive Director for more than 9 years since August 2005, the Board believes that he is able and will continue to exercise independent and professional judgement in relation to matters and affairs of the Company, as he has displayed his competence in serving as an independent non-executive director in various public listed companies. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley in the United States of America.

Ms. XU Chunhua (許春華), aged 81, has been an independent non-executive Director since August 2005. She is a member of each of the audit committee and nomination committee of the Company. She has served in various positions in Beijing Research and Design Institute of Rubber Industry since 1965. She was the deputy dean in charge of technology research and development between 1995 and 2003. She was also the person in charge of the "高速、低滾動阻力子午線輪胎系列產品生產技術開發" (Development of Production Techniques for Radial Tyre Products of High Speed and Low Rolling Resistance*) project, one of the "九五"國家重點科技攻關項目 (Key Technologies Research and Development Program for the Ninth "Five-Year Plan"*) in 1995. Ms. Xu has been the deputy chairman of the China Rubber Industry Association since 2004. She has been the head of 骨架材料專業委員會 (the skeleton materials committee*) and 橡膠助劑專業委員會 (the rubber chemicals committee*) since 2002 and 2001, respectively. Ms. XU has been the Honorary Chairman of 中國橡膠協會橡膠助劑專業 (the rubber chemicals profession of China Rubber Association*) since October 2016. From May 2007 to 25 April 2024, she was an independent director of China SunSine Chemical Holdings Ltd., a company listed on the Singapore Exchange Limited. Since December 2019, Ms. Xu has served as an independent director of 賽輪集團股份有限公司 (Sailun Group Co., Ltd.*) a company listed on the Shanghai Stock Exchange. While Ms. Xu has served as an independent non-executive Director for more than 9 years since August 2005, the Board believes that she is able and will continue to exercise independent and professional judgement in relation to matters and affairs of the Company, as she has displayed her competence in serving as an independent director in another public listed company. She completed her studies in the macromolecular curriculum of the chemistry faculty of Fudan University in 1965 and has more than 57 years of experience in technology research relating to rubber chemicals.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS – *CONTINUED*

Ms. Zhang Guoyun (張國雲), aged 61, has been an independent non-executive Director since September 2024. She is a member of each of the audit committee and remuneration and management development committee of the Company. She graduated from the Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) majoring in economic management. She is a certified public accountant and a senior accountant. She has over 35 years of experience in finance and accounting. Ms. Zhang served as the director of the domestic business department of Taizhou Jingwei Accounting Firm (泰州市經緯會計事務所) from September 1988 to January 2001; a senior staff member and the section chief of Taizhou Treasury Centralized Collection and Payment Centre (泰州市國庫集中收付中心) from January 2002 to March 2012; a principal staff member of the Economic Construction Department of Taizhou Finance Bureau (泰州市財政局經濟建設處) from March 2012 to October 2012; the director of the Budget Review Centre of Taizhou Finance Bureau (泰州市財政局預算審核中心) from October 2012 to October 2018; and the chief accountant of Taizhou Urban Construction Investment Group Co., Ltd. (泰州市城市建設投資集團有限公司) from September 2002 to August 2019.

COMPANY SECRETARY

Mr. CHENG Kam Ho (鄭錦豪), aged 49, is the company secretary of the Company. Mr. Cheng joined the Company as a member of its senior management in July 2008. He has more than 25 years of experience in finance, accounting and auditing. Mr. Cheng worked in accounting firms in Hong Kong from July 1998 to June 2008 before joining the Company. He has been a member of the Hong Kong Institute of Certified Public Accountants since 19 July 2005. Mr. Cheng graduated from The Hong Kong Polytechnic University with the degree of Bachelor of Arts in Accountancy in 1998.

* denotes an unofficial English translation of a Chinese name

DIRECTORS' REPORT

The directors of the Company (“Directors”) are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacturing and trading of radial tire cords, bead wires and other wires. The Company acts as an investment holding company. The principal activities of the principal subsidiaries of the Company are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

Details of the Group’s results for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and comprehensive income on page 167 of the annual report.

A final dividend of 13.0 HK cents per share for the year ended 31 December 2023 was paid to the shareholders of the Company during the year ended 31 December 2024.

A special dividend out of the retained earnings of 15.0 HK cents per share was paid to the shareholders of the Company on 21 February 2025.

The Board has not recommended the payment of a final dividend for the financial year ended 31 December 2024.

EVENT AFTER THE REPORTING PERIOD

References are made to the announcement of the Company dated 2 January 2025 (the “Special Dividend Announcement”), the circular of the Company dated 9 January 2025 (the “Special Dividend Circular”) and the announcement of the Company dated 27 January 2025 in relation to the proposed declaration and payment of the Special Dividend out of the Retained Earnings.

On 2 January 2025, the Board has recommended the declaration and payment of a one-off special dividend of HK\$0.15 per Share out of the Retained Earnings. As at the date of the Special Dividend Announcement, the Company has 1,920,125,199 Shares in issue. Based on the number of issued Shares as at the date of the Special Dividend Announcement, the Special Dividend, if declared and paid, will amount to an aggregate amount of HK\$288,018,779.85. The payment of the Special Dividend out of the Retained Earnings was approved at an extraordinary general meeting held on 27 January 2025.

Please refer to the Special Dividend Announcement, Special Dividend Circular and the announcement of the Company dated 27 January 2025 for details of the declaration and payment of the Special Dividend.

Save as disclosed above, there has been no significance event affecting the Group after the financial year ended 31 December 2024 and up to the date of this report.

DIRECTORS' REPORT

TAX RELIEF

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

In order to sustain a stable development of the Group, we understand that a good and close relationship with employees, customers and suppliers is one of the key factors to achieve it. Details of the Group's key relationships with the employees, customers and suppliers for the year ended 31 December 2024 is set out in the section headed "2024 Environmental, Social and Governance (ESG) Report" on page 63 to 161 of this annual report.

DIVIDEND POLICY

On 28 December 2018, the Board adopted a dividend policy ("Dividend Policy") to provide stable and sustainable returns to the shareholders of the Company. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account a number of factors including but not limited to:

- (i) the general financial condition of the Group;
- (ii) the Group's actual and future operations and liquidity position;
- (iii) the Group's expected working capital requirements and future expansion plans;
- (iv) the Group's debt to equity ratios and debt level;
- (v) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (vi) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (vii) the shareholders' and the investors' expectation and industry's norm;
- (viii) the general market conditions; and
- (ix) any other factors that the Board considers to be applicable from time to time.

The declaration and payment of dividend by the Company is subject to any restrictions under the Laws of Cayman Islands, the articles of association of the Company and any applicable laws rules and regulations.

The Dividend Policy will be continuously reviewed from time to time. There can be no assurance from the Company that a dividend will be proposed or declared in any given period.

BUSINESS REVIEW

The business review of the Group including a discussion and analysis of the Group's performance for the year ended 31 December 2024 is set out in the section headed Management Discussion and Analysis on pages 6 to 16 of this annual report. The Group's future business development and prospect are provided in the Chairman's Statement on pages 4 and 5 and the Management Discussion and Analysis on pages 6 to 16 of this annual report. Description of uncertainties and possible risks that the Group may be facing can be found in the Chairman's Statement on pages 4 and 5 and the Management Discussion and Analysis on pages 6 to 16 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in China and Thailand while the Company itself is listed on the Stock Exchange. The Group has complied with all the relevant laws and regulations in China, Thailand and Hong Kong during the year ended 31 December 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's environmental policies and performance for the year ended 31 December 2024 are set out in the section headed "2024 Environmental, Social and Governance Report" on pages 63 to 161 of this annual report.

PERMITTED INDEMNITY PROVISION

The Company's articles of association (the "Articles of Association") provides that every Director shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses as a result of any act or omission in carrying out his/her functions.

During the year the Company has maintained Directors' liability insurance.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 31 May 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 5 June 2025, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 30 May 2025.

DONATION

During the year under review, the Group made charitable donations of RMB10,000.

DIRECTORS' REPORT

PENSION SCHEME

Details of the retirement benefit scheme contributions of the Group during the year ended 31 December 2024 are set out in note 35 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year ended 31 December 2024.

SHARE AWARD SCHEME

Purpose and Participants of the Scheme

On 4 September 2009 ("Adoption Date"), the Board resolved to adopt the share award scheme ("Scheme") to encourage and retain employee(s) selected by the Remuneration Committee (as defined below)(after taking into consideration recommendations and suggestions made by the Chairman) and approved by the Board pursuant to the rules relating to the Scheme ("Scheme Rules") and employee(s) selected by the trustee(s) ("Trustee") for the time being of the trust(s) declared in the trust deed ("Trust Deed") after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board pursuant to the Scheme Rules for participation in the Scheme ("Selected Employees") to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares. Pursuant to the Scheme, Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

In year 2024 the participants of the Scheme include four of the executive Directors, namely Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming and Mr. Wang Jin, and one of the independent non-executive Directors, namely Mr. Koo Fook Sun Louis, the senior management personnel, and core technical personnel and key management personnel of the Company and its subsidiaries who provide a significant impact on the Group's overall operation and development.

In the end of 2024, the total number of Company's shares awards had been granted but not yet vested under the Scheme was approximately 16,099,667, representing 0.8% of the total issued shares of the Company.

SHARE AWARD SCHEME – CONTINUED

Purpose and Participants of the Scheme – *Continued*

According to the Scheme Rules, subject to terms of the Scheme Rules and the approval of the Board, the Remuneration Committee may, from time to time after taking into consideration recommendations and suggestions made by the chairman of the Board, at its discretion and subject to such terms and conditions as it may think fit, among other things (i) determine the aggregate number of awarded shares to be granted to all the Selected Employees in respect of each relevant financial year; and (ii) determine the number of awarded shares to be granted to each of the Selected Employees in respect of each relevant financial year out of the aggregate number of awarded shares to be granted in respect of such financial year as referred to in paragraph (i) above, and such awarded shares so granted to each Selected Employee shall constitute all or part of the annual remuneration (in whatever kind(s) or form(s)) in respect of the relevant financial year payable to such Selected Employee as contemplated under his employment agreement or service agreement with the relevant member of the Group, provided always that no award shall be made to any Selected Employee in respect of any financial year unless the Earnings Per Share (as defined below) of the Company for such financial year is a positive figure or unless such other condition(s) (if any) as determined or approved by the Board from time to time shall have been satisfied or unless otherwise determined by the Board "Earnings Per Share" of the Company in respect of a financial year shall mean (i) the profit attributable to equity holders of the Company for that financial year divided by (ii) the weighted average number of ordinary shares of the Company in issue during that financial year.

Upon receiving the letter of grant from the Company setting out the number of shares awarded to him/her and relevant terms and conditions, the Selected Employee may accept the award by delivering to the Company a duly completed form of acceptance within the acceptance period specified in the said letter of grant, failing which such Selected Employee shall not become entitled to any Shares pursuant to that Award.

Vesting

Save for a Lapse or a Partial Lapse (each as defined in the announcement of the Company dated 18 September 2009 (the "Announcement") and subject to the section headed "Vesting Limit" below, unless otherwise determined by the Board at its discretion, the awarded shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall be vested in that Selected Employee at no consideration on the date falling on the first anniversary of the relevant Reference Date (as defined in the Announcement)(or, if such date is not a business day, the business day immediately following such date) or at such times and in such manner as determined by the Remuneration Committee and approved by the Board from time to time, provided that such Selected Employee remains at all times after the relevant Reference Date and on the relevant Vesting Date(s) an Employee and that such Selected Employee has, as of the relevant Vesting Date(s), achieved the key performance indicator (if any) as specified in the letter of grant or as determined by the Remuneration Committee and approved by the Board and satisfied all the conditions as specified in the letter of grant or otherwise required by the Company under the Scheme. The date on which the awarded shares are to be vested is referred to as a "Vesting Date".

DIRECTORS' REPORT

SHARE AWARD SCHEME – CONTINUED

Vesting Limit

The total number of awarded shares to be vested in all Selected Employees in respect of each financial year shall not exceed 5 million Shares.

Unless otherwise determined by the Remuneration Committee and approved by the Board, the number of awarded shares to be granted to the Selected Employees in respect of each financial year shall be subject to the following ratio:

Executive Directors	60% ("Ratio A")
Non-executive Directors	10% ("Ratio B")
Other Employees (excluding the executive Directors and non-executive Directors)	30% ("Ratio C")

provided that in the event that any non-executive Director (including any independent non-executive Director) has notified the Company of his/her intention not to participate in the Scheme in respect of any financial year(s), (i) Ratio B in respect of any relevant Financial Year shall be reduced to such percentage and Ratio C in respect of such year shall be increased to such percentage as determined by the Remuneration Committee and approved by the Board from time to time, and (ii) Ratio A in respect such year shall remain at 60%, unless otherwise determined by the Remuneration Committee and approved by the Board.

The Scheme does not constitute a share option scheme and no new share of the Company will be granted under the Scheme accordingly. Instead, the vesting periods of the awards under the Scheme are stated in the table of the movements in the number of awarded shares outstanding during the year 2024 which are set out in the note 32 to the consolidated financial statements.

In year 2024, no awards were granted and no amount was payable on application or acceptance of award.

As at the date of this report, the vesting periods for different batches of granted and unvested restricted shares were different, ranging from 22 August 2019 to 31 March 2027.

Remaining life of the Scheme

Subject to terms of the Scheme Rules, the Scheme shall be valid and effective for a period commencing on the adoption date and ending on the date to be determined by the Board from time to time, after which no further award will be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

For details of the Scheme, please refer to the announcement of the Company dated 18 September 2009.

SHARE AWARD SCHEME – CONTINUED

Remaining life of the Scheme – Continued

The table below sets out details of share awards granted to various participants/categories of participants under the Scheme:

Grantee/Category	Grant date	Vesting period	Unvested awards as at 1 January 2024	Granted during the year ended 31 December 2024	Vested during the year ended 31 December 2024 ⁽³⁾	Forfeited during the year ended 31 December 2024 ⁽³⁾	Lapsed during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Unvested awards as at 31 December 2024
Directors									
– Liu Jinlan	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	1,600,000	–	–	–	–	–	1,600,000
– Liu Jinlan	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	3,825,000	–	–	–	–	–	3,825,000
– Liu Xiang	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	800,000	–	–	–	–	–	800,000
– Liu Xiang	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	1,875,000	–	–	–	–	–	1,875,000
– Zhang Yuxiao (Resigned on 28 May 2024)	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	800,000	–	–	(800,000)	–	–	–
– Zhang Yuxiao (Resigned on 28 May 2024)	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	1,875,000	–	–	(1,875,000)	–	–	–
– Hang Youming	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	800,000	–	–	–	–	–	800,000
– Hang Youming	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	1,875,000	–	–	–	–	–	1,875,000
– Wang Jin	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	100,000	–	–	–	–	–	100,000
– Wang Jin	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	225,000	–	–	–	–	–	225,000
– Koo Fook Sun, Louis	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	67,000	–	–	–	–	–	67,000
– Koo Fook Sun, Louis	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	150,000	–	–	–	–	–	150,000

DIRECTORS' REPORT

SHARE AWARD SCHEME – CONTINUED

Remaining life of the Scheme – Continued

Grantee/Category	Grant date	Vesting period	Unvested awards as at 1 January 2024	Granted during the year ended 31 December 2024	Vested during the year ended 31 December 2024 ⁽³⁾	Forfeited during the year ended 31 December 2024 ⁽³⁾	Lapsed during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Unvested awards as at 31 December 2024
The five highest paid individuals during the financial year (three out of five include Directors listed above) in aggregate	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	3,200,000	–	–	–	–	–	3,200,000
(three out of five include Directors listed above) in aggregate	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	7,575,000	–	–	–	–	–	7,575,000
Other grantees (employees) in aggregate	22 August 2019 ⁽¹⁾	22 August 2019 to 30 September 2025	1,782,000	–	–	–	–	–	1,782,000
	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2027	3,150,000	–	–	–	–	–	3,150,000

Notes:

- (1) The closing price of Shares immediately before the grant date of 22 August 2019 (i.e. 21 August 2019) was HK\$2.03 per share. The fair value of the awarded shares as at 22 August 2019 was HK\$1.41 per share.
- (2) The closing price of Shares immediately before the grant date of 30 November 2021 (i.e. 29 November 2021) was HK\$1.64 per share. The fair value of the awarded shares as at 30 November 2021 was HK\$1.11 per share.
- (3) No awards were vested during the year ended 31 December 2024. 2,675,000 awards were forfeited resulting from the resignation of a director of the Company during the year ended 31 December 2024.

Voting power of the Trustee

According to the terms of the Trust Deed, notwithstanding that the Trustee is the legal registered holder of the Shares awarded and held upon trust pursuant to the Trust Deed, the Trustee shall not exercise the voting rights attached to such Shares.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the past five financial years, as extracted from the consolidated financial statements, is set out on page 254 of this annual report. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year ended 31 December 2024 are set out in notes 16 and 19 to the consolidated financial statements, respectively.

USE OF PROCEEDS

On 8 February 2024, the Company issued and allotted a total of 257,680,000 ordinary Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), HAOHUA TIRE CO., LIMITED and Longmarch Hongkong Holding Limited (長征香港控股有限公司). Terms defined hereinbelow would have the same meaning as those defined in the announcement of the Company dated 26 April 2023. For details, please refer to the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024.

Date of completion	8 February 2024
Name of subscribers	JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), HAOHUA TIRE CO., LIMITED and Longmarch Hongkong Holding Limited (長征香港控股有限公司)
Number of Shares issued	133,000,000 Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), 39,900,000 Subscription Shares to HAOHUA TIRE CO., LIMITED and 84,780,000 Subscription Shares to Longmarch Hongkong Holding Limited (長征香港控股有限公司) respectively
Class of Subscription Shares issued	Ordinary shares
Aggregate nominal value of Share issued	HK\$25,768,000
Issue price per Subscription Share	HK\$1.31
Net price per Subscription Share	HK\$1.308

DIRECTORS' REPORT

USE OF PROCEEDS – CONTINUED

Basis for determination of issue price of Subscription Shares	(a) a discount of approximately 19.63% to the closing price of HK\$1.63 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (b) a discount of approximately 17.71% to the average closing prices of approximately HK\$1.592 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement
Gross proceeds	approximately HK\$337.56 million
Reasons for the issue	The Directors are of the view that (a) given the increasing trend of sales volume, it is desirable for the Group to raise and reserve sufficient cash for its general working capital so as to accommodate its needs for operating cashflow; (b) as compared with other alternative fundraising methods such as debt financing, rights issue or open offer, the Subscriptions by way of allotment and issue of new Shares under the General Mandate is relatively cost-effective without incurring any financing burden to the Group; and (c) the Subscriptions will enlarge the shareholders and capital base of the Group, increase the overall liquidity of the Shares and strengthen the financial position of the Group. In view of the above, the Board is of the view that the Subscriptions represent a good opportunity for the Group to raise additional capital to strengthen its financial position, achieve continuous business operations, foster future developments and broaden the shareholders base and capital base of the Company.

USE OF PROCEEDS – CONTINUED

The net proceeds from the subscription arrangement completed in February 2024 amounted to approximately HKD337,060,000. The net proceeds for the year ended 31 December 2024 has been fully utilised in accordance with the intended uses as disclosed in the Subscriptions Announcements. The status of the use of net proceeds as at 31 December 2024 and the expected timeline of the use of the unutilized net proceeds are set out below:

	Proposed uses of fund <i>HKD'000</i>	Actual utilized amount as at 31 December 2024 <i>HKD'000</i>	Balance of net Proceeds as at 31 December 2024 <i>HKD'000</i>	Expected timeline for utilising the unutilised net proceeds
Costs of maintaining and upgrading the production, monitoring, energy-saving and pollution control facilities and system of the Group's factories in Jiangsu, Shandong, and Thailand so as to enhance production capacity, efficiency and environmental sustainability	67,060	67,060	–	From time to time commencing from February 2024 and completing in December 2024
Repayment of short term loan facilities which were used as the working capital and payment to suppliers under credit arrangements for material procurement	150,000	150,000	–	From time to time within the year of 2024
Staff costs including salary, benefits, bonuses, insurance and costs of employee trainings	40,000	40,000	–	From time to time within the year of 2024
Other overhead costs including utilities such as water, gas and electricity supply for the factories, administrative costs and other operating expenses	80,000	80,000	–	From time to time within the year of 2024
	<hr/>	<hr/>	<hr/>	
Total	<u>337,060</u>	<u>337,060</u>	<u>–</u>	–



DIRECTORS' REPORT

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 31 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on pages 170 to 171 of this annual report and note 41 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution represent the share premium, capital contribution reserve, capital redemption reserve and retained profits which in aggregate amounted to approximately RMB1,410.5 million (2023: RMB1,118.7 million). Under the Companies Law, Cap. 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in note 27 to the consolidated financial statements and the section headed "Management Discussion and Analysis" of this annual report.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors:

Mr. LIU Jinlan (*Chairman*)

Mr. LIU Xiang

Mr. HANG Youming (Appointed on 15 January 2024)

Mr. WANG Jin (Appointed on 15 January 2024)

Ms. WANG Yu (Appointed on 15 January 2024)

Mr. ZHANG Yuxiao (Resigned on 28 May 2024)

Independent Non-executive Directors:

Mr. KOO Fook Sun, Louis

Ms. XU Chunhua

Ms. ZHANG Guoyun (Appointed on 6 September 2024)

Mr. LUO Tiejun (Resigned on 3 April 2024)

Pursuant to Articles 86 and 87 of the Articles of Association, Mr. Liu Jinlan, Mr. Liu Xiang and Ms. Zhang Guoyun will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. The biographical details of the Directors and senior management of the Group are set out on pages 17 to 20 of this annual report.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considers that, as at the date of this annual report, all of the independent non-executive Directors are independent.

In compliance with Rule 3.09D of the revised Listing Rules which took effect on 31 December 2023, Mr. Hang Youming, Mr. Wang Jin and Ms. Wang Yu, who were appointed as executive Directors on 15 January 2024, and Ms. Zhang Guoyun, who was appointed as independent non-executive Director on 6 September 2024, obtained the legal advice referred to in Rule 3.09D on their respective appointment dates. Each of Mr. Hang Youming, Mr. Wang Jin, Ms. Wang Yu and Ms. Zhang Guoyun has confirmed that he/she understood his/her obligations as a director of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years. Thereafter, the term will continue subject to termination by the Company by giving three months' prior written notice to the relevant Director.

Each of the independent non-executive Directors has signed a letter of appointment for a term of three years which is determinable by either party at any time by giving to the other not less than three months' prior written notice. Thereafter, the term shall continue subject to termination by either party by giving to the other not less than three months' prior written notice.



DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS – CONTINUED

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

RELATED PARTY TRANSACTIONS

Certain related party transactions were entered into by the Group during the year ended 31 December 2024, the details of which are set out in note 36 to the consolidated financial statements. None of these related party transactions constitutes connected transaction or continuing connected transaction which is required to be disclosed under the Listing Rules. Save as disclosed herein, no other related party transactions were entered into by the Group during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of such controlling shareholder's subsidiaries subsisted during the year ended 31 December 2024. There was also no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

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

DIRECTORS' REPORT

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained under Section 352 of Part XV 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("Model Code") contained in the Listing Rules, were as follows:

(1) Long positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares of the Company	Approximate percentage of issued share capital of the Company as at 31 December 2024 <i>(note 5)</i>
Liu Jinlan <i>(notes 1 & 2)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	64.00%
Liu Xiang <i>(notes 1 & 3)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	64.00%
Hang Youming <i>(notes 1 & 4)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	64.00%
Wang Jin <i>(note 6)</i>	Beneficial owner	1,245,000	0.07%
Koo Fook Sun, Louis <i>(note 7)</i>	Beneficial owner	727,824	0.04%
Xu Chunhua	Beneficial owner	50,000	0.003%

DIRECTORS' REPORT

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

(1) Long positions in shares, underlying shares and debentures of the Company – *Continued*

Notes:

1. Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming ("Five Parties") entered into an agreement dated 29 August 2005 (as supplemented by supplemental agreements dated 15 November 2005 and 29 November 2022) in relation to the beneficial interests in Great Trade Limited, In-Plus Limited, Perfect Sino Limited, Power Aim Limited and Wise Creative Limited (the "Five BVI Companies") (the "Five Parties' Agreement"). Pursuant to the Five Parties' Agreement, (i) the interests and rights of the Five BVI Companies and the interests and rights in the Shares held by the Five Parties through the Five BVI Companies are held by the Five Parties for their own benefit and for the benefit of the other members ("ESC Members") of 江蘇興達鋼簾線股份有限公司職工持股會 (Employee Shareholding Committee of Jiangsu Xingda Steel Tyre Cord Co., Ltd.*) (the "Employee Shareholding Committee") from time to time (including the Five Parties as at the date of this report) with reference to the proportion set out in the Five Parties' Agreement and as amended from time to time; and (ii) to the extent any Shares were acquired by any of the Five Parties and/or the Five BVI Companies using the funds provided by such member of the Five Parties on or after 30 August 2005, such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the benefit of such member of the Five Parties only.

On 29 November 2022, the Five BVI Companies, the Five Parties, Widen Success Holdings Limited ("Widen Success") and Mr. Liu Tao entered into an agreement (the "AIC Agreement"), pursuant to which the parties agreed, confirmed and acknowledged that in respect of all the Shares held by the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao from time to time, whether for their own benefit or for the benefit of the other ESC Members, they shall reach a consensus before voting on any of the matters to be resolved at the general meetings of the Company and shall vote unanimously on the resolutions proposed at the general meetings of the Company. Mr. Liu Tao further agreed and confirmed that he shall agree with Mr. Liu Jinlan when reaching a consensus among the Five Parties and himself. The AIC Agreement took effect on 10 March 2023, being the final settlement date for the conditional voluntary cash partial offer made by CLSA Limited on behalf of the joint offerors to the qualifying shareholders to acquire a maximum of 80,000,000 offer shares of the Company as disclosed in the composite document dated 27 January 2023 jointly issued by the relevant joint offerors and the Company.

On 24 September 2024, Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, Great Trade Limited, In-Plus Limited, Wise Creative Limited and Widen Success entered into a deed (the "2024 Concert Parties Deed"), pursuant to which, the parties confirmed they are and will be acting in concert in the control and management of the Group, including in the exercise of their voting rights in any meetings of the Company.

2. Mr. Liu Jinlan held 49,039,275 Shares in his own name as at 31 December 2024. Mr. Liu Jinlan held as to 100% of the issued share capital of Great Trade Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties' Agreement. As at 31 December 2024, Great Trade Limited held 890,604,403 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Jinlan was deemed to be interested in the Shares held by Great Trade Limited. Mr. Liu Jinlan was also a party to the 2024 Concert Parties Deed and was deemed to be interested in the shares in which the other parties to the 2024 Concert Parties Deed were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Liu Jinlan is a grantee under the share award scheme of the Company adopted on 4 September 2009 ("Share Award Scheme"). Upon fulfilment of the relevant vesting conditions and assuming all shares of the Company ("Shares") awarded under the Share Award Scheme ("Award Shares") granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.

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

(1) Long positions in shares, underlying shares and debentures of the Company – *Continued*

Notes: – Continued

3. Mr. Liu Xiang held 20,023,868 Shares in his own name as at 31 December 2024. Mr. Liu Xiang held as to 100% of the issued share capital of In-Plus Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties' Agreement. As at 31 December 2024, In-Plus Limited held 155,114,000 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Xiang was deemed to be interested in the Shares held by In-Plus Limited. Mr. Liu Xiang was also a party to the 2024 Concert Parties Deed and was deemed to be interested in the shares in which the other parties to the 2024 Concert Parties Deed were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.
4. Mr. Hang Youming held 10,000,001 Shares in his own name as at 31 December 2024. Mr. Hang Youming held as to 100% of the issued share capital of Wise Creative Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties' Agreement. As at 31 December 2024, Wise Creative Limited held 87,735,999 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Hang Youming was deemed to be interested in the shares held by Wise Creative Limited. Mr. Hang Youming was also a party to the 2024 Concert Parties Deed and was deemed to be interested in the shares in which the other parties to the 2024 Concert Parties Deed were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Hang Youming is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Hang Youming will become interested in a further 2,675,000 Shares.
5. The percentages disclosed above were based on the total number of issued shares of the Company as at 31 December 2024, i.e. 1,920,125,199 shares.
6. Mr. Wang Jin held 920,000 Shares in his own name as at 31 December 2024 and is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Wang will become interested in a further 325,000 Shares.
7. Mr. Koo Fook Sun, Louis held 510,824 Shares in his own name as at 31 December 2024 and is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Koo Fook Sun, Louis will become interested in a further 217,000 Shares.

DIRECTORS' REPORT

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

(2) Long position in shares and underlying shares of the associated corporation of the Company

Name of Director	Capacity	Associated corporation	Number of ordinary shares in associated corporation	Approximate percentage of registered capital of the associated corporation as at 31 December 2024
Liu Jinlan	Interest of controlled corporation (note 1)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	111,499,998	3.90%
Liu Xiang	Interest of controlled corporation (note 2)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	72,000,000	2.52%

Notes:

1. Liu Jinlan is the general partner of 泰州金澤企業管理合夥企業(有限合夥) (Taizhou Jinze Corporate Management Partnership Corporation (Limited Partnership)*) which held 99,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 31 December 2024. Further, Liu Jinlan held 80% of the equity interest in 上海上麒升投資有限公司 (Shanghai Shang Qi Sheng Investment Co., Ltd.) which in turn held 76% of the equity interest in 興化市興達綉園酒店有限公司 (Xinghua Xingda Xiuyuan Hotel Co., Ltd.) which held 12,499,998 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 31 December 2024.
2. Liu Xiang is the general partner of 泰州業祥企業管理合夥企業(有限合夥) (Taizhou Yexiang Corporate Management Partnership Corporation (Limited Partnership)*) which held 72,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors, the chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company in accordance with section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors and Chief Executive's interests and short positions in shares, underlying shares and debentures" above and for the share award scheme adopted by the Company, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of an acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate. Details of movements of the shares granted under the share award scheme for the year ended 31 December 2024 are set out in note 32 to the consolidated financial statements.

DEED OF NON-COMPETITION

The Company has received the annual declaration from Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming, Great Trade Limited, In-Plus Limited, Power Aim Limited and Wise Creative Limited (together as a controlling shareholder) in respect of their respective compliance with the terms of the Non-competition Deed.

To the best knowledge of the Board, since Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited have given termination notice that they would cease to be parties acting in concert with Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, Great Trade Limited, In-Plus Limited, Wise Creative Limited and Widen Success Limited, as disclosed in the announcement of the Company dated 7 January 2024, and Mr. Tao Jinxiang and Mr. Zhang Yuxiao resigned on 8 June 2023 and 28 May 2024 respectively, Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited are no longer bound by the Non-competition Deed as Covenantors. The Company has received the declaration for the year ended 31 December 2024 from Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Great Trade Limited, In-Plus Limited and Wise Creative Limited (together as a controlling shareholder) in respect of their respective compliance with the terms of the Non-competition Deed.

The existing directors have confirmed that they have not engaged in any business which competes or is likely to compete with the business of the Group, and the Directors are not aware that any of the Covenantors or their respective associates has engaged in any business which competes or is likely to compete with the business of the Group.

The independent non-executive Directors have reviewed the annual declaration and are not aware that any of the Covenantors or their respective associates has engaged in any business which competes or is likely to compete with the business of the Group.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 31 December 2024, the interests and short positions of the persons (other than the Directors or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions and short positions in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Long position/ Short position	Approximate percentage of issued share capital of the Company as at 31 December 2024 <i>(note 3)</i>
Great Trade Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	Long position	64.00%
In-Plus Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	Long position	64.00%
Wise Creative Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	Long position	64.00%
Widen Success Holdings Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	1,228,792,546	Long position	64.00%
Liu Tao	Interest of a controlled corporation, a concert party to an agreement to buy shares described ins.317(1)(a) of the SFO (note 1)	1,228,792,546	Long position	64.00%

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO – CONTINUED

Long positions and short positions in shares and underlying shares of the Company – Continued

Name of shareholder	Capacity	Number of ordinary shares	Long position/ Short position	Approximate percentage of issued share capital of the Company as at 31 December 2024 <i>(note 3)</i>
Zhao Yue	Interest of controlled corporation <i>(note 2)</i>	177,359,409	Long position	9.24%
Always Blooming Holdings Limited	Interests of controlled corporations <i>(note 2)</i>	177,359,409	Long position	9.24%
Super Auspicious Inc.	Beneficial owner <i>(note 2)</i>	177,359,409	Long position	9.24%

Notes:

- Mr. Liu Tao held as to 100% of the issued share capital of Widen Success Limited. As at 31 December 2024, Widen Success Limited held 5,500,000 shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Tao was deemed to be interested in the shares held by Widen Success Limited. Mr. Liu Jinlan was also a party to the 2024 Concert Parties Deed and was deemed to be interested in the shares in which the other parties to the 2024 Concert Parties Deed were interested for the purpose of Part XV of the SFO. Please refer to Note 1 under the section headed "Directors' and Chief Executive's interests and short positions in Shares, underlying Shares and debentures—(1) Long positions in shares, underlying shares and debentures of the Company" above for details.
- Zhao Yue held 100.00% of Always Blooming Holdings Limited which in turn owned 70.00% of the issued share capital of Super Auspicious Inc. For the purpose of Part XV of the SFO, Zhao Yue and Always Blooming Holdings Limited are deemed to be interested in the shares of the Company held by Super Auspicious Inc.
- The percentages disclosed above were based on the total number of issued shares of the Company as at 31 December 2024, i.e. 1,920,125,199 shares.

Save as aforesaid and as disclosed in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, the Company has not been notified of any interest or short position in the shares or underlying shares of the Company as at 31 December 2024 which are required to be recorded in the register maintained under section 336 of the SFO.

DIRECTORS' REPORT

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Human Resources Department on the basis of their merit, qualifications and competence and reviewed by the executive Directors. The Company operates a share award scheme, details of which are set out in note 32 to the consolidated financial statements.

The ordinary remuneration of the Directors is subject to approval by the shareholders of the Company in general meetings. The Remuneration and Management Development Committee (the "Remuneration Committee") comprising two independent non-executive Directors has been established to make recommendations to the board of Directors on the Group's policy and structure for all remuneration of Directors and senior management of the Group. The Remuneration Committee will consult the chairman of the board of Directors in respect of their recommendations in determining the remuneration of the Directors and senior management of the Group. No individual Director would be involved in deciding his/her own remuneration.

In determining or recommending the remuneration packages of the Directors and senior management, the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In reviewing and approving performance-based remuneration, reference will be made by the Remuneration Committee to the Group's corporate goals and objectives resolved by the board of Directors from time to time.

The recommended remuneration package comprises salaries, directorship fees, bonuses, discretionary bonuses, benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of office or appointment.

HIGHEST PAID INDIVIDUALS

The relevant information of the five individuals with the highest remuneration in the Group for the year ended 31 December 2024 is disclosed in note 13 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group contributed approximately 29% of the Group's total revenue and the largest customer contributed approximately 7% of the Group's total revenue for the year ended 31 December 2024. The five largest suppliers represented approximately 90% of the Group's total purchases and the largest supplier represented approximately 46% of the Group's total purchases for the year ended 31 December 2024.

None of the Directors, their close associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

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

DISCLOSURE OF INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient prescribed public float under the Listing Rules.

AUDITOR

Messrs. Deloitte Touche Tohmatsu will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

LIU Jinlan

Chairman

31 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

To promote high level of transparency, accountability and independence in the interests of the shareholders, the Company is committed to maintaining high standards of corporate governance.

The Company has applied the principles in and complied with the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024, except for the following:-

Code provision C.2.1 provides, among other things, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board, Mr. Liu Jinlan, provides overall leadership for the Board and takes the lead to ensure that the Board acts in the best interest of the Company. The Company does not have the position of chief executive and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company which has been established for determining, approving and overseeing the day-to-day control over the allocation of the Group's resources also segregates the duties of Mr. Liu Jinlan.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up the Audit Committee, the Remuneration and Management Development Committee and the Nomination Committee, and the Board has been responsible for performing the corporate governance duties as set out in the code provisions.

THE BOARD

Composition and responsibilities

The Board is responsible for formulation and execution of the Company's long term strategies and determination of the direction of future development, setting of financial and operational targets, approval of material transactions and significant investments as well as evaluation of the performance of the senior management. The Board has reserved its decision over the major acquisitions and disposals, annual budgets, interim and annual results, recommendations on directors' appointment or re-appointment, approval of major capital investments and other significant operational and financial matters of the Group. The Board has to act in the best interest of the Company and its shareholders as a whole.

The Board is also responsible for performing the relevant functions set out in the Corporate Governance Code, including developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board, reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements, reviewing and monitoring the code of conduct and compliance manual applicable to the Directors and employees, reviewing and monitoring the training and continuous professional development of Directors and senior management, and reviewing the Company's compliance with the Corporate Governance Code (as applicable) and disclosures in the Company's corporate governance report. The Board, under the leadership of its chairman, adopted appropriate efforts and measures to ensure the Company's corporate governance policies and practices, training and continuous professional development of the Directors and company secretary are in compliance with the code provisions of the Corporate Governance Code.

In addition to providing sufficient time and attention to the affairs of the Group, all Directors disclosed to the Company the number and nature of the offices held in other public companies and updated the Company on any subsequent changes in a timely manner.

CORPORATE GOVERNANCE REPORT

THE BOARD – CONTINUED

Composition and responsibilities – *Continued*

The Board currently comprises eight members, including five executive Directors and three independent non-executive Directors. The executive Directors are Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Mr. Wang Jin and Ms. Wang Yu. The independent non-executive Directors are Mr. Koo Fook Sun, Louis, Ms. Xu Chunhua and Ms. Zhang Guoyun. The biographical details of the Directors are set out on pages 17 to 20 of the annual report. Mr. Liu Jinlan, being the chairman of the Board and an executive Director, is the father of Mr. Liu Xiang, an executive Director and the father-in-law of Mr. Hang Youming. Save for the aforesaid, there is no financial, business, family or other material or relevant relationships among the members of the Board.

During the year ended 31 December 2024, each of Mr. Hang Youming, Mr. Wang Jin and Ms. Wang Yu has been appointed as an executive Director on 15 January 2024. Following the resignation of Mr. Luo Tiejun as an independent non-executive Director on 3 April 2024, the Board comprised six executive Directors and two independent non-executive Directors. As a result of the foregoing, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.10A of the Listing Rules, which stipulates that the number of independent non-executive directors shall represent at least one-third of the Board; and (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members. Ms. Zhang Guoyun was appointed as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration and Management Development Committee on 6 September 2024. Following the appointment of Ms. Zhang Guoyun, the Company has been in compliance with Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules.

Following the resignation of Mr. Zhang Yuxiao as an executive Director, chief financial officer and an authorised representative of the Company (the “Authorised Representative”) for the purpose of Rule 3.05 of the Listing Rules on 28 May 2024, the Company was not be able to comply with Rule 3.05 of the Listing Rules until the appointment of Mr. Wang Jin as chief financial officer and the Authorised Representative on 3 June 2024.

The executive Directors are responsible for business management of the Group, formulation and implementation of business strategies, daily business decision and co-ordination of overall business operation. Mr. Liu Jinlan and the other two executive Directors, Mr. Liu Xiang and Mr. Hang Youming, have many years of experience in the radial tire cord manufacturing industry. Mr. Wang Jin and Ms. Wang Yu have many years of experience in the financial and accounting management as well as automotive and tire industries, respectively.

The independent non-executive Directors, who possess wide expertise, bring relevant experience and knowledge in various aspects to the Board. The Company has received confirmation from each independent non-executive Director about his/her independence as set out in Rule 3.13 of the Listing Rules and considers each of them to be independent. Two of the independent non-executive Directors possesses appropriate professional qualifications in accounting or related financial management expertise as required under the Listing Rules.

A list of directors and their role and function has been uploaded and maintained on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

THE BOARD – CONTINUED

Meetings

The Board meets regularly at least four times a year at approximately quarterly intervals. For the year ended 31 December 2024, the Board held six meetings to discuss and approve various important matters. The table below sets out the attendance of each Director at the AGM and the meetings of the Board and other Board committees held during the year ended 31 December 2024:

	AGM	Board	Audit Committee	Remuneration and Management Development Committee	Nomination Committee	Executive Committee	Manufacturing and Operations Committee	Investment and International Development Committee
Executive Directors								
Mr. LIU Jinlan	1/1	6/6	N/A	N/A	3/3	1/1	1/1	1/1
Mr. LIU Xiang	1/1	6/6	N/A	N/A	N/A	N/A	1/1	N/A
Mr. HANG Youming	1/1	5/5	N/A	N/A	N/A	N/A	N/A	N/A
Mr. WANG Jin	1/1	5/5	N/A	N/A	N/A	1/1	N/A	1/1
Ms. WANG Yu	1/1	5/5	N/A	N/A	N/A	N/A	N/A	N/A
Mr. ZHANG Yuxiao	N/A	1/3	N/A	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors								
Mr. KOO Fook Sun, Louis	1/1	6/6	3/3	1/1	3/3	N/A	N/A	N/A
Ms. XU Chunhua	1/1	6/6	3/3	N/A	3/3	N/A	N/A	N/A
Ms. ZHANG Guoyun	N/A	N/A	1/1	N/A	N/A	N/A	N/A	N/A
Mr. LUO Tiejun	N/A	2/3	1/1	1/1	N/A	N/A	N/A	N/A

The management of the Company shall submit all relevant materials for the discussion in the meeting in advance. Notice convening the meeting shall be sent to the members of the Board or the Board committees at least fourteen days before the Board meeting or no later than seven working days before the date of the Board committee meeting so that they can make necessary arrangement to attend the meeting either in person or by telephone. Documents and all relevant materials required for the meeting shall be sent to the members of the Board or the Board committees at least three days (or other agreed period) in advance, which ensures enough time is given to them to review the documents and get prepared for the meeting.

The matters processed by the Board in the meetings are all recorded and kept pursuant to relevant laws and regulations. All Directors have full access to the minutes and papers of the Board meetings and Board committee meetings and all other relevant information of the Group. Minutes of the Board meetings and Board committee meetings recorded in sufficient detail the matters considered in the meetings and the decisions reached. Draft and final versions of minutes of the meetings of the Board and Board committees are sent to all Directors or committee members for comments and records respectively within a reasonable time after the relevant meeting. The Directors have separate and independent access to the company secretary of the Company at all times for discussion. The Directors are also entitled to receive independent professional advice in performing their Directors' duties at the Company's expenses.

CORPORATE GOVERNANCE REPORT

THE BOARD – CONTINUED

Meetings – CONTINUED

During the year, a meeting was held between the Chairman and the independent non-executive Directors. The purpose of the meeting was to discuss the performance of the Board members and the management.

Board independence

The Group has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. During the year, the Board has reviewed the implementation and effectiveness of the following mechanisms:

- a) The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.
- b) The Audit Committee, Remuneration and Management Development Committee and Nomination Committee consists of certain independent non-executive Directors to ensure their independent views are available in the abovementioned committees.
- c) The Nomination Committee have assessed the independence of all the existing independent non-executive Directors during one of the Nomination Committee meetings held in 2024. No irregularities on the assessment result and it was presented to the Board for reference thereafter.
- d) Except for the assessment from the Nomination Committee, each independent non-executive Director is also required to actively inform the Company Secretary and other Board members as soon as practicable if there is any change in his/her personal particulars that may affect his/her independence.
- e) All Independent non-executive Directors are encouraged to freely express their own personal views in the Board meetings and the relevant Committee meetings which they participate in.
- f) All Independent non-executive Directors are required to submit a written confirmation to the Company on an annual basis to confirm the independence on each of them.
- g) All Independent non-executive Directors are entitled to seek, where necessary, advice from external independent professional bodies at the Company's expense.
- h) A Director (including the independent non-executive Directors) who has material interest in any contract, transaction or arrangement of the Group shall abstain from voting in the Board meetings for approving those contract, transaction or arrangement of the Group.

CORPORATE GOVERNANCE REPORT

THE BOARD – CONTINUED

Appointment and Re-election

Each of the independent non-executive Directors has signed a letter of appointment for a term of three years which is determinable by either party at any time by giving to the other not less than three months' prior written notice. Thereafter, the term shall continue subject to termination by either party by giving to the other not less than three months' prior written notice. For the year ended 31 December 2024, the independent non-executive Directors, Mr. Koo Fook Sun Louis and Ms. Xu Chunhua have served the Company for more than 9 years. Mr. Luo Tiejun was served as the independent non-executive Director for the period from 1 January 2024 to 2 April 2024 and Ms. Zhang Guoyun was appointed as an independent non-executive Director on 6 September 2024. Mr. Luo served and Ms. Zhang has served the Company for less than 9 years.

Pursuant to Article 86 and Article 87 of the Articles of Association of the Company, Mr. Liu Jinlan, Mr. Liu Xiang and Ms. Zhang Guoyun will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Training and continuous professional development

The Directors acknowledge the need to develop and refresh their knowledge and skills by participating in training and continuous professional development courses. During the year, the Company arranged and provided suitable in-house training courses for all existing Directors in relation to compliance with the Listing Rules and Corporate Governance. The training records kept and provided by the Directors in the year 2024 are as follows:-

	Participating in in-house training courses
Executive Directors	
Mr. LIU Jinlan	Yes
Mr. LIU Xiang	Yes
Mr. HANG Youming	Yes
Mr. WANG Jin	Yes
Ms. WANG Yu	Yes
Mr. ZHANG Yuxiao	No
Independent non-executive Directors	
Mr. KOO Fook Sun, Louis	Yes
Ms. XU Chunhua	Yes
Ms. ZHANG Guoyun	Yes
Mr. LUO Tiejun	No

CORPORATE GOVERNANCE REPORT

THE BOARD – CONTINUED

Training and continuous professional development – CONTINUED

During the year ended 31 December 2024, the Company updated all Directors on the Company's monthly performance, position and prospects by providing them with financial data including monthly management accounts and production plan.

The Company provided all Directors with the latest version of "A Guide on Directors' Duties" issued by the Companies Registry of Hong Kong and "Guidelines for Directors" issued by the Hong Kong Institute of Directors. For the independent non-executive Directors, they have been provided with the "Guide for Independent Non-executive Directors" published by the Hong Kong Institute of Directors.

Indemnification of directors and officers

The Company has arranged for appropriate Directors' and officers' liability insurance throughout the year ended 31 December 2024 to indemnify the Directors and officers for their liabilities arising out of corporate activities. The insurance coverage and premium is reviewed on an annual basis.

BOARD COMMITTEES

As part of good corporate governance practice, the Board has established six committees, namely the Audit Committee, the Remuneration and Management Development Committee, the Nomination Committee, the Executive Committee, the Manufacturing and Operations Committee and the Investment and International Development Committee, and two sub-committees under the Manufacturing and Operations Committee, namely the Manufacturing Sub-committee and the Operations Sub-committee, with respective terms of reference and the Board has delegated certain authorities to the committees. To further reinforce independence, the Audit Committee and the Remuneration and Management Development Committee all consist of independent non-executive Directors only.

Audit Committee

The Company established the Audit Committee on 23 August 2005. From 1 January 2024 to 2 April 2024, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Luo Tiejun and Ms. Xu Chunhua. From 3 April 2024 to 5 September 2024, the Audit Committee consisted of two independent non-executive Directors, namely Mr. Koo Fook Sun, Louis and Ms. Xu Chunhua. From 6 September 2024 to 31 December 2024, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Ms. Xu Chunhua and Ms. Zhang Guoyun. The chairman of the Audit Committee is Mr. Koo Fook Sun, Louis.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Audit Committee – CONTINUED

The major roles and functions of the Audit Committee are summarized as follows:

- (a) to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- (d) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgements contained in them;
- (e) to review the Company's financial controls, internal control and risk management systems;
- (f) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- (g) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (h) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (i) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (j) to report to the Board on the matters set out in the terms of reference for the Audit Committee; and
- (k) to review the employees' concerns of any possible improprieties in financial reporting, internal control or other matters and to ensure appropriate follow-up actions were properly took up, and to establish a whistleblowing policy and system for employees and those who deal with the Company or its subsidiaries to raise concern about possible improprieties.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Audit Committee – CONTINUED

During the year ended 31 December 2024, the Audit Committee had three meetings and out of these, two meetings were held with the external auditor. During the meetings held, the Audit Committee had performed the following work:

- reviewing the audited financial statements for the year ended 31 December 2023 and the unaudited financial statements for the six months ended 30 June 2024;
- reviewing and discussing the management letter issued by the external auditor;
- recommending the Board on the remuneration and terms of engagement of the external auditor in respect of the auditing services for the year ended 31 December 2024;
- reviewing the 2023 Environmental, Social and Governance Report;
- reviewing any improprieties raised by the employees under the whistleblowing system regularly and ensuring proper independent investigation was followed; and
- reviewing the risk management and internal control systems of the Group.

On 31 March 2025, the Audit Committee met with a consulting firm to review the 2024 Environmental, Social and Governance Report and the Audit Committee met with an external auditor to review the audited financial statements for the year ended 31 December 2024.

The terms of reference of the Audit Committee have been published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Remuneration and Management Development Committee

The Company established the remuneration committee on 23 August 2005, which was then re-designated as the Remuneration and Management Development Committee (the “Remuneration Committee”) on 30 September 2005. The major roles and functions of the Remuneration Committee are to evaluate the performance of all Directors and senior management of the Group and make recommendations to the Board on the Group’s corporate goals, policy and structure for all remuneration of Directors and senior management, to make recommendations of remuneration packages of executive Directors and senior management, to make recommendations of remuneration for non-executive Directors to the Board, to ensure that no Director or any of his associates is involved in deciding his own remuneration and to monitor the operation of the share award scheme of the Company. The purposes of the share award scheme are to encourage and retain employees to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the employees directly to the shareholders of the Company through ownership of its shares.

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of their office(s) or appointment(s).

From 1 January 2024 to 2 April 2024, the Remuneration Committee consisted of two independent non-executive Directors, namely Mr. Koo Fook Sun, Louis and Mr. Luo Tiejun. From 3 April 2024 to 5 September 2024, the Remuneration Committee consisted of one independent non-executive Director, namely Mr. Koo Fook Sun, Louis. From 6 September 2024 to 31 December 2024, the Remuneration Committee consisted of two independent non-executive Directors, namely Mr. Koo Fook Sun, Louis and Ms. Zhang Guoyun. The chairman of the Remuneration Committee was Mr. Koo Fook Sun, Louis.

The Remuneration Committee met one time during the year ended 31 December 2024. A summary of work performed by the Remuneration Committee during the year is set out below:

- recommending to the Board on the remuneration packages of the Directors and senior management of the Group for the year ended 31 December 2023 and;
- evaluating and making recommendations to the Board on the remuneration policy of the Directors and senior management of the Group for the year ended 31 December 2024 with reference to the remuneration package of the Board in 2023 and the Group’s estimated financial performance for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Remuneration and Management Development Committee – CONTINUED

Subsequent to the year ended 31 December 2024, the Remuneration Committee held one meeting on 18 March 2025. At such meeting, the Remuneration Committee:

- considered the performance of the executive Directors and the Group and the total remuneration and compensation of the executive Directors for the year ended 31 December 2024;
- evaluating and making recommendations to the Board on the remuneration policy of the executive Directors and senior management of the Group for the year ending 31 December 2025 with reference to the remuneration package of the Directors in 2024 and the Group's estimated financial performance for the year ending 31 December 2025; and
- resolved that the total remuneration and compensation of the Directors and senior management paid for the year ended 31 December 2024 was approved, ratified and recommended to the Board.

The terms of reference of the Remuneration and Management Development Committee have been published on the websites of the Company and the Stock Exchange.

Details of annual remuneration paid to members of key management fell within the following bands:

	Number of individuals
RMB1,000,000 or below	6
RMB1,000,001 – RMB2,000,000	4
RMB2,000,001 – RMB3,000,000	3
RMB3,000,001 – RMB4,000,000	1
RMB4,000,001 – RMB5,000,000	1
RMB5,000,001 – RMB6,000,000	1
RMB6,000,001 – RMB7,000,000	1
RMB7,000,001 – RMB8,000,000	1

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Nomination Committee

The Company established the Nomination Committee on 23 August 2005. The Nomination Committee consists of three Directors, namely Mr. Liu Jinlan, an executive Director, Mr. Koo Fook Sun, Louis and Ms. Xu Chunhua, both being independent non-executive Directors. The chairman of the Nomination Committee is Mr. Liu Jinlan.

The major roles and functions of the Nomination Committee are summarised as follows:-

- (a) to evaluate the credentials of the candidates for directorship, to make recommendations to the Board regarding candidates to fill vacancies on the Board and to ensure that no Director or any of his associates is involved in approving his/her or any of his/her associates' nomination;
- (b) to review the structure, size and composition (including the skills, knowledge and experience required) of the Board regularly;
- (c) to carry out the process of selecting and recommending candidates for directorship with reference to the selection guidelines which include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills;
- (d) to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman of the Company;
- (e) to assess the independence of independent non-executive Directors, having regards to the requirements under the Listing Rules; and
- (f) to review its own performance, constitution and terms of reference on a regular basis.

The terms of reference of the Nomination Committee have been published on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2024, the Nomination Committee three meetings. The Nomination Committee assessed and proposed Mr. Hang Youming, Mr. Wang Jin and Ms. Wang Yu to be appointed as the new executive Directors in one of the meetings held. The Nomination Committee assessed and proposed Ms. Zhang Guoyun to be appointed as the new independent non-executive Director in another meeting held. The Nomination Committee also reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors in the remaining meeting held. There was a nomination of Directors, Mr. Hang Youming, Mr. Wang Jin, Ms. Wang Yu and Ms. Zhang Guoyun to fill Board vacancies in the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Nomination Committee – CONTINUED

Board Diversity Policy

The Company is committed to equality of opportunity in all aspects of its business. The Group adopted the Board Diversity Policy (the “Policy”) in September 2013. The Company embraces the benefits of having a diverse Board can strengthen the performance of the Board and promote better corporate governance.

“Board Diversity” can be achieved through consideration of a number of factors and measure objectives, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. In bringing in its perspective on diversity, the Company will also take into account factors based on its specific needs from time to time.

During the year ended 31 December 2024, the Nomination Committee members have reviewed the structure, size composition and diversity of the Board and the Policy to ensure its effectiveness.

There are currently three female members in the Board, achieving gender diversity on the Board. The Board will continue to consider about increasing the proportion of female members in the future if suitable candidates are available. Gender diversity at workforce levels is discussed in the Company’s “2024 Environmental, Social and Governance Report”.

Nomination Policy

According to the Nomination Policy adopted by the Company, the Nomination Committee shall nominate suitable candidates to the Board. The selection criteria used in assessing the suitability of a candidate include:

- a. the candidate’s reputation for integrity;
- b. the candidate’s accomplishment and experience in the radial tire cord industry;
- c. the candidate’s commitment in respect of available time and relevant interest;
- d. the candidate’s diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- e. whether the candidate is in compliance with the criteria of independence (in respect of an appointment as an independent non-executive Director) under the Listing Rules; and
- f. any other factors that the Nomination Committee considers appropriate in exercising its discretion to nominate any person to be a Director.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Nomination Committee – CONTINUED

Nomination Policy – CONTINUED

The Nomination Committee shall identify and select candidates as Directors pursuant to the criteria as set out above, and shall make recommendations for the Board's consideration and approval. In relation to the nomination of an independent non-executive Director, the Nomination Committee shall also consider and assess the candidate's independence in accordance with the Corporate Governance Code and the Listing Rules. The Nomination Committee may use any process it deems appropriate to evaluate the candidates including assessment on the personal information and any additional written information and documents submitted by the candidates, if considered necessary.

A shareholder can serve a notice to the Company Secretary within the lodgement period of its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular in accordance with the Company's Articles of Association. The details of procedures for shareholders to propose a person for election as a director are set out in the section headed "Procedures for shareholders to propose a person for election as a Director" of this report. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular.

For proposing candidates including retiring Director to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Executive Committee

The Company established the Executive Committee on 30 September 2005. The principal functions and responsibilities of the Executive Committee are to determine, approve and oversee the day-to-day control over the allocation of the resources of the Group. From 1 January 2024 to 27 May 2024, the Executive Committee consists of two Directors, namely Mr. Liu Jinlan and Mr. Zhang Yuxiao. The chairman of the Executive Committee during that time was Mr. Zhang Yuxiao. From 28 May 2024 to 2 June 2024, the Executive Committee consists of one Director, namely Mr. Liu Jinlan. From 3 June 2024 to 31 December 2024, the Executive Committee consists of two Directors, namely Mr. Liu Jinlan and Mr. Wang Jin. The chairman of the Executive Committee during that time was Mr. Wang Jin. The Executive Committee had one meeting during the year ended 31 December 2024.

Manufacturing and Operations Committee

The Company established the Manufacturing and Operations Committee (with the Manufacturing Sub-committee and the Operations Sub-committee) on 30 September 2005. The principal functions and responsibilities of the Manufacturing and Operations Committee and the respective sub-committees are to consider, approve and oversee the Group's day-to-day manufacturing and operations related strategic development and allocations of resources and make recommendations on new initiatives to the Board for approval. During the year ended 31 December 2024, the Manufacturing and Operations Committee consisted of two Directors, namely Mr. Liu Jinlan and Mr. Liu Xiang. The chairman of the Manufacturing and Operations Committee is Mr. Liu Jinlan. The Manufacturing and Operations Committee had one meeting during the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Investment and International Development Committee

The Company established the Investment and International Development Committee on 30 September 2005. The principal functions and responsibilities of the Investment and International Development Committee are to consider, approve and oversee the Group's international market development and investment related initiatives and allocations of resources, and make recommendations on new development initiatives to the Board for approval. From 1 January 2024 to 27 May 2024, the Investment and International Development Committee consisted of two Directors, namely Mr. Liu Jinlan and Mr. Zhang Yuxiao. The chairman of the Investment and International Development Committee during that time was Mr. Zhang Yuxiao. From 28 May 2024 to 2 June 2024, the Investment and International Development Committee consists of one Director, namely Mr. Liu Jinlan. From 3 June 2024 to 31 December 2024, the Investment and International Development Committee consists of two Directors, namely Mr. Liu Jinlan and Mr. Wang Jin. The chairman of the Investment and International Development Committee during that time was Mr. Wang Jin. The chairman of the Investment and International Development Committee was Mr. Wang Jin during that time. The Investment and International Development Committee had one meeting during the year ended 31 December 2024.

COMPANY SECRETARY

The Company Secretary, Mr. Cheng Kam Ho, took no less than 15 hours of relevant professional training for the year ended 31 December 2024. Mr. Cheng is a member of the Hong Kong Institute of Certified Public Accountants and his biography is set out in the section headed "Directors and Senior Management" on page 20 of this annual report. For the year under review, Mr. Cheng provided his working report to the chairman of the Board, Mr. Liu Jinlan, directly. Mr. Cheng also reported to the Board members on the amendments to the Listing Rules and corporate governance practices particularly relating to director's duties and responsibilities in a timely manner.

CONSTITUTIONAL DOCUMENTS

The Board proposes to amend the Articles of Association and to adopt the New Amended and Restated Articles of Association in substitution for, and to the exclusion of, the Articles of Association for the purposes of, among others, (i) update and bring the Articles of Association in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers, which became effective from 31 December 2023; and (ii) make other consequential and housekeeping amendments

The Company has been advised by its legal advisers that the Proposed Amendments are not inconsistent with the requirements of the Listing Rules. The legal advisers of the Company as to Cayman Islands laws confirm that the Proposed Amendments do not violate the laws of the Cayman Islands. The Company also confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

A special resolution has been passed at the annual general meeting held on 29 May 2024 to amend the articles of association and to adopt the Amended and Restated Articles of Association of the Company.

A copy of the Amended and Restated Articles of Association of the Company has been uploaded and maintained on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to the Company's Articles of Association, any one or more members 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 called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at a general meeting

Shareholders may suggest proposals relating to the Company to be discussed at a general meeting by sending written requisition to the Board or the company secretary of the Company and following the procedures set out in the paragraph headed "Procedures for shareholders to convene an extraordinary general meeting" above to convene an extraordinary general meeting for any business specified in such written requisition.

The contact details of the Board and the company secretary of the Company are as follows:

Address: Unit S03, 7/F, Low block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong
Fax: 852-2120 5207

Procedures for shareholders to propose a person for election as a director

Subject to applicable laws and regulations, including Companies Law, Cap.22 (as revised and amended) of the Cayman Islands and the Listing Rules, and the Memorandum of Association and Articles of Association of the Company as amended from time to time, the Company may by ordinary resolution in general meeting elect any person to be a director of the Company either to fill a casual vacancy on the board of directors or as an addition to the existing board of directors. A shareholder of the Company may propose a person for election as a director of the Company by lodging a written notice to that effect at the head office and principal place of business of the Company in Hong Kong for the attention of the Company Secretary or at the Hong Kong branch register of members of the Company.

In order for the Company to inform shareholders of the Company of that proposal, the written notice must state the full name of the person proposed for election as a director of the Company, include the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. The minimum length of the period during which such a written notice is given shall be at least seven days and that (if the notice is submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgement of such a written notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS – CONTINUED

Procedures for directing shareholders' enquiries to the Board

Shareholders may direct their queries to the Board and may at any time make a request for the Company's information to the extent such information is publicly available through the company secretary of the Company whose contact details are as follows:

Address: Unit S03, 7/F, Low block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong
Fax: 852-2120 5207

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges the responsibilities of overseeing the preparation of the financial statements for the year ended 31 December 2024, which give a true and fair view of the state of affairs of the Group for that year. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected appropriate accounting policies, applied them consistently in accordance with the International Financial Reporting Standards and made judgments and estimates that are prudent and reasonable, and have prepared the financial statements on the on-going concern basis. The statement of the external auditor about their reporting responsibilities is set out in the Independent Auditor's Report on pages 162 to 166 of this annual report.

AUDITOR'S REMUNERATIONS

For the year ended 31 December 2024, the Group paid approximately RMB2,351,000 and RMB1,505,000 to the external auditor in respect of audit services and non-audit services, respectively. The non-audit services provided by the external auditor during the year were mainly for performing review on the interim financial statements of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

In order to facilitate and implement the risk control effectively, the risk management policies and procedures were designed and approved by the Board. The risk management covers four aspects including strategic, financial, operational and compliance controls. According to the adopted policies, the Board delegated the Audit Committee to assess the risk management and internal control systems on an on-going basis (at least annually) to ensure they are effective, efficient and adequate. The results of the assessment would be passed to the Board for discussion and review.

As at the date of the report, the Audit Committee and Board have assessed the risk management and internal controls of the Group for the year ended 31 December 2024. The Company has engaged an independent professional internal control consultant to assist in assessing, reviewing and improving the Group's internal control on accounting system ("Internal Control Review"). After considering the Internal Control Review report, both the Audit Committee and the Board consider that the measures recommended by the Company are adequate and sufficient to deal with the findings of the Internal Control Review report and that the Group will formulate an adequate internal control system to meet its obligations under the Listing Rules. Save as disclosed, in relation to the assessment on risk management and internal controls of the Group for the year ended 31 December 2024, the assessment result reflects that no significant weakness was found in the risk management system and internal control system of the Group and the risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL – *CONTINUED*

The Board acknowledges that it is responsible for the Group's systems of internal control and risk management and reviewing their effectiveness, and is committed to the ongoing development of an effective internal control system to safeguard assets against unauthorized use, to ensure the maintenance of proper accounting records for the provision of reliable financial information and to enhance risk management and compliance with applicable laws and regulations. The Group has adopted a set of internal control procedures and policies to safeguard the Group's assets and to ensure the reliability of financial reporting. The internal control systems are designed to ensure that the financial and operational functions, compliance control, asset management and risks management functions are in place and are functioning effectively. In order to monitor the systems effectively, the Group established an internal audit department in January 2007. The internal audit department is responsible for performing regular reviews on the internal control systems of the Group to provide reasonable assurance on the effectiveness, soundness, adequacy and completeness of the Group's internal control systems.

In addition to the internal audit department, the Group also engaged an independent professional body to assist in assessing and reviewing the Group's internal control system on a regular basis with an aim to ensure sufficient resources are employed and people with adequate qualification and experience take part in the internal control systems review. The Board will continue to conduct reviews on the internal control systems and will take all necessary measures to safeguard the Group's assets and the interests of shareholders, customers and employees.

Process used to identify, evaluate and manage significant risks

The first step of the risk assessment process is that the responsible personnel of the operating units should be responsible to ascertain and identify the risk events relating to the operating units from the perspective of the different risk categories. After that, the identified risks would be ranked and classified to different risk levels where reference would be made to the potential impact upon the Group and the likelihood of occurrence of the risk concerned. Those identified risks with different risk levels are recorded in the risk register. The well-defined risk monitoring plan with detailed steps of action and timing of implementation clearly stated is designed by the responsible personnel of each operating unit and then finally submitted to the Board for review and approval.

Main features of Risk Management and Internal Control Systems

The establishment of a risk register is the main feature of the risk management and internal control systems of the Group. The risk register is used to record the identified risks for the management to keep track and evaluate on such risks. The responsible personnel of the operating units regularly update the risk register and risk monitoring plan on an on-going basis to ensure that all key risks faced by the Group are effectively handled by the Group. The internal control systems and procedures would also be regularly evaluated by the Audit Committee and the Board to ensure that the identified risks are handled in an efficient manner.

The Group adopted an ongoing risk assessment approach to identify and assess the key inherent risks that affect the achievement of its objectives. The assessment of risks level refers to the likelihood of occurrence of the risk concerned and the potential impact upon the Group. The likelihood of risk occurrence which can be classified into five classes including: Rare (1), Unlikely (2), Possible (3), Likely (4) and Almost Certain (5). The potential impact upon the Group can be classified into five classes: Insignificant (1), Minor (2), Moderate (3), Major (4) and Catastrophic (5). Based on different levels of likelihood of occurrence of the risk concerned and the potential impact upon the Group, the Group would decide on the level of attention and effort required to monitor the identified risks.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL – *CONTINUED*

Risks handling approach

All business units are obligated to design the risk monitoring plans and to carry out the actions required to avoid / mitigate / transfer the risks in accordance with the priority list of the risks identified and assessed. The Board acknowledges that the risk management and internal control systems of the Group are designed 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.

Process used to review the effectiveness of the Risk Management & Internal Control Systems and to resolve material internal control defects

In order to comply with the code provision D.2 of the Corporate Governance Code, the enterprise risk assessment and internal control systems review are conducted by the Group during the year ended 31 December 2024. The four aspects of risk assessment and control systems including strategic, financial, operational and compliance are reviewed by Audit Committee and Board. Save as disclosed in this annual report, both the Audit Committee and the Board are satisfied that there has been no major and significant deficiency nor defects noted in the areas of the Group's risk management and internal controls systems. The Board considered that the effectiveness of both risk management system and internal control system are ensured.

Procedures and internal controls for the handling and dissemination of inside information

The Company established the Policy and Procedures on Disclosure of Inside Information in order to handle and disseminate inside information. The Policy and Procedures on Disclosure of Inside Information provided the guidelines on:

1. the officers' obligations;
2. preservation of confidentiality of inside information before it is fully disclosed to the public;
3. handling of media speculations, market rumours and analysts' report;
4. circumstances that disclosure is prohibited;
5. disclosure of inside information to the public; and
6. communications with media and investors.

The officers of the Company must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement. The officers are required to notify the Executive Committee about any possible inside information which will in turn notify the Board as soon as reasonably practicable to decide on the appropriate prompt actions that should be taken with the aid of the legal advice provided by the independent legal adviser.



CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 2024.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished inside information.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company values its relationship with investors and shareholders and communications with them is a high priority. The Company announces interim and annual results as early as possible to update shareholders of the Group's financial performance in a timely manner. Apart from that, the Company has assigned its chief financial officer and the manager of investment department to be the spokespersons of the Company and be responsible for meeting with financial analysts and institutional investors.

In addition to the annual general meeting which is opened to all shareholders and members of the press, the Company holds analysts briefings through various channels to maintain communications between the shareholders and the management of the Company. During the year ended 31 December 2024, the management conducted numerous one-on-one meetings with various institutional investors and shareholders to assist them to have a better understanding of the Group as well as the global steel cords industry through publicly disclosed information. Comments and advice from the investors were communicated to the management for providing responses in a timely manner. In order to strengthen the communication and interaction with the investors, the Company will continue to focus on enhancing communications with investors through various means by organizing non-deal roadshows, company visits and meetings in the future to ensure the shareholders' communication implementing effectively.

On 29 May 2024, the Chairman of the Board, as well as Chairman or member of each of the Board Committees, attended the annual general meeting to answer any questions raised by the shareholders. During that day, the external auditor was also available to answer any questions from the shareholders about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and the auditor's independence.

In order to promote effective communication with the public including investors and shareholders, the Company also maintains a website to disclose comprehensive information including the company presentations, press releases, announcements, circulars and annual and interim reports. The address of this website is <http://www.irasia.com/listco/hk/xingda/index.htm>.

As at the date of the report, the Board assessed and reviewed the implementation and effectiveness of the shareholders' communication policy of year 2024. The Board considered that the communication policy was conducted properly and effectively given that sufficient and effective communication channels were provided to the investors and shareholders respectively.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description of the Report

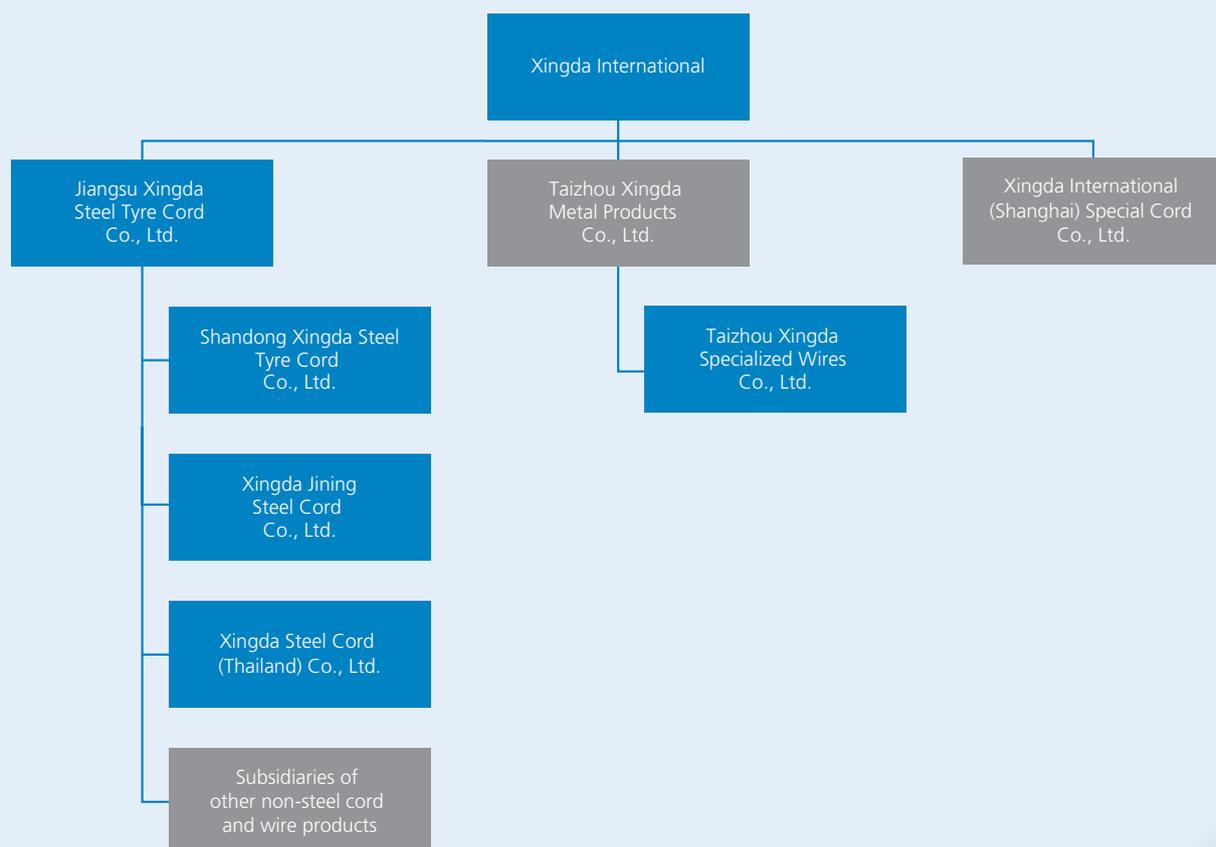
This report is the 11th Environmental, Social, and Governance (ESG) Report of Xingda International Holdings Limited, which discloses the Company’s philosophy, established management methods, implementation efforts, and achievements in ESG topics in its operations to investors and other stakeholders.

Scope of the Report

The scope of this report covers Xingda International Holdings Limited and its subsidiaries (“Xingda International” or “the Group”). Unless otherwise stated, the scope aligns with the entities covered in Xingda International’s (stock code: 1899.HK) annual consolidated financial statements.

The statistics in this report are based on all subsidiaries and manufacturing bases for steel cord and steel wire products operated by the Group worldwide, including manufacturing bases¹ located in Jiangsu Province (“Jiangsu Base”), Shandong Province (“Shandong Base”), and Thailand (“Thailand Base”). The list of subsidiaries involved in the production of steel cord and steel wire products covered in this report and the abbreviations in the report are as follows:

Xingda International Organizational Chart



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description of the Report – CONTINUED

Scope of the Report – Continued

List of names and abbreviations of the subsidiaries contained in this report

Company Name	Abbreviation	Base
Jiangsu Xingda Steel Tyre Cord Co., Ltd.	Jiangsu Xingda	Affiliated to “Jiangsu Base”
Taizhou Xingda Specialized Wires Co., Ltd.	Taizhou Xingda	
Shandong Xingda Steel Tyre Cord Co., Ltd.	Shandong Xingda	Affiliated to “Shandong Base” ²
Xingda Jining Steel Cord Co., Ltd	Xingda Jining	
Xingda Steel Cord (Thailand) Co., Ltd.	Xingda Thailand	Affiliated to “Thailand Base”

[1] The gray colored subsidiaries are not included in the data statistics because they are not involved in the production of steel cord and steel wire products, and their operating activities have a less impact on the overall ESG performance of the Group.

[2] Xingda Jining is scheduled to be completed and commence operations in December 2024. As it has not yet achieved stable operations, the data for the Shandong Base in this report does not include this subsidiary.

Reporting Period

The reporting period is from January 1, 2024 to December 31, 2024. Unless otherwise specified, the data in this report is based on this period.

Basis of the Report

The report has been prepared in accordance with Appendix C2 of *the Environmental, Social and Governance Reporting Guide* (effective from December 31, 2023) of the *Listing Rules* issued by The Hong Kong Exchanges and Clearing Limited (hereinafter referred to as the “HKEX”) and by reference to the Global Reporting Initiative (GRI) *Sustainability Reporting Standards* (GRI Standards 2021).

Principles of the Report

This report follows the reporting principles of the HKEX’s Appendix C2 *Environmental, Social and Governance Reporting Guide of the Listing Rules*, including

Materiality

In accordance with the principle, the report identifies issues to be focused on in the report through materiality analysis, and highlights matters related to environmental, social and governance issues that may have a significant impact on investors and other stakeholders.

Quantification

In accordance with this principle, this report discloses key quantitative performance indicators, explains the meaning of the indicators, and provides the basis for calculation and assumptions.

Balance

In accordance with this principle, the content of the report reflects objective facts and discloses indicators involving both positive and negative information.

Consistency

In accordance with this principle, this report explains the meaning of the disclosed ESG key quantitative performance indicators and the basis for their calculation and assumptions. The indicators are consistent across different reporting periods to reflect trends in performance.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description of the Report – CONTINUED

Data Description

The data and cases in the report are collected from the official records of the actual operation of the Group.

The financial data in the report are in RMB. If the financial data are inconsistent with the Group's annual financial report, the annual financial report shall prevail.

Report Acquisition Method

This report is published in both Traditional Chinese and English versions and is available on the information disclosure platform designated by the HKEX, as well as on the Group's official website (<https://www.xingda.com.cn/>) for public access and download. In the event of any ambiguity between the different language versions, the Traditional Chinese version shall prevail.

Contact Us

If you have any suggestions on the report, please contact the Group through the following methods:

Contact Address: Floor 6, No. 20, Lane 599, Yunling East Road, Putuo District, Shanghai, China

Contact Email: sustainability@xingda.com.cn

ESG Management

ESG Philosophy and Strategy

Xingda International is firmly committed to the core philosophy of "sustainable and high-quality development", focusing on four key areas: green products and solutions, sustainable and eco-friendly supply chains, resilient business models, and shared social values. Through responsible operational management, we continuously develop high-quality, innovative, and environmentally friendly products and services, in order to support the industry's green transition and contribute to social development and common prosperity.

Green Products and Solutions

- Reduce the environmental impact of our products throughout their life cycle by means of innovation. We are committed to generating 30% of our sales from green products and solutions by 2025.

Sustainable and Eco-friendly Supply Chains

- Create an eco-friendly supply chain and establish long-term strategic relationships with suppliers and industry partners.

Sound Business Operating Models

- Apply a sound and transparent business operating model, and direct business operations with a sustainability philosophy.

Shared Social Values

- Contribute to community prosperity and human capital development through sustainable practices.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – CONTINUED

ESG Management Mechanism

Xingda International consistently places sustainable development and environmental, social, and governance (ESG) management as a strategic priority, establishing a three-tier governance framework consisting of Xingda International Board of Directors, Sustainable and High-Quality Development Strategy Committee (hereinafter referred to as the “Sustainable Development Committee”), and Xingda International Green Vanguard Team (hereinafter referred to as the “The Green Vanguard”) to promote the standardization and systematization of ESG efforts. The Board of Directors, as the decision-making body, coordinates the ESG strategic direction and oversees overall performance. The Sustainable Development Committee, at the management level, is responsible for setting strategic goals and promoting policy implementation. The Green Vanguard and its seven sub-working groups, as the execution level, are responsible for organizing and implementing various ESG initiatives, ensuring effective implementation and tangible results.



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – CONTINUED

ESG Management Mechanism – *Continued*

As the highest decision-making body for the Group's sustainable development and ESG management, the Board of Directors is responsible for overall planning, oversight of implementation, and evaluation of management effectiveness, ensuring a robust and efficient ESG governance framework. Its key responsibilities include, but are not limited to:

- Approving and monitoring the Group's policies, strategies, priorities and objectives for sustainability and ESG management;
- Ensuring that appropriate and effective mechanisms for sustainability and ESG management and internal control systems are in place;
- Reviewing the disclosures in the Group's sustainability and ESG reports;
- Conducting regular evaluations of the Group's effectiveness in achieving its sustainability and ESG-related objectives.

The Sustainable Development Committee is authorized by the Board of Directors to oversee relevant initiatives. Chaired by the Board's Executive Director and the Group President, the committee is responsible for guiding the Group's strategic direction on sustainability matters to ensure their importance in the Group's business operations. Its responsibilities include, but are not limited to:

- Setting the Group's strategic goals for sustainable and high-quality development and ESG, and reporting regularly to the Board of Directors on progresses towards the goals;
- Identifying and assessing sustainability and ESG-related risks and opportunities, and carrying out corresponding actions;
- Facilitating the implementation of sustainability and ESG policies and measures across divisions and working groups;
- Managing and supervising the Group's greenhouse gas (GHG) emissions inventory, developing key indicators for quantitative management, and responding to third-party certified assessment or audit bodies, such as the CDP Climate Change and Water Security Questionnaires.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – *CONTINUED*

ESG Management Mechanism – *Continued*

The Green Vanguard, composed of key personnel from relevant functional departments, operates under the leadership of the Sustainable Development Committee to coordinate and advance ESG-related initiatives, ensuring the effective implementation of the Group's ESG governance framework at the grassroots level. The Green Vanguard consists of seven working groups, each focused on key ESG topics, with clearly defined responsibilities and collaborative efforts to ensure the efficient and pragmatic execution of tasks. Its main responsibilities include but are not limited to:

- Implementing the ESG strategic objectives and policy requirements set by the Board of Directors and the Sustainable Development Committee, ensuring the execution of various initiatives;
- Organizing and driving research, risk identification, and improvement efforts on key ESG topics within the Group, in each specific area;
- Consolidating the achievements of each working group and regularly reporting to the Sustainable Development Committee to ensure smooth communication and efficient execution.

Stakeholder Communication

Xingda International is committed to establishing effective communication mechanisms with various stakeholders. Stakeholders are defined as individuals or groups that influence or are influenced by the Group's operational activities, including exchanges and governments, investors and shareholders, suppliers, customers, employees, communities and the public.

The Group engages with stakeholders through websites, media, conferences, reports, events, and other channels to understand and respond to their expectations and needs, integrating key stakeholder concerns into its operations and decision-making processes to enhance its management practices and sustainable development capabilities.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – CONTINUED

Stakeholder Communication – Continued

Stakeholders	Topics of Concern	Communication and Response Method
Exchanges and governments	<ul style="list-style-type: none"> Information disclosure Business ethics Emissions management 	<ul style="list-style-type: none"> Website announcement Government inspections Communication and visits
Investors and shareholders	<ul style="list-style-type: none"> Information disclosure Economic performance 	<ul style="list-style-type: none"> Shareholders' meeting Financial report release Seminars, interviews, etc.
Suppliers	<ul style="list-style-type: none"> Supply chain management 	<ul style="list-style-type: none"> Field visits
Customers	<ul style="list-style-type: none"> Product quality and safety Resource utilization Addressing climate change Data security and customer privacy protection 	<ul style="list-style-type: none"> Interviews Field visits After sales service
Employees	<ul style="list-style-type: none"> Employee rights and benefits and welfare Employee training and development Occupational health and safety 	<ul style="list-style-type: none"> Labor Union interaction Employee training Employee Handbook Interviews, etc.
Communities and the public	<ul style="list-style-type: none"> Social welfare Employee rights Addressing climate change 	<ul style="list-style-type: none"> Volunteer activities Community activities Donation

Materiality Analysis

Based on regular communication with stakeholders, Xingda International identifies material topics in sustainability and ESG through policy and industry benchmarking, internal and external stakeholder interviews, and the process of material topics consolidation.



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – CONTINUED

Materiality Analysis – Continued

Steps	Specific Content
Policy benchmarking and industry benchmarking	<ul style="list-style-type: none"> Analyze global and China’s macro sustainability policies, and identify requirements relevant to the Group’s business; Benchmark the distribution of material topics from leading companies within the industry, identifying issues highly concerned by upstream and downstream stakeholders in the value chain.
Internal and External Stakeholder Interviews	<ul style="list-style-type: none"> Organize internal interviews involving 13 core functional departments, with participation from the top management of each department, to identify the key topics of concern for each department; Hold a sustainability salon for the management team to vote on and rank key topics, reflecting strategic priorities; Conduct in-depth interviews with external customers to identify their expectations and demands regarding Xingda International’s performance on various topics.
Material topics consolidation	<ul style="list-style-type: none"> Integrate policy trends, industry practices, and stakeholder opinions to select and define the seven key material topics.

Xingda International’s Material Topics

Green Products and Solutions	Sustainable and Eco-Friendly Supply Chains	Sound Business Operating Models	Shared Social Values
<ul style="list-style-type: none"> Green products Circular economy Addressing climate change 	<ul style="list-style-type: none"> Sustainable procurement 	<ul style="list-style-type: none"> Compliance and business ethics Sustainability governance 	<ul style="list-style-type: none"> Community and human capital development

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility

Anti-corruption and Anti-bribery

Xingda International adopts a zero-tolerance approach to corruption and bribery, striving to foster a fair, honest, and transparent business environment while strictly complying with relevant laws and regulations. To enhance compliance management, we have established a comprehensive system covering anti-corruption, anti-fraud, conflict of interest prevention, anti-money laundering, and anti-unfair competition measures, and have formulated internal documents such as the *Employee Business Ethics Code* and the *Employee Handbook*, which explicitly prohibit employees from engaging in embezzlement, misappropriation, theft of funds or property, or violation of trade secrets. Additionally, the Group requires all employees and suppliers to strictly adhere to business ethics, jointly maintaining an integrity-driven and compliant operating environment.

List of Applicable Anti-corruption Laws and Regulations

Region	Applicable Laws and Regulations
China	<i>Company Law of the People's Republic of China, Civil Code of the People's Republic of China, Finance and Taxation Law of the People's Republic of China, Labor Law of the People's Republic of China, Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, etc.</i>
Thailand	<i>Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption B.E. 2561 (2018), etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility – CONTINUED

Anti-corruption and Anti-bribery – *Continued*

List of Key Contents of the Employee Business Ethics Code

Category	Key Content
Anti-corruption and anti-bribery	<ul style="list-style-type: none">• Employees are encouraged to submit gifts that should be accepted by the Company, and gifts from the same partner should not exceed RMB200 per quarter.• No employee may bribe any government official or government personnel for business needs.• All employees should comply with the relevant disciplinary provisions of the Company and should not accept bribes, bribe others, or secretly accept commissions or other personal benefits.
Anti-conflict of interest	<ul style="list-style-type: none">• No employee can apply for a job in other companies that compete with the Group during their employment.• No employee can use company property, information, or their positions in the Company to seek business opportunities that should belong to the Company.• Any personnel of the Company shall not, for any reason, break up the matters that the Company needs to invite bids into parts or avoid bidding in other ways.• Any employee cannot directly or indirectly enjoy the financial benefits (equity or otherwise) of other business institutions through the relationship of his/her spouse or other family members, nor can he/she devote his or her work time to other affairs to obtain such financial benefits.• No employee may obtain loans, personal debt guarantees, or enter into any private financial transactions from/with significant customers, suppliers, or competitors of the Company.

The Group has established open and transparent communication and reporting channels, and has strictly prevented illegal activities through independent audit departments and internal monitoring systems. The Group clearly specifies the email address and dedicated hotline for reporting. Employees, suppliers, and other relevant parties can supervise and report work abuses and misconduct. The Group will promptly appoint a dedicated department for handling. In case of any complaint that cannot be handled, employees can also directly appeal to the party organization, labor union organization, or discipline inspection commission of the Group.

Reporting Channels

- Reporting email: compliance@xingda.com.cn
- Reporting hotline: +86 523 80956588

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility – CONTINUED

Anti-corruption and Anti-bribery – Continued

The Group encourages employees to actively declare their interests. If employees have conflicts of interest as defined in the *Employee Business Ethics Code*, they should report to the Group to avoid conflicts of interest.

The Group has established a robust whistleblower protection mechanism, prohibiting retaliation against whistleblowers to protect their safety and interests. The Group strictly prohibits the disclosure of whistleblower identities, including names, departments, company names, and other information. Original or copied whistleblowing materials must not be disclosed during investigation and verification processes. If there is any employee who leaks the information of whistleblowers or takes retaliation against them, the Group will terminate the labor contract with the employee depending on the severity of the case. For violations of the law, the case will be transferred to judicial authorities for processing.

In 2024, no corruption lawsuits were filed and concluded against the Group or its employees, nor did any lawsuits arise from such matters.

Anti-Corruption Performance Sheet

Indicators	Unit	2022	2023	2024
Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period	count	–	–	–
Number of employees involved in anti-corruption related training	person	1,383	1,360	1,654
Total number of hours of anti-corruption training received by employees ¹	hour	3,373	3,264	3,766
Percentage of operating sites that have conducted internal audits/risk assessments for business ethics	%	/	100	100

[1] The total number of hours of employees receiving anti-corruption training is an accumulation of hours of each session, and the hour per session is calculated by multiplying the number of people in a single anti-corruption training with the duration of that training.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility

Environmental Management System

Xingda International continuously assesses the environmental impact of its business activities and actively implements responsive measures. After China set goals to achieve peak emissions by 2030 and carbon neutrality by 2060, ecological protection and energy conservation have become key responsibilities of industrial enterprises. Upholding the environmental policy of “protecting the blue sky and creating a green world”, the Group has established five commitments to environmental protection and takes concrete actions to promote green, low-carbon development, ensuring that environmental responsibility is embedded throughout the entire product development, production and operation process.

Five Commitments to Environmental Protection

- Comply with national and local environmental laws, regulations, and applicable requirements.
- Continuously improve the environmental management system and practices.
- Adopt a preventive approach to gradually reduce harmful substance use.
- Legally discharge pollutants according to the pollution discharge permit.
- Support national carbon goals and promote the Company’s green transformation for mutual economic and environmental benefits.

The Group has production bases in China and Thailand. While strictly adhering to local environmental management laws, regulations, and relevant requirements, it has also implemented management policies such as the *Environmental Management Policy* and the *Air Pollution Prevention and Control Management Procedure*. In 2024, the Group issued the *Biodiversity Management Policy* and updated the *Wastewater Discharge Management Procedure*, the *Waste Gas Emission Management Procedure*, the *Solid Waste Management Procedure*, and the *Noise and Vibration Pollution Control Procedure*, further clarifying management responsibilities and specific requirements. As of 2024, all of the Group’s manufacturing bases have obtained ISO 14001:2015 environmental management system certification.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

List of Environmental Management Laws, Regulations and Relevant Requirements

Region	Laws, Regulations and Relevant Requirements
China	<i>Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Noise Pollution, Law of the People's Republic of China on the Prevention and Control of Soil Pollution, Law of the People's Republic of China on Evaluation of Environmental Effects, Law of the People's Republic of China on Promotion of Cleaner Production, Law of the People's Republic of China on Energy Conservation, Emission Standard of Pollutants for Electroplating (GB21900-2008), Integrated Emission Standard of Air Pollutants in Jiangsu Province (DB32/4041-2021), Emission Standard of Air Pollutants for Industrial Furnace and Kiln in Jiangsu Province (DB32/3728-2020), Standard for Pollution Control on Hazardous Waste Incineration (GB18484-2020), Emission Standard of Air Pollutants for Boiler in Jiangsu Province (DB32/4385-2022), Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008), Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill (GB18599-2020), Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023), Measures for the Environmental Management Registration of New Chemical Substances (Decree No. 12 of the Ministry of Ecology and Environment), Notice of the Department of Ecology and Environment of Jiangsu Province on Further Improving Environmental Management on General Industrial Solid Waste (S. H. B. No. 327 [2023]), Emission Standard of Air Pollutants for Industrial Coating Process in Jiangsu Province (DB32/4439-2022) Guideline on Available Techniques of Pollution Prevention and Control for Electroplating (HJ1306-2023), National Catalogue of Hazardous Wastes (2025 Edition), Regulations of Jiangsu Province on the Prevention and Control of Environmental Pollution by Solid Wastes Regulation of Jiangsu Province on Ecological and Environmental Protection, Soil Environmental Quality — Risk Control Standard for Soil Contamination of Development Land (Trial) (GB 36600-2018), Integrated Emission Standard of Air Pollutants (GB 16297-1996), Regional Integrated Emission Standard of Air Pollutants (DB37/2376-2019), Emission Standard of Air Pollutants for Industrial Furnace and Kiln in Shandong Province (DB37/2375-2013), Emission Standards for Odor Pollutants (GB 14554-93), etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

List of Environmental Management Laws, Regulations and Relevant Requirements

Region	Laws, Regulations and Relevant Requirements
Thailand	<i>Notification of the Industrial Estate Authority: Industrial Waste Management and Disposal B.E. 2548 (2005), Public Health Act B.E. 2535 (1992), Factory Act B.E. 2535 (1992), The Enhancement and Conservation of National Environment Quality Act B.E. 2535 (1992), Notification of the Ministry of Industry: Type or Category of Factory Required to Prepare a Report of Type and Quantity of Pollutants Discharged from a Factory, Notification of the Industrial Estate Authority No. 46/2541: Determination of Emission Rates of Air Pollutants from Stacks of Factories in Industrial Estates, Notification of Ministry of Science, Technology and Environment: Standards for Waste Gas Emission Quality of Steelworks, Notification of the Industrial Estate Authority: Standards for Smoke Content at Boiler Vents in Plants, Notification of Ministry of Natural Resources and Environment: Standards for Waste Gas Control in Industrial Plants, Notification of the Ministry of Industry: Regulation on the Preparation of Reports on the Types and Quantities of Pollutants Emitted by Factories, Notification of the National Environmental Board No. 24, B.E. 2547: Regulation on Air Quality Control Standards, National Environmental Quality Act, National Parks Act, B.E. 2562 (2019), Forest Act B.E. 2484 (1941), Plant Varieties Protection Act B.E. 2542 (1999), Community Forest Act (2019), Thai Constitution, Notification of the Industrial Estate Authority: Standards for the Quality of Waste Water Discharged to the Industrial Sewage Treatment System Center, Notification of the Ministry of Science, Technology and Environment, No. 4, B.E. 2539 (1996): Control Standards for Effluent Discharged to the Public Water Supply or Environment in Industrial Works, Notification of the Industrial Estate Authority No. 79/2554: Disposal of Industrial Wastes, Refuse and Sewage, Notification of the Ministry of Industry: Regulations for Documents of Hazardous Waste Transportation, etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

2024 Environmental Management System Certifications by Subsidiaries

Company Abbreviations	Certification Scope	Certifications Approved	Certification Validity Period
Jiangsu Xingda	Manufacturing and related management activities of steel cord for radial tire, steel wire for rubber hose reinforcement, steel wire for cutting, and galvanized steel wire	ISO 14001:2015	June 3, 2027
Taizhou Xingda	Manufacturing and related management activities of steel wire for rubber hose reinforcement	ISO 14001:2015	May 15, 2027
Shandong Xingda	Manufacturing and related management activities of steel cord for radial tire	ISO 14001:2015	January 13, 2026
Xingda Thailand	Manufacturing and related management activities of steel cord for radial tire	ISO 14001:2015	April 28, 2025

While expanding the business operations, the Group is also committed to building a green production environment, taking environmental protection as a management focus, and actively implementing measures to prevent or mitigate adverse impacts on the environment, thereby improving environmental performance during production.

The Group has formulated the *Strategic Plan for Sustainable Development of Xingda International* and set a series of medium- and long-term goals and achievement mechanisms. All manufacturing bases are required to formulate their annual environmental management objectives to strengthen systematic environmental management capabilities.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

2024 Environmental Management Objectives by Subsidiaries

Company Abbreviations Environmental Management Objectives

Jiangsu Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.262 tce/t• Carbon emission per unit product ≤ 1.077 tCO₂/t• Water consumption per unit product ≤ 3.5 t/t• Acid consumption per unit product ≤ 20 kg/t• Wastewater generation per unit of steel cord product ≤ 0.5 t/t• COD discharge per unit product ≤ 0.2 kg/t• Heavy metal production in wastewater per unit product ≤ 15 g/t• Discharge of acid cleaning waste gas hydrogen chloride and sulfuric acid mist ≤ 5 mg/m³• Industrial solid waste output per unit product ≤ 5 kg/t• Environmental noise at the factory boundary meets emission standards, with daytime levels ≤ 65 dB and nighttime levels ≤ 55 dB
Taizhou Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.204 tce/t• Carbon emission per unit product ≤ 0.825 tCO₂/t• Water consumption per unit product ≤ 2.85 t/t• Acid consumption per unit product ≤ 21.5 kg/t• Wastewater generation per unit product ≤ 0.5 t/t• COD discharge per unit product ≤ 0.2 kg/t• Heavy metal production in wastewater per unit product ≤ 15 g/t• Wastewater generation per unit product ≤ 0.5 t/t• Wastewater pH value, COD, total phosphorus, total copper, total zinc, total lead, petroleum substances, and suspended solids meet emission standards• Discharge of acid cleaning waste gas hydrogen chloride and sulfuric acid mist ≤ 5 mg/m³• Compliant disposal of hazardous waste• Industrial solid waste output per unit product ≤ 5.0 kg/t
Shandong Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.25 tce/t• Carbon emission per unit product ≤ 1.2 tCO₂/t• Water consumption per unit product ≤ 2.77 t/t• Acid consumption per unit product ≤ 22 kg/t• Wastewater generation per unit product ≤ 0.7 t/t• Discharge of acid cleaning waste gas hydrogen chloride and sulfuric acid mist ≤ 10 mg/m³ compliant discharge• Environmental noise at the factory boundary meets emission standards, with daytime levels ≤ 65 dB and nighttime levels ≤ 55 dB
Xingda Thailand	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.283 tce/t• Carbon emission per unit product ≤ 1.231 tCO₂/t• Water consumption per unit product ≤ 2.3 t/t• Acid consumption per unit product ≤ 22.5 kg/t• Wastewater generation per unit product ≤ 0.50 t/t• Compliant discharge of wastewater pH, COD, ammonia nitrogen, total phosphorus, total copper, total zinc, suspended solids, petroleum substances, total nitrogen, total lead, total chromium, and hexavalent chromium• Industrial solid waste output per unit product ≤ 5.0 kg/t• Compliant disposal of hazardous waste• Discharge of acid cleaning waste gas hydrogen chloride and sulfuric acid mist, and waste gas from open-fire furnace combustion and solid waste sintering meet the emission standards

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

Each manufacturing base of the Group carries out environmental risk assessments, prepares corresponding emergency plans, establishes and improves long-term mechanisms for environmental risk prevention and control, and effectively reduces regional environmental risks. All these bases have formulated *Risk Assessment Report on Environmental Emergencies*, *Environmental Emergency Resource Investigation Report*, *Emergency Response Plan for Environmental Incidents*, as well as special plans and on-site disposal plans, all of which have been filed with the competent ecological and environmental authorities. Xingda Thailand engages a third-party agency to conduct environmental impact assessments twice annually to ensure timely monitoring of environmental risks, and organizes regular training and drills.

In 2024, the Group actively conducted internal environmental protection training across its bases, covering key areas such as environmental laws and regulations, pollutant discharge permit management, hazardous chemical use and storage management, and solid and hazardous waste management. Additionally, the Jiangsu Base participated in two external training sessions organized by the China Ecological Civilization Research and Promotion Association and the Department of Ecology and Environment of Jiangsu Province, focusing on key points of the “Three Simultaneities” acceptance system, daily corporate environmental management, and comprehensive utilization of hazardous waste. Representatives from the Thailand Base attended environmental skills training and legal courses for environmental management personnel, and obtained relevant certificates. Through these training programs, the Group further strengthened the professional expertise and compliance awareness of its employees and management in environmental management.

In 2024, the Group did not receive any administrative penalties or face litigation for violations of environmental laws and regulations.

2024 Environmental Management System Performance Sheet

Indicators	Unit	2022	2023	2024
Percentage of employees who have received (internal or external) training on environmental issues	%	100	100	100
Percentage of workplaces where environmental risk assessments have been conducted	%	100	100	100
Percentage of workplaces that have passed ISO 14001:2015 certification	%	100	100	100
Amount of penalty due to violation of environmental protection laws and regulations	RMB10,000	–	–	–
Number of incidents punished due to violation of environmental protection laws and regulations	count	–	–	–

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management

Xingda International is committed to becoming a resource-saving and environmental-friendly enterprise. The main types of energy consumed by the Group in the production process include electricity, natural gas and diesel fuel. The Group has set energy consumption targets based on the requirements of the ISO 50001:2018 energy management certification system and national energy policies, ensuring effective management and reduction of energy consumption in its production and operations.

Energy consumption target:

- By 2025, the Group's energy consumption per unit of product will decrease by 14% compared to 2020.

Progress:

- In 2024, the Group's energy consumption per unit of product decreased by 20.80% compared to 2020.

List of Laws and Regulations Related to Energy Management

Region	Applicable Laws and Regulations
China	<i>Law of the People's Republic of China on Energy Conservation, etc.</i>
Thailand	<i>Energy Conservation Promotion Act, B.E. 2535 (1992), and Energy Management Criteria B.E. 2552 (2009), etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management – Continued

2024 Key Energy Conservation Measures by Subsidiaries

Company Abbreviations	Energy Conservation Measures
Jiangsu Xingda	<ul style="list-style-type: none"> Completed the energy-saving renovation of four open-fire furnace waste heat recovery and utilization systems, saving about 18,480 tons of steam annually. Completed the construction of the 21 MW rooftop photovoltaic power generation project, with an average annual power output of approximately 22.1 GWh. Renovated 511 energy-efficient motors, saving about 220 MWh of electricity per year. Completed the energy-saving renovation of permanent magnet synchronous motors for 123 coarse and medium continuous straight wire drawing machines, saving about 6.7 GWh of electricity annually.
Taizhou Xingda	<ul style="list-style-type: none"> Completed the construction of a 2.2 MW rooftop photovoltaic power generation project, with an average annual power output of approximately 2.3 GWh. Conducted the energy-saving renovation of one electroplating open-fire furnace waste heat recovery and utilization system, saving about 6,400 tons of steam annually. Upgraded three sets of permanent magnet synchronous motors for coarse continuous straight wire drawing machine, saving about 160 MWh of electricity per year.
Shandong Xingda	<ul style="list-style-type: none"> Completed the energy-saving renovation of two open-fire furnace waste heat recovery and utilization systems, saving about 7,280 tons of steam annually. Installed a new centrifugal air compressor, saving 1 GWh of electricity annually.
Xingda Thailand	<ul style="list-style-type: none"> Completed rainwater collection and utilization, with an annual reuse of 13,831 tons of rainwater. Shut down the 45 kW circulating pump for coarse and medium continuous wire drawing machines and leveraged pressure difference for water supply, thereby saving about 227.8 MWh of electricity per year. Completed optimization and upgrading of environmental protection facilities, reducing power consumption by 20% for sewage station pump sets, 20% for various fans, and 65% for mixers.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management – Continued

Energy Use Performance Sheet

Indicators	Unit	2022	2023	2024
Total Direct Energy Consumption	MWh	896,488.70	1,003,558.93	1,120,713.24
Total natural gas consumption	Million m ³	57.49	65.16	70.76
Total liquified natural gas consumption	ton	16,852.06	19,182.46	21,520.92
Total diesel fuel consumption	ton	415.79	454.74	469.81
Total gasoline consumption	ton	1.57	1.05	1.35
Total solar power generation	MWh	2,496.00	18,803.41	41,669.48
Total indirect energy consumption	MWh	1,517,538.03	1,820,241.87	2,048,899.81
Total amount of purchased electricity	GWh	1,517.54	1,817.78	2,028.53
Of which: total purchased green electricity	GWh	–	–	48.47
Total amount of purchased steam ¹	GJ	–	8,850.67	73,310.78
Total Comprehensive Energy Consumption ²	MWh	2,414,026.73	2,823,800.80	3,169,613.06
Energy consumption density (by production volume) ³	MWh/ton of products	2.29	2.16	2.22
Use ratio of clean energy ⁴	%	35.85	35.35	35.18

[1] The increase in the total amount of purchased steam in 2024 is mainly due to the capacity expansion at the Shandong base, the addition of new electroplating lines and a sludge incineration system, which led to an increase in steam consumption.

[2] Total Comprehensive Energy Consumption = Total Direct Energy Consumption + Total Indirect Energy Consumption.

[3] Energy Consumption Density (by production volume) = Total Comprehensive Energy Consumption ÷ Total Production Volume.

[4] Use ratio of clean energy = (Total natural gas consumption + Total liquified natural gas consumption + Total solar power generation) ÷ Total Comprehensive Energy Consumption * 100%.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Water Resources Management

The water sources used by Xingda International in its production are mainly surface water, groundwater and municipal water supply. Its water intake management complies with relevant national and regional policies and regulations, and has no adverse impact on local surface or groundwater resources.

The Group strictly complies with water resource management laws and regulations, continuously improves its comprehensive water resource management mechanism, and promotes the development and optimization of water recycling systems. Additionally, it has set water use efficiency targets and conducted employee training on water-saving regulations to enhance water resource management.

Water use efficiency target

- The Group's water recycling rate is no less than 97.00%.

Progress

- The Group's water recycling utilization rate is 98.36% for 2024.

List of Laws and Regulations Related to Water Resources Management

Region	Applicable Laws and Regulations
China	<i>Water Law of the People's Republic of China, General Principles of Water Balance Test, General Rules for Equipping and Managing of the Water Measuring Instrument in Water-use Organization, and Evaluating Guide for Water Saving Enterprises, etc.</i>
Thailand	<i>Water Resources Act of 2007, etc.</i>

To enhance water resource utilization efficiency, the Group's subsidiaries continued to advance water conservation management in 2024, implementing a series of water-saving measures based on their actual production conditions.

The Group regularly conducts company-wide specialized training on water conservation, covering water-saving laws and regulations, technological applications, and practical operational skills. Additionally, customized water resource management training is provided for key personnel in different positions to ensure strong water conservation awareness and practical capabilities. Moreover, the Group organizes regular inspections and self-audits to promptly address any identified water waste issues, ensuring the effective implementation of water-saving initiatives.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Water Resources Management – Continued

2024 Key Water-saving Measures by Subsidiaries

Company Abbreviations	Water-saving Measures
Jiangsu Xingda	<ul style="list-style-type: none">• Replaced severely corroded and leaking DN300 main industrial water pipeline, and newly installed DN200 main pipelines to reduce water resource wastage.• Upgraded DN400 water supply pipeline to DN600 to increase circulating water volume, meet production demands during high-temperature seasons, and reduce industrial water consumption;• Added two 200 m³/h cross-flow cooling towers to enhance cooling capacity, and lower water supply temperature, thereby reducing industrial water usage;• Recycled concentrated water from the pure water station for use in Factory 5's Group A and Group B restrooms and for cleaning, improving water resource utilization efficiency.
Taizhou Xingda	<ul style="list-style-type: none">• Recycled and reused part of the wastewater discharged from production equipment to reduce the consumption of fresh water;• Recovered and reused discharged clean wastewater from public facilities to minimize clean wastewater discharge;• Eliminated the use of industrial water in the high-pressure rinsing (pre-treatment) process, and adopted recycled water for rinsing, recovery, and recycling.
Shandong Xingda	<ul style="list-style-type: none">• Continuously operated the reclaimed water reuse system, achieving a water-saving efficiency of 10-15% of the total water intake, saving approximately 36,500 tons of water annually.
Xingda Thailand	<ul style="list-style-type: none">• Utilized local rainy season conditions to maximize rainwater collection and reuse, with a total of 13,831 tons of rainwater reused this year;• Adjusted the operating frequency of cooling tower fans based on daytime and nighttime temperature variations to reduce water loss from the cooling towers.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Water Resources Management – Continued

Water Use Performance Sheet

Indicators	Unit	2022	2023	2024
Total water consumption	m ³	2,095,176	2,355,353	2,475,479
Water consumption: municipal water supply	m ³	151,897	175,767	231,041
Water consumption: underground water	m ³	142,237	132,749	136,757
Water consumption: surface water	m ³	1,767,562	2,024,737	2,093,850
Water consumption: rainwater directly collected and stored by the enterprise	m ³	33,480	22,100	13,831
Total recycled water consumption	m ³	106,678,613	135,443,725	148,851,252
Water consumption density (by production volume) ¹	m ³ /ton of products	1.99	1.81	1.73

[1] Water consumption density (by production volume) = Total water consumption/Total production volume.

Raw Material and Packaging Management

The main packaging materials used by Xingda International in its production and operation include disc spools, dividers, plastic pallets, cartons, high-pressure bags, desiccants, and packing tapes. A comprehensive management mechanism has been established for the use and recycling of packaging materials. The Group allocates packaging materials according to customers orders and then sort and recycle them according to the properties of different materials.

By continuously promoting the recycling and reuse of packaging materials, the Group consistently reduces packaging material consumption. In 2024, the average recycling rates of major packaging materials such as plastic pallets, disc spools and dividers across all bases further improved to 90%.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Raw Material and Packaging Management – Continued

2024 Packaging Material Saving Measures by Manufacturing Bases

Manufacturing Bases	Concrete Measures
Jiangsu Base	<ul style="list-style-type: none">• Implemented graded usage and targeted customer allocation to reduce the scrapping rate of old disc spools and lower the proportion of new disc spool usage;• Performed strict screening of packaging materials such as dividers, pallets and boxes to reduce the use of new materials;• Coordinated with factories to transport scrapped cartons, dividers, and plastic pallets to the tooling team for sorting and reuse;• Collaborated with the sales team to reduce the retention time of packaging materials at customer sites, ensuring timely recovery and circulation.
Shandong Base	<ul style="list-style-type: none">• Repaired damaged plastic pallets through plastic welding for reuse;• Maintained communication with sales managers to enhance waterproofing of paper packaging, reducing damage caused by rain during customer use and transportation, and maximizing recovery quality;• Added rain shelters at the tire plant's packaging storage area to prevent paper packaging from being damaged by rain;• Sorted and dried recovered desiccants for reuse;• Welded and reused packing tapes.
Thailand Base	<ul style="list-style-type: none">• Collected desiccants for reuse to reduce the use of new desiccants;• Repaired plastic pallets through plastic welding to increase their utilization rate and reduce the use of new plastic pallets;• Performed strict screening and inspection of packaging materials such as dividers, pallets, and boxes to reduce the use of new materials;• Optimized the recovery and protection of packaging materials, to reduce the pollution and damage caused by improper protection, thereby increasing the recycling rate.

While continuously optimizing the management of packaging materials, the Group also actively promotes the recycling and reuse of raw materials, striving to reduce resource consumption at the source and enhance raw material utilization efficiency. To achieve efficient circular use of resources, the Group has established clear recycling targets and continuously monitors progress at each stage.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Raw Material and Packaging Management – Continued

Raw Material Recycling Target

- By 2030, the Group aims to achieve a 40% recycled steel usage rate.

Progress

- In 2024, 15.43% of the Group's steel met the ISO 14021:2016 definition of recycled material.

Raw Material and Packaging Material Management Performance Sheet

Indicators	Unit	2022	2023	2024
Total amount of packaging materials used for finished products ¹	ton	6,841.85	9,207.64	10,526.32
Density of packaging material consumption (by production volume) ²	kg/ton of products	6.49	7.08	7.37

[1] The packaging materials counted are the main packaging materials used in the production process of steel cord (excluding bead wire), including disc spools, plastics and cartons. The statistics are based on the total quantity of packaging materials newly purchased in 2024, excluding the quantity of recycled materials.

[2] Density of packaging material consumption (by production volume)=Total amount of packaging materials used for finished products/ Total volume of production.

Wastewater Management

Xingda International's wastewater discharges during its operations mainly include production wastewater (including acidic wastewater, electroplating wastewater and lubricant wastewater) and domestic wastewater.

The Group has set wastewater pollutant discharge targets in accordance with relevant regulations, including the *Emission Standard of Pollutants for Electroplating* (GB21900- 2008, Table 2) and the *Control Standards on Wastewater Quality* announced by the Ministry of Industry, as well as internally developed *Energy and Environmental Protection Management Procedures* and *Wastewater Discharge Management Procedure*.

Seepage prevention measures have been taken for all water transmission and drainage pipes and hazardous waste storage sites. Additionally, accident pools and wastewater treatment areas have undergone anti-seepage and leak-proof treatment. Jiangsu Xingda has set up 13 groundwater monitoring points, and Taizhou Xingda has set up 2 groundwater monitoring points, to conduct regular monitoring.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Wastewater Management – Continued

2024 Wastewater Emission Targets by Manufacturing Bases

Manufacturing Bases	Emission Standards	Pollutant Types	Discharge Limit		
Jiangsu Base	<i>Emission Standard of Pollutants for Electroplating</i> (GB21900-2008, Table 2)	pH value	6-9		
		COD _{Cr} (mg/L)	80		
		Ammonia nitrogen (mg/L)	15		
		Total copper (mg/L)	0.5		
		Total zinc (mg/L)	1.5		
		Total phosphorus (mg/L)	1		
		Total lead (mg/L)	0.2		
		Total chromium (mg/L)	1		
		Cr(VI) (mg/L)	0.2		
		Petroleum (mg/L)	3		
		Suspended matter (mg/L)	50		
		Shandong Base	Emission Standards in Pollutant Discharge Permit	Total nitrogen (mg/L)	70
				Petroleum (mg/L)	15
pH value (mg/L)	6.5-9.5				
COD _{Cr} (mg/L)	500				
Total phosphorus (mg/L)	5				
Suspended matter (mg/L)	400				
Ammonia nitrogen (mg/L)	40				
	<i>Emission Standard of Pollutants for Electroplating</i> (GB21900-2008, Table 2)	Total zinc (mg/L)	1		
		Total copper (mg/L)	0.3		
Thailand Base	The Ministry of Industry's Notification: <i>Control Standards on Wastewater Quality</i>	pH value	5.5-9.0		
		TDS (mg/L)	3,000		
		Suspended matter (mg/L)	200		
		COD _{Cr} (mg/L)	750		
		BOD ₅ (mg/L)	500		
		Total copper (mg/L)	2		
		Total zinc (mg/L)	5		

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – *CONTINUED*

Wastewater Management – *Continued*

All wastewater generated by the Group is centrally collected and discharged after treatment at the wastewater treatment station. In 2024, based on testing data from qualified institutions, all wastewater from the Group met the relevant discharge standards.

To prevent abnormal wastewater discharge, the Group regularly monitors key pollutants to ensure compliance. Total copper, total zinc, COD, ammonia nitrogen, pH value, total phosphorus, and total nitrogen at wastewater discharge outlets are monitored daily, while a third-party testing agency is commissioned to conduct monthly tests for total phosphorus, petroleum, and suspended matter. Additionally, the Group has installed automated monitoring equipment to track key indicators such as pH value, COD, and ammonia nitrogen in real time, and integrated the system with the environmental regulatory authorities' network to enable real-time data sharing and timely alerts for abnormalities.

Furthermore, the Group continuously optimizes wastewater reduction methods and actively introduces new reduction measures annually to minimize wastewater discharge.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Wastewater Management – Continued

2024 Wastewater Reduction Measures by Subsidiaries

Company Abbreviations	Emission Reduction Measures for Wastewater
Jiangsu Xingda	<ul style="list-style-type: none">• Advanced the reclaimed water reuse project, redirecting wastewater to the industrial water pipeline network to reduce fresh water consumption;• Replaced the pickling pretreatment process with a steel brushing machine, to reduce the generation of waste hydrochloric acid and pickling wastewater;• Strengthened the operation and maintenance of phosphorus-containing wastewater treatment and reuse facilities, to increase the reuse rate of phosphoric acid and reduce the discharge of phosphorus-containing wastewater;• Promoted the recycling of steam condensate in the waste acid treatment workshop, to reduce industrial fresh water consumption and lower wastewater discharge.
Taizhou Xingda	<ul style="list-style-type: none">• Directly utilized electroplating pickling wastewater for spraying in the first-stage water washing tower of the electroplating hydrochloric acid mist purification system, to reduce the generation of acidic wastewater and lowering pollutant discharge concentration and total amount;• Eliminated the use of industrial water for high-pressure rinsing (pre-treatment), and adopted recycled water for rinsing, recovery, and recycling;• A waste heat recovery device was installed and put into operation in the electroplating process.
Shandong Xingda	<ul style="list-style-type: none">• Piloted the use of a steel wire brush instead of the pickling process for rust removal, to reduce waste hydrochloric acid and pickling wastewater discharge;• Reused overflow rinse water from the phosphoric acid washing process by redirecting it back to the phosphoric acid washing tank, to reduce phosphorus-containing wastewater discharge.
Xingda Thailand	<ul style="list-style-type: none">• Recovered and reused phosphoric acid by treating waste phosphoric acid from workshops through membrane processing, ensuring it met standards for reuse in production;• Collected and reused the primary acid from the acid mist purification tower in the operation line, to reduce the consumption of new acid;• Reused overflow water from the electroplating intermediate frequency cold water tank and steam condensate within the operation line, to reduce wastewater discharge and the use of pure water and tap water.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Wastewater Management – Continued

Wastewater Management Performance Sheet

Indicators	Unit	2022	2023	2024
Industrial wastewater discharge	10,000 m ³	91.76	72.32	77.63
COD _{Cr} emissions	ton	23.34	15.45	15.44
BOD ₅ emissions	ton	0.07	0.06	0.05
NH ₃ -N emissions	ton	0.41	0.39	0.90

Waste Gas Management

The main waste gas generated by Xingda International during production processes include nitrogen oxides, sulfur dioxide, particulate matter, hydrogen chloride gas (HCl) gas, and soot. The sources of waste gas emissions include HCl waste gas from the pickling process, waste gas from natural gas combustion of the open fire furnace, sintering waste gas from the solid waste disposal plant, and combustion waste gas from the natural gas emergency boiler.

In strict compliance with relevant laws and standards, such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the *Integrated Emission Standard of Air Pollutants* (GB16297-1996), the Group has established waste gas emission targets and implemented internal policies, including the *Air Pollution Prevention and Control Management Procedure* and the *Acid Mist Purification and Treatment Operation Guideline*, which define departmental responsibilities and waste gas disposal procedures. Additionally, it ensures that records are maintained as required and documented in management files to facilitate continuous improvement in waste gas emission management.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

2024 Waste Gas Emission Targets by Manufacturing Bases

Company	Sources	Pollutant Types	Emission Standards	Emission Limits (mg/m ³)
Jiangsu Base	Acid mist	HCl	<i>Integrated Emission Standard of Air</i>	10
		Sulfuric acid mist	<i>Pollutants (DB32/4041-2021)</i>	5
		Particulate matter	<i>Emission Standard of Air Pollutants for</i>	10
	Gas boiler	SO ₂	<i>Boiler in Jiangsu Province</i>	35
		NO _x	<i>(DB32/4385-2022)</i>	50
	Open fire furnace for electroplating	Particulate matter	<i>Emission Standard of Air Pollutants for</i>	20
		SO ₂	<i>Industrial Furnace and Kiln in Jiangsu</i>	80
		NO _x	<i>Province (DB32/3728-2020)</i>	180
	Solid waste disposal	Particulate matter		30
		SO ₂	<i>Standard for Pollution Control</i>	100
		NO _x	<i>on Hazardous Waste Incineration</i>	300
		HCl	<i>(GB18484-2020)</i>	60
		CO		100
	Chemical plating coating for bead wire	Non-Methane Total Hydrocarbons	<i>Emission Standard of Air Pollutants for</i>	50
		Xylene	<i>Industrial Coating Process in Jiangsu</i>	10
Particulate matter		<i>Province (DB32/4439-2022)</i>	10	
Emergency boiler	NO _x		100	
	SO ₂	<i>Regional Integrated Emission Standard</i>	50	
	Particulate matter	<i>of Air Pollutants (DB37/2376-2019)</i>	10	
	NO _x		100	
Shandong Base	SO ₂		50	
	Electroplating acid mist	HCl	<i>Emission Standard of Pollutants for</i>	30
	Continuous wire drawing acid mist	HCl	<i>Electroplating (GB21900-2008) Table 5</i>	100
			<i>Integrated Emission Standard of Air</i>	
			<i>Pollutants (GB16297-1996)</i>	

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

Company Abbreviations	Sources	Pollutant Types	Emission Standards	Emission Limits (mg/m ³)
Thailand Base	Acid mist	HCl	Thailand's <i>Comprehensive Emission Standards for Air Pollutants 2549</i> Article III for emission limits	200
		Particulate matter	<i>Notification of Control Standards for Air Pollutant Emissions from Industrial Plants</i> by the Ministry of Natural Resources and Environment of Thailand	320
	Emergency boiler	NO _x	<i>Notification of Control Standards for Air Pollutant Emissions from Industrial Plants</i> by the Ministry of Natural Resources and Environment of Thailand	690
		SO ₂	Natural Resources and Environment of Thailand	60
	Open fire furnace for electroplating	Particulate matter	Thailand's <i>Comprehensive Emission Standards for Air Pollutants 2549</i>	120
		NO _x	<i>Standards for Air Pollutants 2549</i>	200
		SO ₂	Article III for emission limits	60

To ensure the compliance of waste gas emissions, the Group conducts regular internal and external testing of air emissions, and gradually installs additional online monitoring devices to ensure that emission abnormalities can be detected and effectively addressed in a timely manner.

In terms of internal testing, the Group has installed online monitoring devices to monitor hydrogen chloride tail gas in real time, ensuring management timeliness and accuracy. All testing follows corporate standards that are stricter than national standards. Once abnormal data is detected, the data platform immediately pushes early warning messages to the mobile phones of relevant personnel to ensure timely response. In terms of external testing, the Group regularly commissions a third-party testing agency to conduct tests on various types of waste gas. In 2024, all internal and external testing results met the relevant emission standards.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

2024 Waste Gas Sources and Monitoring Frequency by Manufacturing Bases

Manufacturing Bases	Sources	Monitoring Frequency
Jiangsu Base	Sintering waste gas from solid waste workshop	Entrust a third-party testing agency to test the content of heavy metals monthly
	Unorganized waste gas in the plant area	Entrust a third-party testing agency to conduct regular testing (according to the self-monitoring frequency of the pollutant discharge permit)
	Waste gas from pickling in workshop	Engage a third-party testing agency to conduct testing semi-annually
	Waste gas from natural gas combustion of open flame furnace in workshop	Engage a third-party testing agency to conduct testing semi-annually
Shandong Base	Unorganized waste gas in the plant area	Entrust a third-party testing agency to conduct testing semi-annually (according to the self-monitoring requirements of the pollutant discharge permit)
	Waste gas from pickling in workshop	Entrust a third-party testing agency to conduct testing semi-annually (according to the self-monitoring requirements of the pollutant discharge permit)
	Waste gas from natural gas combustion of open flame furnace in workshop	Entrust a third-party testing agency to conduct testing monthly (according to the self-monitoring frequency of the changed pollutant discharge permit)
Thailand Base	Waste gas from natural gas combustion of open flame furnace in workshop	Engage a third-party testing agency to conduct testing semi-annually
	Waste gas from pickling in workshop	Engage a third-party testing agency to conduct testing semi-annually
	Waste gas from steam boiler combustion	Engage a third-party testing agency to conduct testing semi-annually

Committed to reducing waste gas, the Group has continuously decreased waste gas in its production process through years of technological upgrades and process optimization.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – *Continued*

2024 Waste Gas Reduction Measures by Subsidiaries

Company Abbreviations	Waste Gas Reduction Measures
Jiangsu Xingda	<ul style="list-style-type: none"> • Upgraded the waste gas purification facilities for the pickling process in electroplating operations to reduce pollutant emissions, improve hydrochloric acid reuse efficiency, and decrease raw acid consumption; • Replaced the pickling process in the coarse continuous wire drawing pretreatment operation with a steel brush machine, eliminating the use of hydrochloric acid in this pretreatment line and reducing the generation and emission of acid mist; • Advanced the photovoltaic power generation project, utilizing clean energy to lower natural gas consumption and reduce combustion-related waste gas emissions; • Upgraded the organic waste gas treatment facilities for bead wire production at Plant No. 2, adopting regenerative thermal oxidation (RTO) technology to reduce VOC emissions.
Taizhou Xingda	<ul style="list-style-type: none"> • Maintained HCl online monitoring facilities to monitor HCl emissions in real time; • Operated the electroplating acid mist purification tower in accordance with process standards and standardized operating procedures to keep pollutant emission concentrations and total amounts within a controllable range; • Maintained the acid mist purification tower equipment to ensure its proper operation.
Shandong Xingda	<ul style="list-style-type: none"> • Regularly calibrated the pH probes of the acid mist purification tower to ensure system accuracy and reduce HCl waste gas concentration; • Implemented a three-stage treatment process for the acid mist purification tower in the newly built electroplating area to enhance regenerated acid reuse efficiency and reduce HCl emissions.
Xingda Thailand	<ul style="list-style-type: none"> • Shortened the concentration time of primary reused acid in the acid mist purification tower to reduced its concentration; • Lowered the pressure of the secondary spray tower to ensure compliant emissions.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

Waste Gas Management Performance Sheet

Indicators	Unit	2022	2023	2024
Total exhaust emission	10,000 m ³	415,325.96	507,817.02	544,817.83
Particulate matter (PM) emissions ¹	ton	3.03	4.57	4.38
SO ₂ emissions	ton	8.90	4.86	4.54
NO _x emissions	ton	34.52	43.50	40.76

[1] Atmospheric emissions of particulate matter mainly come from vehicles.

Waste Management

The main hazardous wastes generated by Xingda International in the production process include pickling sludge, surface treatment sludge, waste hydrochloric acid, waste machine oil, waste lead batteries, electroplating sludge, waste emulsion, and auxiliary packaging materials. The general wastes generated include production wastes such as iron scraps, waste steel wires, waste equipment, waste accessories, waste packaging materials, and discarded workwear, as well as domestic wastes generated from daily activities.

List of Laws and Regulations Related to Waste Management

Region	Applicable Laws and Regulations
China	<i>Law of the People's Republic of China on the Prevention and Control of Solid Wastes Pollution, National Catalogue of Hazardous Wastes (2021 Edition), Standard for Pollution Control on Hazardous Waste Storage, etc.</i>
Thailand	<i>Notification of the Industrial Estate Authority: Industrial Waste Management and Disposal B.E.2548 (2005), Public Health Act B.E. 2535 (1992), Notification of the Industrial Estate Authority No. 79/2554: Disposal of Industrial Wastes, Refuse and Sewage, etc.</i>

Solid Waste Discharge Targets

- No solid waste is discharged in the Group. Ensure the stable operation of hazardous waste self-recycling projects to achieve minimized harmless and optimized utilization.
- Except self-recycling projects, other solid wastes need to be entrusted to qualified organizations for proper disposal in accordance with laws and regulations.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

The Group has formulated the *Solid Waste Management Process*, defining waste and departmental responsibilities as well as waste disposal and management methods. Records are maintained as required to ensure all waste management operations have written documentation, including the *Solid Waste Temporary Storage and Disposal Form*. The Group strictly prohibits illegal waste disposal through any channel to prevent potential threats to the environment and community.

General industrial solid wastes are recycled for reuse by the Group, while domestic garbage is regularly cleaned and removed by the sanitation department. For hazardous waste, aside from pickling sludge and waste hydrochloric acid, which are utilized in-house, all other hazardous wastes are entrusted to qualified organizations for compliant disposal.

Additionally, the Group is committed to reducing solid waste and has implemented effective measures across its subsidiaries, such as enhancing waste recycling, investing in environmental protection facilities, and adopting new technologies to continually minimize solid waste generation.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

2024 Solid Waste Reduction Measures by Subsidiaries

Company Abbreviations

Solid Waste Reduction Measures

Jiangsu Xingda

- Improved the lubricant sludge filtration process at the wastewater treatment station to reduce the moisture content of lubricant sludge, thereby decreasing hazardous waste generation;
- Upgraded acid mist purification facilities on some electroplating lines by adopting a primary water absorption process to capture HCl, allowing the recovered hydrochloric acid to be reused in the main operation line, thereby reducing raw acid consumption and emissions;
- Enhanced the pickling sludge filtration process at the wastewater treatment station by replacing the feed diaphragm pump with a plunger pump to increase feed pressure, thereby lowering the moisture content of pickling sludge and reducing solid waste generation.

Taizhou Xingda

- Improved electroplating wastewater treatment process to reduce electroplating sludge generation;
- Applied the reused acid to primary water absorption of the acid mist purification facilities for water replenishing at the waste acid disposal workshop, to increase the concentration of reused acid and lower both the raw acid consumption and the waste hydrochloric acid generation;
- Implemented an upgrade project for lubricant sludge drying facilities to reduce sludge moisture content and decrease sludge generation.

Shandong Xingda

- Regularly maintained the evaporator in the waste lubricant treatment system and replaced filter membrane modules in a timely manner to ensure efficient concentration performance;
- Optimized system operation control parameters to reduce the generation of waste lubricant concentrate.

Xingda Thailand

- Dried sludge to reduce its moisture content, thereby decreasing the generation of hazardous waste;
- Concentrated the primary spray liquid from the acid mist purification tower and reused it in the workshop, reducing the consumption of new acid;
- Reused waste phosphoric acid from the workshop through membrane processing, reducing the consumption of new phosphoric acid.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

The Group has formulated and implemented management documents such as the *Hazardous Solid Waste Management System*, the *Hazardous Solid Waste Emergency Plan* and the *List of Xingda's Hazardous Waste* to strictly regulate the disposal process of hazardous waste. In accordance with its annual management plan, the Group files relevant documentation with local ecological and environmental authorities, strengthens ledger management for temporary hazardous waste storage sites, improves labeling and signage, and strictly enforces the online voucher declaration and transfer management system, to ensure the safe and compliant disposal of hazardous waste.

2024 Hazardous Waste Management Measures by Manufacturing Bases

Manufacturing Bases	Hazardous Waste Management Measures
Jiangsu Base	<ul style="list-style-type: none"> In accordance with the national <i>Standard for Pollution Control on Hazardous Waste Storage</i> (GB18597-2023), standardized the management of hazardous waste generation and storage sites, signed entrusted disposal contracts with qualified organizations, legally verified the disposal organizations' processing capabilities, and implemented management plan filing and electronic voucher management system; Leveraging Jiangsu Province's hazardous waste lifecycle monitoring system, ensured standardized management of hazardous waste throughout the entire disposal process; Strictly reviewed transport units and their qualifications, transport vehicles, and the credentials of drivers and escorts, strictly prohibiting vehicles and personnel without proper qualifications. Tracked vehicle GPS routes, and disposal organizations' receipt and disposal status through the management system. Ensured compliance with obligations and requirements under the <i>Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution</i>.
Shandong Base	<ul style="list-style-type: none"> Leveraging Shandong Province's solid waste and hazardous chemicals intelligent regulatory system, formulated an annual hazardous waste management plan and filed it with the environmental protection authority, and established and improved the comprehensive "one enterprise, one file" management system; In accordance with the hazardous waste disposal agreement, conducted thorough qualification checks on disposal organizations and regularly commissioned compliant entities to implement standardized disposal of hazardous waste.
Thailand Base	<ul style="list-style-type: none"> Entrusted qualified entities with hazardous waste disposal and implemented the online voucher declaration and transfer system in accordance with the <i>Regulations on Waste Disposal</i> and the <i>Regulations on Hazardous Waste Transportation Voucher System</i> issued by the Ministry of Industry of Thailand; Strictly monitored the entire process of hazardous waste generation, warehousing, storage, transfer, and disposal to ensure compliance.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

Solid Waste Management Performance Sheet

Indicators	Unit	2022	2023	2024
Total amount of non-hazardous waste generated	ton	30,772.10	36,391.76	30,619.33
– Disposal method: Recycling/Reuse	ton	–	–	30,619.33
Non-hazardous waste generation density (By production volume) ¹	kg/ton of products	29.18	27.99	21.44
Total amount of hazardous waste generated	ton	28,677.49	27,368.25	35,336.58
– Disposal method: Incineration with energy recovery	ton	/	/	697.57
– Disposal method: Incineration without energy recovery	ton	/	/	51.61
– Disposal method: Landfilling	ton	/	/	1,290.00
– Disposal method: Other	ton	/	/	33,297.41
Hazardous waste generation density (By production volume) ²	kg/ton of products	27.19	21.05	24.75

[1] Non-hazardous waste generation density (by production volume) = Total amount of non-hazardous waste generated/Total production, same below.

[2] Hazardous waste generation density (by production volume) = Total amount of hazardous waste generated/Total production.

Addressing Climate Change

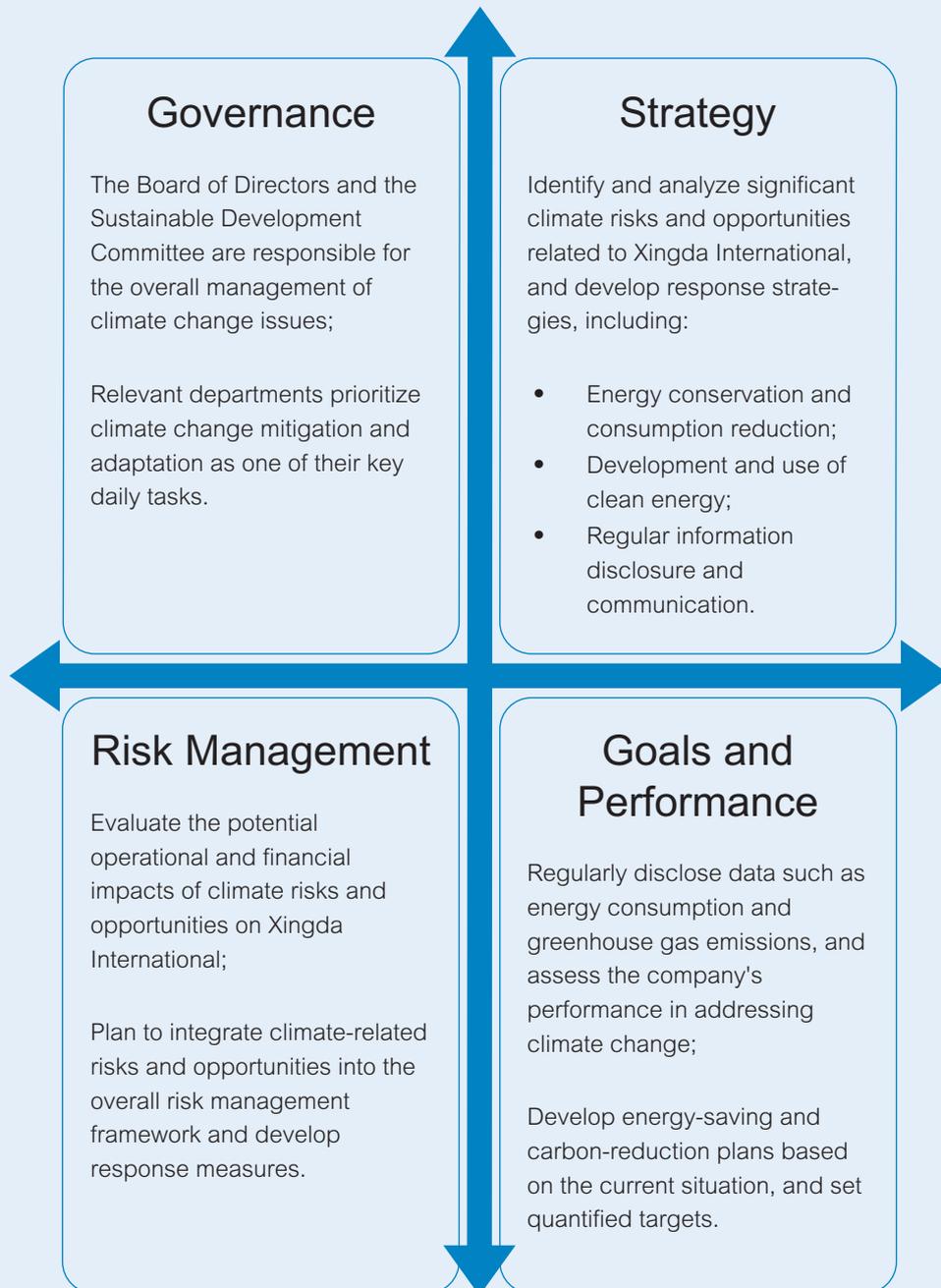
Global climate change not only triggers various extreme weather events but also has profound impacts on economic and social activities. Xingda International has established a systematic climate change management system across four key areas: governance, strategy, risk management, and targets and indicators.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Climate Change Management System



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

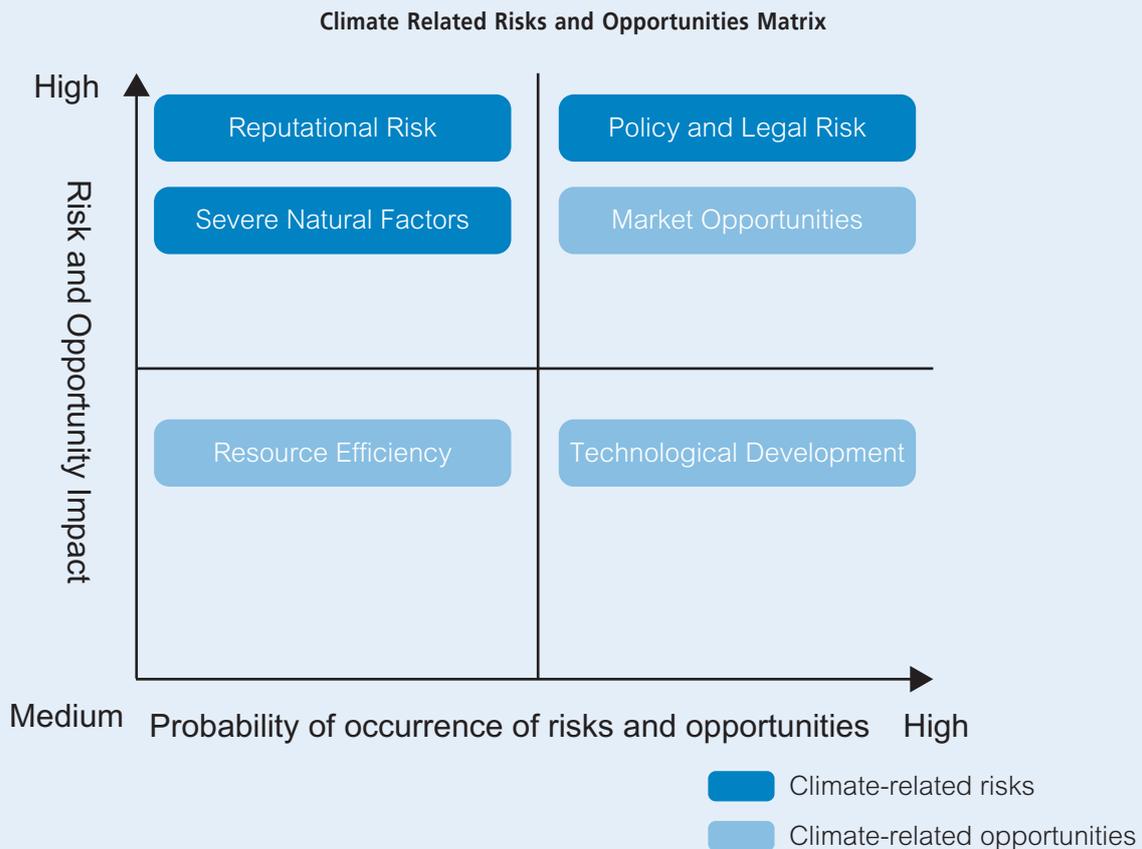
Addressing Climate Change – Continued

Governance

The Group closely monitors global climate change developments and has established the “The Green Vanguard” under the Sustainable Development Committee as the core management and driving force for climate-related initiatives. This team is responsible for identifying risks and opportunities associated with climate change and continuously optimizing management measures based on analysis results to minimize the carbon footprint of our operational activities.

Strategy

In terms of climate-related risks, the Group has identified policy and legal risks, reputational risks, and severe natural factors. In terms of climate-related opportunities, the Group has recognized market opportunities as well as opportunities for technological development and resource efficiency. Based on these key climate-related risks and opportunities, the Group assesses potential operational and financial impacts and plans to integrate climate-related risks and opportunities into its overall risk management system.



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Financial Impact Analysis of Climate-Related Risks

Type	Level	Description	Potential Financial Impact
Policy and Legal Risk	High	The Group uses mainly natural gas, electricity and diesel fuel. With the rising importance of GHG emissions at home and abroad, relevant laws and regulations have been introduced including China's <i>Measures for the Administration of Carbon Emissions Trading</i> (Trial) and the draft regulations of the EU on carbon border adjustment mechanism (CBAM). Hence, the cost of the Group's energy use and GHG emissions will increase correspondingly. In addition, changes in pollutant emission standards may expose the Group to compliance risks.	Operating income▼ Credit risk▲
Reputational Risk	Medium	As a company listed on The Stock Exchange of Hong Kong, the Group is required by the Exchange to disclose its GHG emission data and emission reduction measures, so such information is available to customers and investors. When the performance is below the expectations of customers and investors, the corporate reputation will be affected.	Operating income▼ Credit risk▲
Severe Natural Factors	Medium	An indication of severe natural factors is that extreme weather happens more frequently and intensely. Extreme weathers such as typhoons and floods may lead to production safety accidents or forced suspension. The production capacity of Jiangsu and Thailand bases is more vulnerable to disruptions from typhoons and floods in summer, which may lower the Group's delivery capacity and increase its cost regarding insurance, delivery default compensation and loss of fixed assets.	Operating income▼ Operating costs▲ Value of fixed assets▼

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Financial Impact Analysis of Climate-Related Opportunities

Type	Level	Description	Potential Financial Impact
Market Opportunities	High	The Group responds to customers' requests to increase the proportion of sustainable raw materials used and lower the carbon footprint of products, and promotes the sustainable development of the industry, which can enhance the Company's competitiveness in providing differentiated products.	Operating income▲
Technological Development	Medium	Technological development has a direct impact on the transformation of the Group's production methods. On the business end, the Group actively upgrades energy consumption and production methods. In response to customers' requirements, the Group has been actively developing low-carbon framework materials and improving energy efficiency by smart production in order to reduce climate impact.	Operating income▲ Operating costs▼
Resource Efficiency	Medium	The Group improves the efficiency of resource consumption, and lowers the consumption of resources and energy including natural gas, steam, water and raw material, which may effectively reduce operating costs.	Operating costs▼

The Group has established clear management strategies to proactively address the risks and opportunities posed by climate change through energy-saving upgrades, increased adoption of clean energy, and regular information disclosure and communication. Committed to the goal of limiting global temperature rise to within 1.5°C, the Group plans to phase out high-carbon energy sources while increasing investment in and application of renewable energy. Looking ahead, the Group will leverage scenario analysis to assess business impacts under different climate pathways, ensuring that the strategic planning remains adaptable to future climate trends and contributes to the goals of the *Paris Agreement*.

Risk Management

Identifying climate-related risks and opportunities is fundamental to the management of climate issues, and climate issues are closely related to GHG emissions. The Group identifies, evaluates, and analyzes key climate-related risks and opportunities relevant to its operations, and continuously refines its management practices on this basis to minimize the impact of its operations on the climate and environment.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Risk Management – Continued

Climate Related Risks and Opportunities Analysis Approach



In terms of developing and using clean energy, the Group incorporates the use of clean energy into planning during the construction and renovation of plants to continuously expand the proportion of renewable energy use and accelerate the transformation to low-carbon energy consumption.

In 2024, the Group steadily advanced the construction of its solar photovoltaic power generation system, reaching a cumulative installed capacity of 23.2 MW. Additionally, the Group implemented seven open-fire furnace waste heat recovery systems, upgraded 511 high-efficiency energy-saving motors, and completed energy-saving renovation of permanent magnet synchronous motors for 126 coarse and medium continuous wire drawing machines. In some facilities, water supply pumps were shut down in favor of pressure-differential water supply to reduce energy consumption and GHG emissions.

Furthermore, the Group actively leverages digital technologies to address climate change. In 2024, it further advanced the optimization and upgrade of the cloud-based carbon emissions management platform, refining carbon footprint accounting rules for various product specifications, enhancing the green power allocation mechanism, and continuously improving emissions accounting processes to enhance the accuracy and reliability of carbon management.

For regular information disclosure and communication, the Group upholds the principle of openness and transparency, regularly publishing carbon emission data in its ESG reports. Meanwhile, the Group actively engages with industry partners, including customers and suppliers, to communicate and collaborate on low-carbon transitions, GHG reduction targets, and phased progress. The Group integrates sustainability principles into its operations, striving to minimize environmental impact. Suppliers are required to implement sustainable practices, establish environmental management systems and procedures, and continuously improve their environmental performance. Such efforts include reducing waste emissions, lowering non-renewable energy consumption, and optimizing water and energy usage to drive upstream GHG reductions.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Indicators and Targets

The Group actively undertakes the responsibility of addressing climate change. It has developed the GHG emissions reduction objectives in line with the *Paris Agreement's* goal of limiting global temperature rise to 1.5°C, and officially passed the review by the Science Based Targets initiative (SBTi). Moreover, around its operations, the Group has formulated specific targets for energy consumption intensity, carbon emission intensity and proportion of clean energy use, and continuously advanced its low-carbon transformation with the goal of achieving carbon neutrality by 2050. The Group participates in the CDP Climate Change Questionnaire every year, and obtained a B rating in the CDP Climate Change and Water Security Questionnaires in 2024.

Climate Change Targets:

- By 2025, the Group's carbon emissions per unit product will drop by 18% compared to 2020;
- By 2025, the Group's proportion of clean energy use will reach 30%;
- By 2030, the Group's sum of absolute emissions of Scope I and Scope II will decline by 42% compared to 2021, and the absolute emissions of Scope III will decline by 25% compared to 2021;
- By 2050, the Group will achieve overall carbon neutrality.

Progress:

- In 2024, the Group's carbon emissions per unit product fell by 31.73% compared to 2020;
- In 2024, the Group's proportion of clean energy use reached 34.51%;
- In 2024, the Group's sum of absolute emissions of Scope I and Scope II declined by 7.50% compared to 2021, and the absolute emissions of Scope III declined by 29.14% compared to 2021.

In 2024, the Group conducted a greenhouse gas inventory in accordance with the ISO 14064-1:2018 and GHG Protocol standards for its operational and value chain activities, and obtained a third-party verification statement. The data for each emission category are as follows:

GHG Emissions

Indicators	Unit	2022	2023	2024
Scope I GHG emissions ¹	tCO ₂ e	174,035.33	186,907.39	216,150.43
Scope II GHG emissions ²	tCO ₂ e	1,051,990.24	1,270,989.02	1,214,980.67
Scope III carbon emissions of the value chain ³	tCO ₂ e	/	8,686,752.60	6,649,958.17
GHG emissions (Scope I, Scope II, and Scope III)	tCO ₂ e	/	10,144,649.01	8,081,089.27
GHG emissions (Scope I and Scope II)	tCO ₂ e	1,226,025.57	1,457,896.41	1,431,131.10
Unit production volume GHG emission intensity (Scope I and Scope II)	tCO ₂ e/ton of products	1.16	1.12	1.00

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Addressing Climate Change – Continued

Indicators and Targets – Continued

- [1] Scope I GHG emissions are calculated with reference to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises – Power Generation Facilities* (revised version 2022) and the *Corporate GHG Emissions Accounting Methodology and Reporting Guidelines for Other Industries*. In 2024, the Group further refined the accounting methodology for Scope 1 emissions and incorporated the fugitive emissions of greenhouse gases into the statistical scope.
- [2] Scope II GHG emissions were calculated based on the emission factors of the power grid in each region. The power generation emission factors for China are derived from the *Announcement on the Release of the 2022 CO₂ Emission Factors for Power Generation*, jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics of the People’s Republic of China. The emission factor for the Jiangsu base is 0.5978 kg CO₂/kWh, and for the Shandong base, it is 0.6410 kg CO₂/kWh. Based on the 2020 national emission inventory of Thailand published on the Carbon Footprint website, the power generation emission factor for Thailand is 0.401 kg CO₂/kWh.
- [3] The Scope III GHG emissions were calculated with reference to the *GHG Protocol: Corporate Value Chain (Scope III) Accounting and Reporting Standard*, which covered purchased commodities and services, capital commodities, fuel and energy-related activities, upstream transportation and distribution, waste generated from operations, business travel, commuting of employees, upstream leased assets, processing of sold products, downstream leased assets and investments.

Social Responsibility

Product and Service Quality Management

As a specialized supplier in the rubber reinforcement materials sector, Xingda International provides steel cord, bead wire, and hose wire products, serving renowned tire and hose manufacturers worldwide. Upholding a customer-first principle, the Group strictly complies with relevant laws and regulations to ensure its products and services meet high-quality standards, while continuously enhancing customer engagement and strengthen partnerships, striving to be a trusted long-term partner.

List of Applicable Laws and Regulations Related to Product and Service

Region	Applicable Laws and Regulations
China	<i>Law of the People’s Republic of China on Product Quality, Law of the People’s Republic of China on Standardization, Rules for the Administration of Industrial Production Licenses, etc.</i>
Thailand	<i>Thailand’s Product Liability Act B.E. 2551, Consumer Protection Act, B.E. 2522, etc.</i>

In product quality management, the Group adopts the *Quality Manual* as the guiding document, defining quality policies and the scope of its quality management system while serving as the core basis for external quality commitments. Additionally, the Group has established and implemented procedural documents, including the *Inspection Regulations*, the *Control of Non-conforming Products from Suppliers*, the *Control of Process and Final Non-conforming Products*, the *Internal Quality Audit*, and the *Product Recall Management System*. These documents systematically standardize production processes and product quality management, ensuring that quality control requirements cover the entire product lifecycle and continuously enhance the effectiveness and compliance of the quality management system.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – Continued

Furthermore, the Group has optimized the *Procedural Documents* and the *Quality Manual*, releasing bilingual versions to further enhance the standardization and applicability of the quality management system. Beyond that, the Group has updated relevant regulatory documents, including the *Product Rust Prevention Management Regulations*, the *Product Protection Management Regulations*, the *Auxiliary Material Inspection Plan*, the *Product Shipment Information Compilation Rules*, the *Incoming Mould Inspection Management Regulations*, and the *Logistics Management and Packaging Requirements*. These updates refine management requirements, reinforce execution standards, and provide document support for Taizhou Xingda, Shandong Xingda, and Xingda Thailand, ensuring the synergistic and efficient operation of the quality management system across all manufacturing bases.

In 2024, all of the Group's manufacturing bases obtained certification under the IATF 16949:2016 automotive quality management system and the ISO 9001:2015 quality management system. Leveraging these standards, the Group continues to refine product quality inspection processes, enhance management mechanisms, and strengthen quality control capabilities and product reliability, to ensure compliance with industry standards and customer requirements.

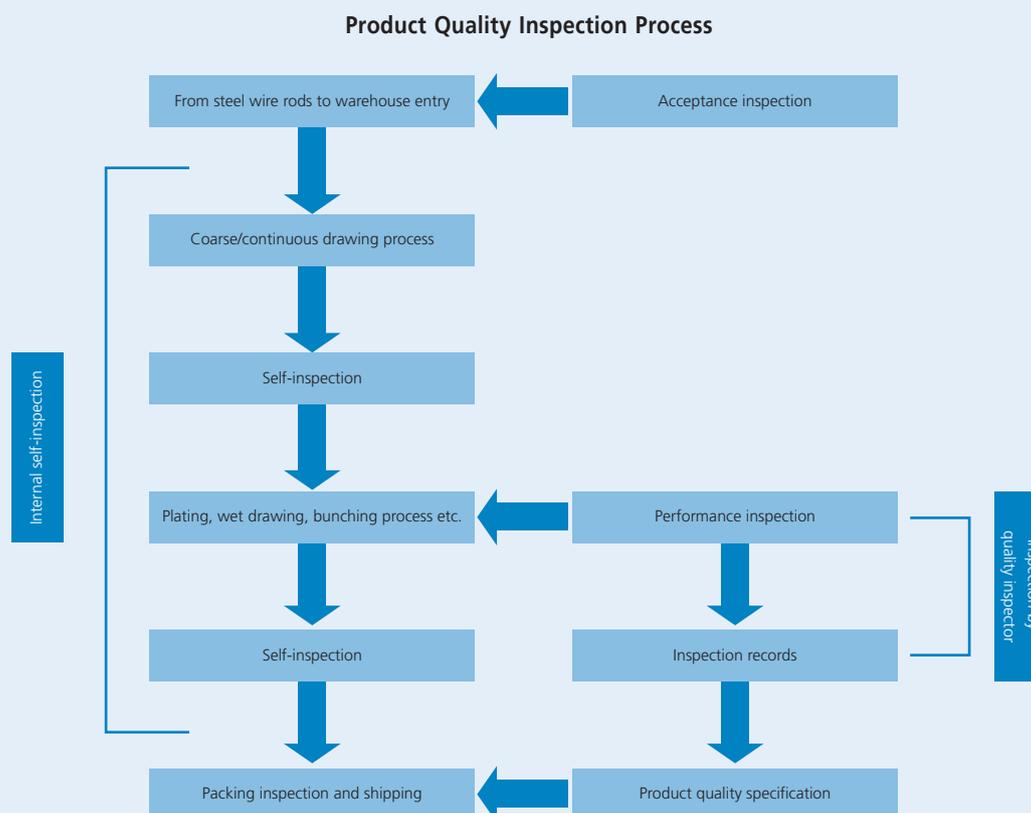
2024 Quality Management System Certifications by Subsidiaries

Company Abbreviations	Certification Scope	Certifications Approved	Certification Validity Period
Jiangsu Xingda	Steel cord for radial tire, bead wire for tire bead	IATF 16949:2016 ISO 9001:2015	March 2027
Taizhou Xingda	Steel wire for rubber hose reinforcement	IATF 16949:2016 ISO 9001:2015	March 2027
Shandong Xingda	Steel cord for radial tire	IATF 16949:2016	July 2027
Xingda Thailand	Steel cord for radial tire	IATF 16949:2016 ISO 9001:2015	March 2028 March 2028

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – Continued



The quality of our products is subject to two levels of inspection: self-inspection and sampling inspection. In the case of steel cord products, for example, Jiangsu Xingda's quality inspection covers every process after warehouse entry until the final packing and shipping. After each process is completed, the production department is required to conduct its own inspection before proceeding to the next process. Sampling inspection includes performance inspection by the quality inspector after the back-end process of steel cord production is completed, and the inspection records are compiled into a daily product quality report. The product quality certificate is sent to customers along with the product.

We conduct product quality and safety tests in accordance with the mainstream testing requirements at home and abroad and conduct RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) tests on products such as steel cords, bead wires, hose wires and galvanized steel wire, all of which meet the requirements. At the same time, the Group has issued safety data sheets (SDS) for steel cord, bead wire, hose wire and other products.

In 2024, to strengthen quality management and enhance employees' quality awareness, the Group conducted a total of 204 quality training sessions, including 203 internal training sessions, 1 external training session organized by the Group. These sessions covered various topics, such as zero-defect management, total quality management, the practical application of quality tools, and case studies, aiming to equip employees from relevant departments, including technology, R&D, quality, and equipment, with in-depth professional knowledge and hands-on skills.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – Continued

Moreover, in 2024, the Group led the revision of several national and industry quality standards, including the national standard *Steel Wire for Rubber Hose Reinforcement* and the group standard *Peeling Test Method for Rubber-Coated Steel Cord Fabric for Tires* by the China Rubber Industry Association. These efforts aim to further standardize product performance and durability, contributing to the continuous improvement of industry quality requirements.

In 2024, the Group did not have any incidents requiring product recall due to product non-conformity, nor any health and safety-related violations of laws and regulations for products and services provided.

Product and Service Quality Management Performance Sheet

Indicators	Unit	2022	2023	2024
Percentage of products that must be recovered for safety and health reasons of the total products sold or shipped	%	–	–	–
Number of complaints received regarding products and services	case	56	43	38
Complaint handling rate	%	100	100	100

R&D Innovation

Xingda International adheres to an R&D innovation-driven approach, and leverages a high-level technical team to continuously advance process optimization and achieve technological breakthroughs, so as to align with market demands and strengthen core competitiveness.

List of Laws and Regulations Related to R&D Innovation

Region	Applicable Laws and Regulations
China	<i>Law of the People's Republic of China on Science and Technology Progress, Patent Law of the People's Republic of China, etc.</i>

The Group continuously refines its R&D system and actively explores innovative mechanisms. It has established R&D-related regulations such as the *Sample Development Management System* and the *Advanced Quality Planning*, providing robust organizational support for ongoing innovation. Additionally, the Group has formulated a patent application business plan and incentive policies to encourage employee innovation and enhance technological competitiveness.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

R&D Innovation – Continued

Aligning with national policies and industry trends, the Group has developed a sustainable development action plan, with “green products and solutions” as a strategic priority. As a key player in the automotive industry chain, the Group remains committed to product innovation that promotes energy conservation, emissions reduction, and material recycling, minimizing environmental impact across the full product lifecycle.

The Group is actively advancing the development of low-energy-consumption products. In 2024, we completed the R&D for six ultra-high-strength (UT) steel cord specifications, with three already in mass production and a 36% year-on-year increase in annual UT product shipments. Furthermore, the Group has successfully developed and commercialized fatigue-resistant carcass cord, improving tire durability and retreadability, and enhancing product longevity and resource efficiency. Additionally, the Group continues to develop higher-strength steel cords to support tire lightweighting, contributing to reduced vehicle fuel consumption, improved energy efficiency, and the advancement of a greener, more sustainable industry.

R&D Innovation Performance Sheet

Indicators	Unit	2022	2023	2024
R&D investment	RMB10,000	16,900	17,070	23,223
Proportion of R&D expenses in operating income	%	1.56	1.49	1.94
Number of R&D personnel	person	780	785	790
Proportion of R&D personnel ¹	%	14.81	11.10	9.23

[1] R&D personnel mainly work in Jiangsu Xingda, and the statistical range of R&D personnel only includes Jiangsu Xingda, excluding Taizhou Xingda, Shandong Xingda and Xingda Thailand.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Intellectual Property Protection

Xingda International has formulated the Measures for the *Management of Intellectual Property Rights*, and updated related policy documents, including the *Intellectual Property Procedure*, the *Intellectual Property Management System*, and the *Intellectual Property Manual* in 2024. These updates further refine the intellectual property protection and management system, strengthen compliance, and enhance the protection of independent innovation achievements.

List of Laws and Regulations Related to Intellectual Property Protection

Region	Applicable Laws and Regulations
China	<i>Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Intellectual Property Law of the People's Republic of China, etc.</i>
Thailand	<i>Patent Act B.E. 2535, Trademark Act B.E. 2534, Copyright Act B.E. 2537, Industrial Design Act, etc.</i>

While strengthening R&D innovation, the Group remains committed to the principle of not infringing on others' intellectual property rights and firmly safeguarding its own. It places particular emphasis on protecting technological innovation achievements, trademarks, patents, copyrights, and other intangible assets. Through a comprehensive intellectual property management system, the Group has established clear application and utilization procedures to ensure the lawful and orderly management, protection, and utilization of intellectual property. In 2024, Jiangsu Xingda successfully passed the reassessment of the GB/T 29490-2023 *Enterprise Intellectual Property Compliance Management System Requirements*.

In 2024, the Group implemented the *Innovation Management — Guidance on Intellectual Property Management* (ISO 56005:2020) and met the relevant capability requirements of the *Innovation and Intellectual Property Management Capability Evaluation Index System*. At the same time, the Group advanced the development and improvement of related management policies and conducted internal intellectual property management reviews.

To enhance employees' professional capabilities, the Group organized specialized training for Jiangsu Xingda's intellectual property department staff and the Group's key technical personnel, with the topics covering key areas such as patent search strategies and patent applications. Besides, two employees from Jiangsu Xingda's intellectual property department successfully passed the online innovation manager exam and obtained certification.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Intellectual Property Protection – Continued

Intellectual Property Management Performance Sheet

Indicators	Unit	2022	2023	2024
New patents applied	pcs	42	59	60
New patents granted	pcs	56	50	44
Total patents applied	pcs	987	1,046	1,106
Total patents granted	pcs	534	544	532

Responsible Marketing

Xingda International is committed to conducting sales and marketing practices that comply with relevant laws, regulations, social norms, and ethical standards. To this end, the Group has formulated the *Responsible Marketing Policy* and the *Identification and Traceability Management System*, strictly enforcing product labeling requirements to ensure that all product label information is truthful, accurate, compliant, and traceable.

List of Laws and Regulations Related to Responsible Marketing

Region	Applicable Laws and Regulations
China	<i>Advertising Law of the People's Republic of China, etc.</i>
Thailand	<i>Thai Advertising Act, etc.</i>

Responsible Marketing Commitment:

- Comply with all laws and regulations related to marketing practices and industry norms applicable to countries or regions where the company operates;
- Conduct legal, honest, accurate, and scientific communication based on facts, and refrain from any false or misleading publicity to customers, and refrain from publishing false or exaggerated advertisements and logos;
- 100% of advertising and marketing activities are subject to internal reviews to ensure authenticity, accuracy, and compliance;
- Fully respect and protect customer privacy and data.

In 2024, the products and services provided by the Group did not violate laws and regulations in terms of labeling.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Data Security and Customer Privacy Protection

Xingda International places great importance on data security and privacy protection, complies with relevant laws and regulations, and continues to strengthen its information security management practices. In 2024, to further enhance information security control, the Group optimized and refined the *Information Security Management System*, ensuring a more rigorous and efficient management framework.

List of Laws and Regulations Related to Data Security and Customer Privacy Protection

Region	Applicable Laws and Regulations
China	<i>Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Cybersecurity Law of the People's Republic of China, etc.</i>
Thailand	<i>Personal Data Protection Act, etc.</i>

In terms of equipment security management, the Group strictly controls both existing and newly added industrial personal computers, ensuring that all devices are equipped with antivirus software and integrated into bastion host management to enhance system security and protection capabilities. Additionally, the Group has completed the iterative upgrade of aggregation switches and storage switches of core clusters, improving network equipment performance and security. Furthermore, to ensure the stable operation of the production environment, the Group has upgraded the operation system of the Kubernetes cluster, which has significantly enhanced its security and operational efficiency.

To further enhance company-wide cybersecurity awareness, the Group organized information network security training, focusing on improving the security protection capabilities of second-line personnel and helping them identify and mitigate cybersecurity risks in their daily work. These measures have effectively strengthened the Group's overall network security and reduced potential security vulnerabilities.

Key points of data and information security management and evaluation:

- Through Sangfor's security managed services, the Group assigned professionals to monitor network attacks and key servers 24/7 throughout the year;
- Conducted a comprehensive inspection of Sangfor network and security equipment, and fixed identified risks;
- Performed penetration testing on major business servers, identifying issues such as environment configuration information leakage, SQL injection, and weak passwords, which were promptly fixed and retested, successfully eliminating related security risks;
- Reviewed the internet-facing attack surface and fixed existing vulnerabilities.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Data Security and Customer Privacy Protection – Continued

Data Security and Customer Privacy Protection Highlights

As of December 31, 2024, Xingda International:

- Captured 143,200 network attacks;
- Handled 6,401 network risk incidents and 285 malicious software incidents;
- Addressed 595 hosts affected by Web weak password risks, Docker unauthorized access risks, and LDAP weak password risks.

For information security protection, the Group has established relevant systems to enhance the collaboration and exchanges between departments. Employees can communicate through IT administrators or their respective departments to promptly report information security vulnerabilities and other related issues.

In 2024, the Group found no significant violations regarding data or information leakage.

Employment and Labor Practices

Employment

With the employee management policy of “understanding human needs, respecting human values, developing human potential, encouraging human creativity, and promoting common development of employees and the company”, the Group strictly abides by the laws and regulations of China and Thailand on employee employment and international labor conventions, and develops systems including the *Recruitment Management System of Xingda*, the *Management System for Signing Labor Contracts*, the *Management Measures on Prohibition of Employment of Child Labor*, the *Management System on Prohibition of Forced Labor*, and the *Employee Handbook*. These systems clearly stipulate the strict prohibition of child labor and any form of forced labor, and ensure the standardization, fairness, and transparency of the Group’s entire process of employee recruitment, employment, and resignation. Adhering to the principle of equal employment, the Group signs a labor contract with each employee in accordance with the law to protect their legitimate rights and interests.

List of Applicable Laws and Regulations for Employment

Region	Applicable Laws and Regulations
China	<i>Labor Law of the People’s Republic of China, Labor Contract Law of the People’s Republic of China, etc.</i>
Thailand	<i>Thailand Labor Protection Act, Thailand Revenue Code, etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employment – Continued

The Group has explicitly prohibited child labor in its recruitment policies, and implements strict identity verification during the hiring process to eliminate the risk of employing child labor. In the event of an unintentional recruitment of child workers, the Group has established a detailed emergency response plan to ensure prompt remedial measures and protect their legitimate rights and interests.

Child Labor Remediation Measures

- Stop working immediately;
- Provide a physical examination and treat those who are found to be ill;
- The Company assigns personnel to escort them home, or notifies their guardians to pick them up and sign the acceptance letter;
- The cost of escorting child workers back to their original place of residence is fully borne by the Company, and support will be provided according to their own situations to help them go back to school till they are 16 years old;
- Be responsible for the treatment of sick or disabled child workers before they are sent back to their original place of residence, and bear all medical and living expenses occurring during the treatment;
- Strictly prohibit irresponsible dismissal of child workers. Departments or individuals responsible for work-related injuries, disabilities, and deaths of child workers will be put under administrative penalties by labor and social security authorities at or above the district level. If a crime is constituted, criminal liabilities of the department or individual will be investigated by the judicial department.

The Group strictly prohibits any form of forced labor and maintains a zero-tolerance stance on such practices. To prevent forced labor, the Group regularly conducts surveys and discussion sessions across its manufacturing bases to promptly identify any potential issues. Meanwhile, employees are encouraged to report any actual or suspected cases of forced labor through various channels, including suggestion boxes, email, the Company's WeChat official account, and the OA system, to company leadership, the Party committee, the labor union, the human resources department, Party democratic meetings, and the Welfare Committee (Thailand).

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employment – Continued

The Group adheres to the concept of “equality, openness, competition, and merit-based selection” and “internal priority”, and formulates the *Management Regulations on Anti-Discrimination, Anti-Harassment and Anti-Abuse* to create a diverse, equal, and inclusive workplace environment. The Group ensures that candidates are not subjected to discrimination during recruitment based on factors such as age, gender, race, marital status, region, personal interests, physical characteristics, or educational background. To uphold fairness and impartiality, the Group has established clear employment policies, ensuring that all hiring and promotion decisions are based on employees’ capabilities and performance rather than personal characteristics. This approach guarantees equal pay for equal work and reflects fairness, transparency, and justice in recruitment and promotion.

Besides, the Group provides unimpeded and legitimate complaint channels to ensure that employees can report incidents of discrimination, harassment, or other misconduct through designated channels. The Company will promptly initiate an investigation in accordance with relevant procedures and take strict action against severe violations, including, when necessary, reporting to the police.

In 2024, the Group’s female employees accounted for 27.81%, and ethnic minority employees for 1.06%. In 2024, the Group had no violations against employment-related laws and regulations.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employment – Continued

Employment Performance Sheet¹

Indicator	Unit	2022	2023	2024
Number of employees				
Number of employees	person	7,384	8,750	8,557
Number of male employees	person	5,282	6,284	6,177
Number of female employees	person	2,102	2,466	2,380
Number of employees under full-time labor contract	person	7,384	8,750	8,557
Number of employees on labor dispatch	person	–	–	–
Number of part-time employees	person	–	–	–
Number of employees aged under 30 years old	person	1,235	1,496	1,294
Number of employees aged 30-50	person	5,622	6,654	6,622
Number of employees aged over 50 years old	person	527	600	641
Number of employees working in Chinese Mainland	person	6,688	7,943	7,787
Number of employees working in Chinese Hong Kong, Macao, Taiwan and overseas regions	person	696	807	770
Number of general employees	person	7,220	8,579	8,382
Number of middle-level managers	person	151	157	158
Number of senior-level managers	person	13	14	17
Number of ethnic minority employees ²	person	63	97	91
Proportion of ethnic minority employees	%	0.85	1.11	1.06
Employee turnover rate³				
Employee turnover rate	%	23.70	22.36	23.49
Male employee turnover rate	%	23.69	22.09	23.42
Female employee turnover rate	%	23.70	23.03	23.67
Turnover rate of employees aged under 30 years old	%	30.34	28.93	32.81
Turnover rate of employees aged 30-50	%	21.30	20.16	20.95
Turnover rate of employees over 50 years old	%	30.66	27.80	27.24
Employee turnover rate in Chinese Mainland	%	21.70	21.13	22.03
Turnover rate of employees working in Chinese Hong Kong, Macao, Taiwan and overseas regions	%	38.68	32.69	35.67
The proportion of workplaces with human rights review or impact assessment	%	100	100	100

^[1] The data for Shandong Xingda in the Employment Performance Sheet includes Xingda Jining.

^[2] Ethnic minority is not considered for employees in Thailand;

^[3] Employee turnover rate = Number of employees turned away/(Number of employees turned away + Number of employees)*100%.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employee Rights and Benefits and Welfare Protection

Ensuring employees' fundamental rights is the core principle of talent management. The Group strictly complies with relevant laws, regulations, and international conventions, striving to provide comprehensive rights and benefits protection and welfare support for all employees.

List of Applicable Laws and Regulations on Employee Rights and Welfare Protection

Region	Applicable Laws and Regulations
China	<i>Provisions on Collective Contracts</i> (Order No. 22 of the Ministry of Labor and Social Security of the People's Republic of China), etc.
Thailand	Convention No. 98 – <i>Right to Organize and Collective Bargaining Convention</i> , etc.

Valuing employee feedback, the Group has established labor union and employee congress systems. Labor unions have been formed at the Jiangsu and Shandong bases, and hold regular union meetings to facilitate communication between employees and management. At the Thailand Base, employee representatives are elected through a free election process.

Additionally, the Group has established diverse communication channels at each base, and arranged dedicated personnel to collect employee suggestions monthly. Regular democratic meetings and welfare committee meetings are held, where employee representatives and management jointly discuss and address employee concerns. Appropriate rewards are granted to employees who provide reasonable suggestions. In 2024, employee representatives in the Chinese Mainland accounted for 3.2% of the total workforce in the region.

Overview of Xingda International's Employee Rights and Benefits System (Taking Jiangsu Xingda as an Example)

Employee negotiation and compensation **Collective contract:** A collective contract is signed with employees and a written agreement is reached on labor remuneration, working hours, rest and vacation, labor safety and health, vocational training, insurance and welfare, etc.

Remuneration: The *Employee Remuneration Management System* is developed, adopting the distribution forms of determining salary based on position, grading based on ability, and awarding based on performance.

Overtime compensation: If employees are arranged to work overtime, employees will be paid for overtime in strict accordance with the supplementary standards for overtime stipulated in the *Labor Law of the People's Republic of China*.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employee Rights and Benefits and Welfare Protection – Continued

Working hours and vacations

Working hours: The comprehensive working hour system is implemented.

Working overtime: An overtime approval system has been developed. If required for production and operations, working overtime can only be arranged after reaching an agreement with employees and getting an approval. Meanwhile, measures should be taken as far as possible to control the length of employees' working and overtime hours to ensure their work and life balance.

Vacation: The *Implementation Measures for Employee Career Planning and Management* and the *Leave Management System for Employees* have been developed to ensure that employees enjoy legal holidays in accordance with the law. The Company also provides employees with maternity leave, marriage leave, and funeral leave, etc.

Employee communication

Communication channels: E-mail, telephone, mailbox, WeChat official account, etc.

Communication methods: Various forms of seminars and exchange meetings will be held from time to time for face-to-face communication between leaders and general employees.

Employee welfare

Social insurance: Five insurances (medical insurance, maternity insurance, social endowment insurance, unemployment insurance, and occupational injury insurance) and housing provident fund are covered for all employees.

Employee welfare: The Group provides commercial insurance and dormitories for employees, and Xingda International Bilingual Kindergarten for employees' children.

Employee activities: The Company provides leisure facilities for employees, and organizes various cultural and sports activities to promote work and life balance for employees.

The Group organizes employee satisfaction surveys once every quarter and conducts sampling analysis, to practically solve employees' problems and continuously improve employee satisfaction. In 2024, the average score of employee satisfaction survey exceeded 88.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety

Production Safety

Valuing safety management during production and operation, the Group strictly abides by production safety-related laws and regulations, and has formulated the *Production Safety Responsibility System*, the *“Five Simultaneities” Production Safety Management Regulations*, the *Fire Prevention Management Regulations*, the *Production Safety Equipment and Facilities Management Regulations* and the *Xingda Thailand Occupational Health, Safety and Environment Regulations*. Each manufacturing base has established an organizational structure for production safety management, to ensure the effective supervision and implementation of various production safety systems.

List of Applicable Laws and Regulations on Production Safety

Region	Applicable Laws and Regulations
China	<i>Law of the People’s Republic of China on Production Safety, Law of the People’s Republic of China on Fire Protection, Law of the People’s Republic of China on Special Equipment Safety, Emergency Response Law of the People’s Republic of China, General Principles for Safety and Hygiene Design of Production Equipment, Safety Management Systems — Requirements, Safety Regulations for Confined Space Operations in Industrial and Trade Enterprises, Catalogue of Key Supervision for Confined Spaces in Industrial and Trade Enterprises, and Regulations on Fines and Penalties for Production Safety Accidents, etc.</i>
Thailand	<i>Occupational Safety, Health and Environment Act B.E. 2554 (2011), Factory Act B.E. 2535 (1992), and Industrial Estates Authority Act, etc.</i>

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Production Safety – Continued

Xingda International’s Production Safety Management Organizational Structure and Responsibilities

Name of Production Safety Management

Organizational Structure	Main Responsibilities
Production Safety Leading Group (all manufacturing bases in Chinese Mainland)	<ul style="list-style-type: none"> Organize and carry out activities related to production safety management; Analyze production safety issues and formulate rectification plans; Report and discuss legal provisions and improvement suggestions related to production safety, occupational health and safety.
Emergency Management Department of Jiangsu Base Safety and Environmental Protection Office of Shandong Base	<ul style="list-style-type: none"> Handle safety issues of the factory; Inspect the production equipment of the factory; Organize and carry out safety hazard investigation.
Safety Committee of Thailand Base	<ul style="list-style-type: none"> Establish a complete occupational health and safety system for the factory; Supervise daily safety inspections.

Xingda International’s Primary Production Safety Management Goals



To further strengthen production safety management, the Group focuses on risk identification, provision of safety facilities, equipment safety management, and safety awareness enhancement. By continuously improving overall safety management, the Group strives to minimize the occurrence of production safety incidents. In 2024, the Group had no serious production safety accidents, and all production safety targets were met.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Production Safety – Continued

2024 Xingda International's Main Production Safety Management Measures

Dimensions	Main Measures
Risk identification and troubleshooting	<ul style="list-style-type: none">• Identified production safety hazards and developed corresponding risk control plans based on different risk types.• Conducted various forms of hidden danger screening activities, including comprehensive safety inspections, monthly safety checks, daily safety inspections, night safety checks, and pre-holiday safety inspections, to reduce risks and prevent accidents.
Provision of safety facilities	<ul style="list-style-type: none">• Detailed emergency escape route layouts for office spaces were created and posted in prominent areas.• Sufficient fire-fighting equipment, such as fire hydrants, fire extinguishers, and fire alarm bells, were provided in production and office areas. Regular inspections were conducted to ensure that the equipment was within its validity period and in normal working condition.• Safety warning signs and emergency evacuation maps were posted at the work site.• A complete set of standard operating procedures was provided at the construction site to make employees aware of the risk factors in their positions.• Clear and understandable work instructions were posted on production equipment to ensure that employees understand how to operate the equipment in emergency situations.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Production Safety – Continued

Dimensions

Equipment safety management

Main Measures

- Regular spot checks and patrols were conducted on production equipment to promptly identify safety risks and carry out maintenance and repairs.
- Special equipment newly installed in 2024 was registered, and professional institutions were commissioned to conduct annual testing of the special equipment at each manufacturing base to ensure its safety and effectiveness.
- Various safety isolation and protection devices were installed for production and auxiliary equipment, with regular testing, inspection, and maintenance of these devices.

Improvement of safety awareness and skills

- Regularly organized emergency drills for employees, including emergency evacuation and initial fire suppression drills, to enhance the emergency response capabilities of each department.
- Invited the relevant authorities to conduct *Special Operations Personnel* training for employees in special positions, enabling them to obtain the necessary qualifications and certificates to ensure safe production.
- Provided pre-employment training for new employees, covering production safety education, process flows for each procedure, and 5S on-site management. Employees could only be employed after passing the training evaluation.
- Regularly conducted safety skills training for on-duty employees, covering fire safety, electrical safety, and traffic safety, to improve employees' self-protection awareness.
- Provided safety training to subcontractors and communicated safety requirements to suppliers through *Safety Notifications*, continuously improving their safety knowledge and awareness.
- Organized employees to participate in emergency rescue training organized by the local Red Cross Society, and after passing the assessment, they obtained a Primary Rescuer certificate, enhancing their ability to perform first aid in emergencies.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Production Safety – Continued

Employee Occupational Health and Safety Performance Sheet

Indicators	Unit	2022	2023	2024
Number of employees who died for work-related injuries	person	–	–	–
Proportion of employees who died for work-related injuries	%	–	–	–
Number of working days lost due to work-related injuries	day	64	39	30
Working hour loss accident rate of direct labor force ¹	%	0.0511	0.0405	0.0235
Working hour loss serious accident rate of direct labor force ²	%	0.0033	0.0016	0.0007
Detection rate of special equipment	%	100	100	100
Proportion of special operation personnel with certificates	%	100	100	100
Coverage rate of safety training and education	%	100	100	100

¹ Working hour loss accident rate of direct labor force = Total number of working hour loss accidents × (1,000,000/Total working hours)

² Working hour loss serious accident rate of direct labor force = Number of days of working hour loss due to injury × (1,000/Total working hours)

Occupational Health

Jobs with occupational disease risks at each manufacturing base of the Group mainly include jobs exposed to dust, chemicals, and physical factors, jobs engaged in electric work, pressure vessels, work at heights, and motor vehicle driving. The main occupational hazard factors are dust, noise pollution, and acid mist.

The Group underpins the occupational health and safety of employees. While strictly adhering to health and safety related laws and regulations, it has continuously refined management regulations, including the *Occupational Disease Prevention and Control Management Regulations*, the *Labor Protection Equipment Management Regulations*, the *Production Safety Equipment and Facilities Management Regulations*, and the *Xingda Thailand Occupational Health, Safety and Environment Regulations*, and has established an occupational health and safety management system. In 2024, the Group's manufacturing bases in China and Thailand all passed the certification of ISO 45001:2018 occupational health and safety management system.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

List of Applicable Laws and Regulations on Occupational Health and Safety

Region	Applicable Laws and Regulations
China	<i>Labor Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, etc.</i>
Thailand	<i>Occupational Safety, Health and Environment Act B.E. 2554 (2011), etc.</i>

The Group prioritizes employees' occupational health and safety, striving to create a healthy and safe work environment. In 2024, the Group engaged a professional third-party organization to conduct occupational hazard assessments across its manufacturing bases. Based on the assessment results, appropriate protective measures were implemented, such as providing employees with personal protective equipment and labor protection supplies, as well as equipping workplaces with first-aid kits, ensuring effective protection of employees' occupational health and safety during work.

Additionally, the Group implements the pre-job, on-job, and off-job physical examination systems for employees in positions with occupational hazards, and provides occupational health examinations for employees in positions exposed to occupational hazards in accordance with the law. In 2024, the Group organized occupational health examinations for all employees in positions exposed to occupational hazards, with no occupational diseases or contraindications found.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

2024 Occupational Hazards Management Measures by Subsidiaries

Company Abbreviations	Occupational Hazard Factors	Management Measures
Jiangsu Xingda, Taizhou Xingda, Shandong Xingda	Dust	• Equip ventilation and exhaust facilities in the production process where dust is generated;
		• Paste the occupational hazard notification card;
		• Distribute dust masks, goggles, etc. to employees at corresponding positions;
		• Provide occupational health examination for employees exposed to occupational hazards;
		• Detect occupational hazardous factors at working sites every year, and inform employees of those detected occupational hazardous factors;
		• Carry out continuous optimization to reduce dust.
	Noise	• Paste the occupational hazard notification card;
		• Distribute earplugs, earmuffs, etc. to employees at corresponding positions;
		• Provide occupational health examination for employees exposed to occupational hazards;
• Detect occupational hazardous factors at working sites every year, and inform employees of those detected occupational hazardous factors;		
	• Install automation equipment in production areas with concentrated noise to reduce employees' exposure;	
	• Carry out continuous optimization to reduce noise.	
Acid mist	• Install ventilation and exhaust facilities in the production links that generate such occupational hazard factors;	
	• Paste the occupational hazard notification card;	
	• Distribute protective masks, protective clothing, protective gloves, goggles, etc. to employees at corresponding positions;	
	• Provide occupational health examination for employees exposed to occupational hazards;	
	• Detect occupational hazardous factors at working sites every year, and inform employees of those detected occupational hazardous factors.	

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

Company Abbreviations	Occupational Hazard Factors	Management Measures
Xingda Thailand	Dust	<ul style="list-style-type: none"> Equip ventilation and exhaust facilities in the production process where dust is generated; Paste the occupational hazard notification card; Distribute dust masks, goggles, etc. to employees at corresponding positions; Provide occupational health examination for employees exposed to occupational hazards.
	Noise	<ul style="list-style-type: none"> Paste the occupational hazard notification card; Distribute earplugs, earmuffs, etc. to employees at corresponding positions; Provide occupational health examination for employees exposed to occupational hazards.
	Acid mist	<ul style="list-style-type: none"> Equip ventilation and exhaust facilities in the production links that generate such occupational hazard factors; Paste the occupational hazard notification card; Distribute protective masks, protective clothing, protective gloves, goggles, etc. to employees at corresponding positions; Provide occupational health examination for employees exposed to occupational hazards; Install acid mist isolation, absorption and purification equipment in production areas involving acid mist, and perform regular maintenance to guarantee normal operation of equipment, to reduce employees' exposure.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

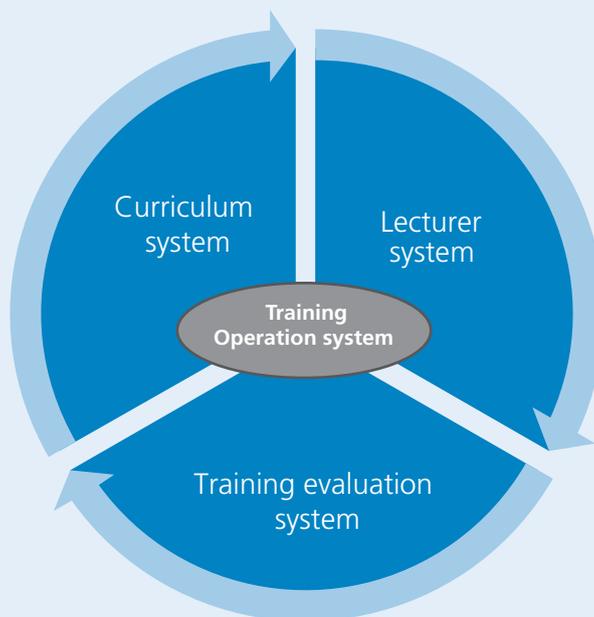
Development and Training

Employee Training

Embracing the concept of “serving the development and employee growth”, the Group has developed management systems such as the *Xingda’s Staff Training Management Regulations* and the *Human Resources Training Management Manual*, and established a three-dimensional training system consisting of training system management, training resource management, and training operations management based on employee quality evaluation and professional behavior evaluation.

Xingda International’s Training Management System

Training system management	Training resource management	Training operations management
<ul style="list-style-type: none"> • Training demand investigation rules • Training plan implementation rules • Training budget rules • Training evaluation rules 	<ul style="list-style-type: none"> • Training management rules • Lecturer management rules • Labor dispatch management rules 	<ul style="list-style-type: none"> • Training organization and implementation • Training and conference services • Training effect feedback



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

Beyond that, to ensure the effectiveness of employee training initiatives, the Group has developed an employee training effectiveness evaluation system. The evaluation system follows a four-level evaluation method, and implements differentiated evaluations based on course content and target audience. The evaluation results are incorporated into the organization's performance management system, and directly linked to employees' career development. Through training evaluation, the Group timely identifies problems and adjusts its annual training plan to continuously improve the training quality.

Training Effectiveness Evaluation System of Jiangsu Xingda

Evaluation Levels	Primary Coverage	Evaluation Method
Evaluation at reaction level	Observing participants' reactions	Evaluation questionnaire, evaluation interview
Evaluation at learning level	Checking participants' learning outcomes	Evaluation questionnaire, written examination, performance appraisal, case study
Evaluation at behavioral level	Measuring performance before and after training	Observation method, testing method, 360-degree performance evaluation
Evaluation at outcome level	Measuring changes in the company's operating performance	Comprehensive analysis of quality, accidents, productivity, work motivation, market expansion, and customer relationship maintenance

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

2024 Employee Training Projects of Jiangsu Xingda¹

Evaluation Category	Main Contents and Objectives
Employee educational promotion training	<ul style="list-style-type: none"> Xingda College collaborated with Changzhou University, University of Electronic Science and Technology of China, Taizhou Polytechnic College and other universities to establish academic education programs offering associate and bachelor's degree classes, aiming to broaden employees' knowledge, optimize the Group's educational structure, and enhance overall talent quality. In 2024, Xingda College trained a total of 1,969 students, including 665 currently enrolled and 1,304 graduates.
Professional skill upgrading training	<ul style="list-style-type: none"> The training covered a wide range of topics, including corporate culture, safety, production, technical processes, quality, equipment, and operational procedures for each process. It aimed to enhance employees' job awareness and skills, ensure they meet job requirements, and provide strong talent support for the company's development.
Orientation training for new employees	<ul style="list-style-type: none"> The training program for newly recruited general employees covers company introduction, pre-job training, and product technology and process training. It aims to help employees familiarize themselves with the corporate culture, understand job responsibilities, and quickly adapt to and excel in their roles. The training program for newly recruited college graduates covers a wide range of topics, including company introduction, <i>Employee Handbook</i>, <i>Factory Rules and Regulations</i>, <i>From Campus to Enterprise</i>, <i>Company Product Introduction</i>, <i>Steps of Each Production Process</i>, <i>Safe Operation Instructions for Key Process and Positions</i>, <i>Occupational Health and Safety System</i>, <i>Contents on Quality Management System</i>, <i>Company Safety Education and Production Safety Accidents Over the Years</i>, <i>Safety Precautions for Each Process Operation</i>, <i>Quality Awareness</i> and <i>5S On-site Management</i>. Additionally, the program includes learning visits to the testing center and production plants, job rotation across processes, and factory assignments to help new graduates quickly adapt to their roles.
New apprenticeship system	<ul style="list-style-type: none"> Xingda College, in collaboration with Taizhou Polytechnic College and Taizhou Technician College, has launched a cooperative education program, selecting 150 employees to participate in the training for the intermediate-level steel wire rope maker certification exam. This initiative aims to cultivate highly skilled technical talents and strengthen the Group's workforce of skilled professionals; In 2024, a total of 245 employees successfully passed the exam, completed the training, and obtained the nationally recognized intermediate-level certificate for steel wire rope makers.
Management training	<ul style="list-style-type: none"> A comprehensive capability training session was conducted for 62 management personnel of the Group, introducing new methods and theories to enhance their understanding of the development and production management practices in other manufacturing factories, thereby improving their overall management capabilities.

[1] The statistical range of Jiangsu Xingda includes Jiangsu Xingda, Shandong Xingda, and Xingda Thailand.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

In 2024, Jiangsu Xingda carried out a diverse range of employee training activities at Xingda College, focusing on production, safety, technology, quality and management topics and covering all of its employees. In 2024, the Group conducted 1,044 training sessions, with 123,600 participants and 286,000 training hours, averaging 2.2 hours per employee.

Moreover, Jiangsu Xingda actively carries out grade identification of skilled personnel, involving metal extruders, steel wire rope makers, electricians, and hoisting and loading workers. Jiangsu Xingda has formulated a 7-year training plan for skilled talents based on the actual needs of employees and job skill requirements, and invited external trainers to give lectures. Theoretical teaching, practical training exercises, and case studies are adopted to strengthen employees' professional skills and comprehensive capability. In 2024, Jiangsu Xingda trained 373 junior metal extruders, 330 senior steel wire rope makers, 14 intermediate-level electricians, and 45 senior hoisting and loading workers.

Employee Training and Development Performance Sheet

Indicators	Unit	2022	2023	2024
Employee training coverage				
Employee training coverage	%	99.27	99.44	99.39
Proportion of male employees covered by training	%	99.24	100.00	99.84
Proportion of female employees covered by training	%	99.33	98.01	98.24
Proportion of general employees covered by training	%	99.68	99.56	99.52
Proportion of middle-level managers covered by training	%	94.04	99.36	98.73
Proportion of senior-level managers covered by training ¹	%	23.08	35.71	41.18
Training hours per employee				
Average number of hours of employee training	hour	20.62	18.34	26.44
Average number of hours of male employee training	hour	20.20	17.41	26.27
Average number of hours of female employee training	hour	21.68	20.71	26.89
Average number of hours of general employee training	hour	19.01	16.48	24.60
Average number of hours of middle-level manager training ²	hour	98.50	120.69	124.86
Average number of hours of senior-level manager training	hour	11.08	12.64	18.26

^[1] Training for senior management mainly focuses on external training, such as attending annual corporate summits, executive training programs, and high-level exchanges with different industries;

^[2] The Group continues to enhance the ability of middle-level management team by increasing the internal training for middle-level managers through Xingda Training Center, and to strengthen the management team building. Therefore, the average training hours for middle-level management are relatively higher than those for general employees and senior management.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Promotion

The Group attaches great importance to the career development of employees. It has developed management systems such as the *Performance Management Manual*, the *Xingda's Performance Appraisal Management System*, the *Employee Transfer Training Management System*, and the *Xingda's Company Position Change Management System*. Additionally, it runs a dual career ladder system, supporting horizontal rotation and vertical promotion for employees. The development channels can be transformed horizontally and vertically according to the personality and professional expertise of employees, providing as many career development opportunities as possible for different types of talents.

To ensure effective implementation of the career development system, the Group and its subsidiaries have established performance appraisal indicators and scoring standards for employees at different levels and positions, and conduct evaluation and provide feedback every month. Moreover, the Group has formulated a multi-dimensional career management scheme based on competencies, professional skills and management capacity, implementing structured evaluations by level and position, and incorporating relevant performance into the assessment system, to promote employees' growth and expand their career development space.

Xingda International's Competency-Based Talent Development System

Evaluation tools	Common class test	Considering the need for self-understanding and development, the company will periodically use personality tests such as IQ/EQ/9 Enneagram Types and EPQ.
	Common evaluation tools for functional personnel	The company will consider using behavioral style measurement tools such as MBTI and DISC.
	Common evaluation tools for sales personnel	The company will consider personality matching and conduct competency testing appropriate for the position.
	Common evaluation tools for internal promotion	It is typically combined with performance evaluation.
Performance feedback and improvement	Through performance feedback and improvement, the company will identify weaknesses in employee career development, and will provide timely performance coaching to facilitate their career development.	
Responsibilities of department heads	Managers at all levels are required to assume the primary responsibility for employee career development, and a certain weight will be given in this regard in the performance appraisal for department heads, in order to emphasize the importance of this task.	

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Promotion – Continued

Employee Regular Performance and Career Development Evaluation Performance Sheet

Indicators	Unit	2022	2023	2024
Number of employees receiving regular performance and career development evaluations	person	7,384	8,750	8,557
Percentage of employees receiving regular performance and career development evaluations	%	100	100	100

Supply Chain Management

Sustainable Supply Chain

The Group's suppliers primarily include those providing raw and auxiliary materials, equipment, and spare parts. To reduce supply chain risks and create a sustainable supply chain, the Group has developed systems such as the *Sustainable Procurement Policy*, the *Supplier Management Regulations*, and the *Code of Conduct for Suppliers*, as well as sustainable procurement targets. Specific management processes are established for different supplier types. Additionally, business ethics, environmental protection, labor, and human rights requirements are incorporated into the supplier management system, further strengthening the supply chain compliance and sustainability.

Sustainable procurement targets

- To reduce the risks of supply chain brought by ESG-related factors (reputational risk, supply chain risk, etc.);
- To reduce the Company's environmental and social impact through sustainable procurement practices;
- To provide sustainable procurement related training for procurement department personnel, covering 100% of procurement department personnel;
- To conduct environmental and social assessment on all key suppliers of the Company;
- No procurement and use of conflict minerals.

The Group selects, evaluates, and manages long-term suppliers of raw and auxiliary materials, equipment, and spare parts to ensure that their products and services meet the needs. Supplier management focuses on entry reviews and ongoing supervision of existing suppliers. All subsidiaries conduct supplier management in accordance with the Group's requirements to ensure supply chain stability and compliance.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – Continued

Sustainable Supply Chain – Continued

Supplier Management Measures

Management Steps Management Details

Entry

Supplier audit and evaluation

- Review supplier questionnaires, RFQs, product drawings/technical requirements and other documents provided by suppliers, and complete multiple evaluations from the technical center, quality center, procurement and supply department, etc.

Compliance and system requirements

- On the basis of confirming that the products, processes, and services provided by the supplier comply with national laws and regulations, integrate environmental management, employee management, and other requirements into the requirements. Key suppliers are required to fill in the *Xingda Supplier Environmental, Social, and Governance (ESG) Risk Analysis Form*, to ensure that the supplier has not had any significant negative ESG-related incidents;
- Perform process verification on samples provided by suppliers, and develop a sample trial approval report.

Inspection

Supplier evaluation

- Strengthen the management of raw and auxiliary material suppliers: require raw material suppliers to provide PPAP (Production Part Approval Process) information management list. Strengthen the management of indirect suppliers: ensure that agents are matched with manufacturers to ensure traceability;
- Conduct on-site review of suppliers, grade them into four levels: A, B, C, and D based on the results, and implement hierarchical management.

Routine management of suppliers

- Regularly verify the quality management system certification of suppliers;
- Regularly require suppliers to sign supply quality guarantees, etc.;
- Require suppliers to sign the *Code of Conduct for Suppliers*.

Supplier ESG evaluation

- Perform ESG evaluation of key suppliers, establish the *Supplier ESG Evaluation Indicator System* that covers 8 topics and 50 indicators, and develop the supply chain ESG evaluation system, in order to improve suppliers' ESG management awareness and performance through digital empowerment.

Improvement

Supplier supervision and improvement

- Contact with suppliers in a timely manner to rectify existing problems. When suppliers fail to pass the audit, require them to make corrections, and follow up on their delivery and improvement.

Withdrawal

Supplier withdrawal

- The D-level suppliers who refuse to rectify or fail to reach the standards after rectification will be disqualified from supplying, and be included in the management of potential suppliers;
- Suppliers who are included in the management of potential suppliers are subject to the re-certification in order to regain the supply qualification.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – Continued

Sustainable Supply Chain – Continued

The Group conducts regular supplier audits to identify and mitigate potential risks, and assesses key raw and auxiliary material suppliers at least once a year. In 2024, Jiangsu Xingda audited key suppliers, covering aspects such as licensing and qualifications, equipment conditions, process workflows, raw materials, and product quality, and evaluated their environmental performance, employment compliance, business ethics and other ESG performance based on the *Supplier ESG Evaluation Indicator System* and the *Environmental Management Questionnaire*. The assessment results were all satisfactory.

The Group places great emphasis on suppliers' ESG performance. It has established the *Code of Conduct for Suppliers*, requiring all suppliers to focus on business ethics, labor and human rights, health and safety, and environmental management while encouraging the adoption of eco-friendly products and services. Additionally, key raw and auxiliary material suppliers are required to sign the *Anti-Bribery Pledge for Suppliers* to prevent commercial bribery and protect the legitimate rights and interests of both parties. In 2024, 100% of Jiangsu Xingda's key raw and auxiliary material suppliers signed the *Code of Conduct for Suppliers*, the *Anti-Bribery Pledge for Suppliers*, and the *Environmental Protection and Safety Agreement*.

Focusing on the comprehensive enhancement of supply chain management capabilities, the Group has established a robust empowerment mechanism for a sustainable procurement system. In internal management, the Group provides sustainable procurement training for procurement and warehouse personnel, and incorporates sustainable procurement into performance assessments for procurement personnel to ensure 100% training coverage. In supplier management, the Group has implemented a closed-loop management process of "supplier training- supplier self-assessment – review of supplier – continuous improvement". All key suppliers are included in the audit plan and have participated in online training on sustainable management.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – Continued

Sustainable Supply Chain – Continued

Responsible Supply Chain Management Dimensions

Focus Areas	Excerpt from the Specific Requirements of the <i>Code of Conduct for Suppliers</i>
Business ethics	
<ul style="list-style-type: none"> • Anti-corruption • Integrity in business • Conflict minerals statement 	<ul style="list-style-type: none"> • Do not commit or tolerate any form of corruption, extortion or embezzlement. • Conduct business in a manner that ensures fair competition and compliance with all applicable anti-trust laws. • Ensure that the metals supplied to us do not originate from minerals or their derivatives from conflict areas directly or indirectly financed or subsidized by armed groups.
Environment	
<ul style="list-style-type: none"> • Environmental management system • Environmental compliance • Waste discharge and resource utilization 	<ul style="list-style-type: none"> • Comply with all applicable environmental regulations, and identify and manage their own environmental risks. • Control or reduce environmentally hazardous emissions, and improve resource utilization. • Use natural resources sparingly, develop climate-friendly products and processes, and reduce GHG emissions.
Labor	
<ul style="list-style-type: none"> • Labor and human rights • Anti-discrimination and diversity • Wages and benefits 	<ul style="list-style-type: none"> • Prohibit child labor and prevent forced labor. • Comply with the principles of equality, diversity, and anti-discrimination. • Fair treatment; employee remuneration meets legal requirements.
Health and safety	
<ul style="list-style-type: none"> • Employee safety protection • Information of product hazards • Emergency preparedness and response 	<ul style="list-style-type: none"> • Protect employees from workplace injuries. • Inform employees about hazardous substances in products. • Make emergency preparedness for potential risks in workplaces.

Responsible Minerals Management

The Group may involve the use of a small amount of tin (Sn) in the production process of some products. It follows the Responsible Business Alliance (RBA) Code of Conduct, formulates the *Declaration on Non-use of Conflict Minerals of Xingda International*, and conducts responsible minerals management.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – Continued

Responsible Minerals Management – Continued

Pledge for Non-use of Conflict Minerals

- The Stannum metal used in the products does not originate from areas of war or illegal armed conflicts;
- We are committed to ensuring that conflict minerals do not exist in our supply chain.

The Group requires its suppliers to ensure that metals in their products do not originate from minerals or their derivatives in conflict areas directly or indirectly funded by armed groups; and requires its suppliers to provide a *Commitment of Non-use of Conflict Minerals* to trace the sources of Aurum (Au), Tantalum (Ta), Stannum (Sn), Cobalt (Co), and Wolfram (W) contained in their products, ensuring that they do not originate from conflict-affected or high-risk areas.

Additionally, the Group incorporates conflict minerals clause and social and environmental requirements into its Purchase and Sales Contracts with suppliers, which explicitly require that all metals used or contained in delivered products must not originate from “conflict minerals” in the Democratic Republic of the Congo (DRC) and its neighboring countries. In 2024, the Group found no suppliers that violated the *Declaration on Non-use of Conflict Minerals of Xingda International*.

Supply Chain Management Performance Sheet

Indicators	Unit	2022	2023	2024
Total number of suppliers	–	264	261	238
Number of suppliers based in Chinese Mainland	–	260	257	236
Number of suppliers based in Chinese Hong Kong, Macao, Taiwan and overseas regions	–	4	4	2
Number of suppliers assessed in environmental, labor, and ethical aspects according to the Company’s supplier evaluation system	–	31	31	30
Number of suppliers identified as having substantially and potentially significant negative social or environmental impacts	–	–	–	–
Percentage of suppliers signing the <i>Code of Conduct for Suppliers</i>	%	90	100	100

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Community Development Support

The Group upholds the corporate social responsibility philosophy of “green, harmonious, honest, and responsible”, actively fulfilling its social responsibilities and promoting the coordinated advancement of corporate development and CSR practices. All manufacturing bases have established regular communication mechanisms with the local community to maintain close ties, promptly understand community needs, and provide support to foster harmonious coexistence.

In terms of community support, the Group has consistently visited the Dainan Town Sanitation Office from 2019 to 2024, offering support to frontline sanitation workers with necessary supplies and showing care for their work and life conditions.

In community talent development, the Group has sponsored the “Future Craftsman” Industrial Robot Programming and Operation Skills Competition for college students in Taizhou for two consecutive years, actively supporting the cultivation of young talent and the development of technological innovation.

In workforce development, the Group actively participates in the “Pomegranate Employment Action” of Jiangsu Province, providing job opportunities for ethnic minority groups. Additionally, the Group has successfully hosted the wet drawing and stranding workers’ skill competitions as part of the “Top Ten Job Skills Competition” in Xinghua City for fourteen consecutive years, and has long provided skills certification for relevant positions in Xinghua and surrounding enterprises, supporting local vocational education and the development of skilled talent.

Charity and Volunteer Service

In terms of employee volunteering, the Group’s employee volunteers donated over 35,000 milliliters of blood in 2024, and the Group received a banner from the Xinghua Blood Station in recognition of its active contribution to voluntary blood donation efforts.

Charity and Volunteer Service Performance Sheet

Indicators	Unit	2022	2023	2024
Amount of charitable donation	RMB10,000	30.24	1.07	1.00
Amount of investment in community benefit	RMB10,000	14.30	28.07	11.15
Amount of investment in community benefit (education support)	RMB10,000	–	0.65	0.21
Amount of investment in community benefit (environmental protection)	RMB10,000	11.30	7.00	7.17
Amount of investment in community benefit (employment)	RMB10,000	–	0.04	0.02
Amount of investment in community benefit (healthcare)	RMB10,000	3.00	20.14	0.49
Amount of investment in community benefit (culture and sports)	RMB10,000	–	0.24	3.26
Amount of investment in community benefit (others)	RMB10,000	–	–	–
Total employee volunteer service hours	hour	1,032	132	123
Employee volunteer service persons	person	300	135	127

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HKEX ESG Reporting Guide Index

Part B: Comply Provisions

Comply item	Report sections
Governance structure	ESG Management Mechanism
The principle of the report	Description of the Report
The scope of the report	Description of the Report

Part C: "Comply or explain" Provisions

Aspects, General Disclosures and KPIs	Report sections
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A1. Emissions	Wastewater Management Waste Gas Management Waste Management Addressing Climate Change
A1.1	Wastewater Management Waste Gas Management
A1.2	Addressing Climate Change
A1.3	Waste Management
A1.4	Waste Management
A1.5	Waste Water Management Waste Gas Management Addressing Climate Change
A1.6	Waste Management
A2. Resource Consumption	Energy Management Water Resources Management Raw Material and Packaging Management
A2.1	Energy Management
A2.2	Water Resources Management
A2.3	Energy Management
A2.4	Water Resources Management
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A3. Environment and Natural Resources	Environmental Management System
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A4. Climate Change	Addressing Climate Change
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Aspects, General Disclosures and KPIs	Report sections
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B1.2	Employment and Labor Practices
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B3. Development and Training	Development and Training
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B4. Labor Standards	Employment and Labor Practices
B4.1	Employment and Labor Practices
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Operating Practices	
B5. Supply Chain Management	Supply Chain Management
B5.1	Supply Chain Management
B5.2	Supply Chain Management
B5.3	Supply Chain Management
B5.4	Supply Chain Management
B6. Product Responsibility	Product and Service Quality Management
B6.1	Product and Service Quality Management
B6.2	Product and Service Quality Management
B6.3	Intellectual Property Protection
B6.4	Product and Service Quality Management
B6.5	Data Security and Customer Privacy Protection
B7. Anti-corruption	Anti-corruption and Anti-bribery
B7.1	Anti-corruption and Anti-bribery
B7.2	Anti-corruption and Anti-bribery
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Community	
B8. Community Investment	Support Community Development
	Charity and Volunteer Service
B8.1	Support Community Development
B8.2	Charity and Volunteer Service

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GRI Standards 2021 Index

Statement of use	Xingda International has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standard	No applicable industry standard

GRI Standard	Disclosure	Report sections	
GRI 2: General Disclosures 2021	2-1	Description of the Report	
	2-2	Description of the Report	
	2-3	Description of the Report	
	2-4	See Data Table Annotations in Each Chapter	
	2-5	Independent Verification Statement	
	2-7	Employment and Labor Practices	
	2-14	Materiality Analysis	
	2-23	Anti-corruption and Anti-bribery Supply Chain Management	
	2-25	Anti-corruption and Anti-bribery	
	2-27	Anti-corruption and Anti-bribery Environmental Management System Energy Management Water Resources Management Waste Gas Management Waste Management Product and Service Quality Management R&D Innovation Responsible Marketing Data Security and Customer Privacy Protection Employment and Labor Practices Occupational Health and Safety	
	2-29	Stakeholder Communication	
	2-30	Employment and Labor Practices	
	GRI 3: Material Topics 2021	3-1	Materiality Analysis
		3-2	Materiality Analysis
3-3		Materiality Analysis	
GRI 201: Economic Performance 2016	201-2	Addressing Climate Change	
GRI 205: Anti-corruption 2016	205-2	Anti-corruption and Anti-bribery	
	205-3	Anti-corruption and Anti-bribery	

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GRI 206: Anti-competitive Behavior 2016	206-1	Anti-corruption and Anti-bribery
GRI 301: Materials 2016	301-1	Raw Material and Packaging Management
	301-2	Raw Material and Packaging Management
	301-3	Raw Material and Packaging Management
GRI 302: Energy 2016	302-1	Energy Management
	302-3	Energy Management
	302-4	Energy Management
	302-5	Energy Management
GRI 303: Water and Effluents 2018	303-1	Water Resources Management
	303-2	Waste Water Management
	303-3	Water Resources Management
	303-4	Waste Water Management
	303-5	Water Resources Management
GRI 305: Emissions 2016	305-1	Addressing Climate Change
	305-2	Addressing Climate Change
	305-4	Addressing Climate Change
	305-5	Addressing Climate Change
	305-6	Addressing Climate Change
GRI 306: Waste 2020	306-1	Waste Management
	306-2	Waste Management
	306-3	Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1	Supply Chain Management
	308-2	Supply Chain Management
GRI 401: Employment 2016	401-1	Employment and Labor Practices
	401-2	Employment and Labor Practices
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety
	403-2	Occupational Health and Safety
	403-3	Occupational Health and Safety
	403-4	Occupational Health and Safety
	403-5	Occupational Health and Safety
	403-6	Occupational Health and Safety
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	403-8	Occupational Health and Safety
	403-9	Occupational Health and Safety
	403-10	Occupational Health and Safety

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GRI Standards 2021 Index – *Continued*

GRI Standard	Disclosure	Report sections
GRI 404: Training and Education 2016	404-1	Development and Training
	404-3	Development and Training
	406-1	Employment and Labor Practices
GRI 406: Non-discrimination 2016	406-1	Employment and Labor Practices
GRI 408: Child Labor 2016	408-1	Employment and Labor Practices
		Supply Chain Management
GRI 409 Forced or Compulsory Labor (2016)	409-1	Employment and Labor Practices
		Supply Chain Management
GRI 414: Supplier Social Assessment 2016	414-1	Supply Chain Management
	414-2	Supply Chain Management
GRI 415: Public Policy 2016	415-1	Support Community Development
		Charity and Volunteer Service
GRI 416: Customer Health and Safety 2016	416-1	Product and Service Quality Management
	416-2	Product and Service Quality Management
GRI 417: Marketing and Labeling 2016	417-1	Responsible Marketing
	417-2	Responsible Marketing
	417-3	Responsible Marketing
GRI 418: Customer Privacy 2016	418-1	Product and Service Quality Management

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Appendix

ESG Performance Data and Notes by Subsidiaries

Energy Use Performance Sheet of Each Manufacturing Base

Indicators	Unit	Year	Jiangsu Base	Shandong Base	Thailand Base
Total direct energy consumption ¹	MWh	2022	805,227.60	60,566.57	30,694.52
		2023	881,096.45	90,138.04	32,324.44
		2024	953,691.43	123,677.48	43,344.34
-Total natural gas consumption	Million m ³	2022	49.12	5.56	2.81
		2023	54.15	8.06	2.95
		2024	56.05	10.72	3.99
-Total liquified natural gas consumption	ton	2022	16,852.06	-	-
		2023	19,182.46	-	-
		2024	21,520.92	-	-
-Total diesel fuel consumption	ton	2022	359.84	33.43	22.52
		2023	393.28	30.58	30.88
		2024	406.33	47.19	16.30
-Total gasoline consumption	ton	2022	-	0.55	1.02
		2023	-	-	1.05
		2024	-	0.46	0.89
-Total solar power generation	MWh	2022	2,496.00	-	-
		2023	16,211.00	2,592.41	-
		2024	34,566.69	7,102.79	-
-Total coal consumption	ton	2022	4,483	-	-
		2023	-	-	-
		2024	-	-	-
Total indirect energy consumption	MWh	2022	1,244,030.83	194,870.00	78,637.20
		2023	1,449,154.75	280,142.72	90,944.40
		2024	1,548,836.88	389,795.73	110,267.20
-Total amount of purchased electricity	GWh	2022	1,244.03	194.87	78.64
		2023	1,449.15	277.68	90.94
		2024	1,548.84	369.43	110.27
Of which: total purchased green electricity	GWh	2022	-	-	-
		2023	-	-	-
		2024	48.47	-	-

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ESG Performance Data and Notes by Subsidiaries – Continued

Indicators	Unit	Year	Jiangsu Base	Shandong Base	Thailand Base
-Total amount of purchased steam	GJ	2022	–	–	–
		2023	–	8,850.67	–
		2024	–	73,310.78	–
Total Comprehensive Energy Consumption ²	MWh	2022	2,049,258.43	255,436.57	109,331.72
		2023	2,330,251.20	370,280.76	123,268.84
		2024	2,502,528.31	513,473.21	153,611.54
Energy consumption density (by production volume) ³	MWh/ton of products	2022	/	/	/
		2023	/	/	/
		2024	2.24	2.10	2.26
Use ratio of clean energy ⁴	%	2022	37.82	23.56	27.82
		2023	37.61	24.25	25.92
		2024	37.92	23.98	28.08

^[1] The total direct energy consumption includes the total natural gas consumption, total liquefied natural gas consumption, total diesel consumption, total gasoline consumption, solar power generation, and total coal consumption. The total indirect energy consumption includes the total purchased electricity and total purchased steam. The 2022 and 2023 data have been retrospectively calculated based on the data disclosed in the respective years.

^[2] Total Comprehensive Energy Consumption = Total Direct Energy Consumption + Total Indirect Energy Consumption.

^[3] Energy Consumption Density (by production volume) = Total Comprehensive Energy Consumption ÷ Total Production Volume.

^[4] Use ratio of clean energy = (Total natural gas consumption + Total liquefied natural gas consumption + Total solar power generation) ÷ Total Comprehensive Energy Consumption * 100%.

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ESG Performance Data and Notes by Subsidiaries – Continued

Water Use Performance Sheet of Each Manufacturing Base

Indicators	Unit	Year	Jiangsu Base	Shandong Base	Thailand Base
Total water consumption	m ³	2022	1,539,614	416,945	138,617
		2023	1,662,780	541,006	151,567
		2024	1,607,696	671,716	196,067
– Water consumption: municipal water supply	m ³	2022	–	46,760	105,137
		2023	–	46,300	129,467
		2024	–	48,805	182,236
– Water consumption: underground water	m ³	2022	142,237	–	–
		2023	132,749	–	–
		2024	136,757	–	–
– Water consumption: surface water	m ³	2022	1,397,377	370,185	–
		2023	1,530,031	494,706	–
		2024	1,470,939	622,911	–
– Water consumption: rainwater directly collected and stored by the enterprise	m ³	2022	–	–	33,480
		2023	–	–	22,100
		2024	–	–	13,831
Total recycled water consumption	m ³	2022	88,626,087	13,416,963	4,635,563
		2023	113,652,040	16,463,078	5,328,607
		2024	120,775,014	18,573,727	9,502,511
Water recycling rate ¹	%	2022	98.29	96.99	97.10
		2023	98.56	96.82	97.23
		2024	98.69	96.51	97.98
Water consumption density (by production volume) ²	m ³ /ton of products	2022	–	–	–
		2023	–	–	–
		2024	1.44	2.75	2.89

^[1] Water recycling rate = Total recycled water consumption/(Total water consumption + Total recycled water consumption)*100%

^[2] Water consumption density (by production volume) = Total water consumption/Total production volume.

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ESG Performance Data and Notes by Subsidiaries – Continued

Raw Materials and Packaging Material Management Performance Sheet of Each Manufacturing Base

Indicator	Unit	Year	Jiangsu Base	Shandong Base	Thailand Base
Total amount of packaging materials used for finished products ¹	ton	2022	5,910.47	893.15	38.23
		2023	7,457.31	1,110.67	639.66
		2024	7,425.89	1,845.36	1,255.07

^[1] The packaging materials counted are the main packaging materials used in the production process of steel cord (excluding bead wire), including disc spools, plastics and cartons. The statistics are based on the total quantity of packaging materials newly purchased in 2024, excluding the quantity of recycled materials.

Wastewater Pollutant Discharge Performance Sheet of Each Subsidiary

Indicator	Unit	Year	Jiangsu Xingda	Taizhou Xingda	Shandong Xingda	Xingda Thailand
Industrial wastewater discharge	10,000 m ³	2022	79.66	5.58	3.59	2.93
		2023	60.23	6.71	2.88	2.50
		2024	63.39	6.36	4.91	2.96
COD _{Cr} emissions	ton	2022	20.54	1.36	0.68	0.76
		2023	11.72	2.38	0.70	0.65
		2024	11.70	1.87	1.26	0.61
BOD ₅ emissions	ton	2022	–	–	–	0.07
		2023	–	–	–	0.06
		2024	–	–	–	0.05
NH ₃ -N emissions ¹	ton	2022	0.37	0.03	0.01	–
		2023	0.32	0.06	0.01	–
		2024	0.70	0.07	0.13	–

^[1] Due to different management requirements, Xingda Thailand measures the Biochemical Oxygen Demand (BOD₅) emissions but does not separately measure the Ammonia Nitrogen (NH₃-N) emissions.

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ESG Performance Data and Notes by Subsidiaries – Continued

Air Pollutant Emission Performance Sheet of Each Subsidiary

Indicator	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda
			Xingda	Xingda	Xingda	Thailand
Total exhaust emission	10,000 m ³	2022	300,174.00	70,721.92	9,961.62	34,468.42
		2023	389,625.00	63,333.00	16,186.38	38,672.64
		2024	421,133.00	62,831.69	16,685.46	44,167.68
Particulate matter (PM) emissions	ton	2022	1.52	0.59	0.44	0.48
		2023	2.04	0.58	1.18	0.78
		2024	2.37	0.72	0.54	0.75
SO ₂ emissions	ton	2022	4.71	1.52	1.27	1.40
		2023	3.99	0.58	0.19	0.10
		2024	4.20	0.07	0.18	0.10
NO _x emissions	ton	2022	26.66	7.61	0.21	0.05
		2023	28.27	5.77	6.83	2.64
		2024	30.37	4.32	4.16	1.91

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ESG Performance Data and Notes by Subsidiaries – Continued

Solid Waste Discharge Performance Sheet of Each Subsidiary

Indicator	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda
			Xingda	Xingda	Xingda	Thailand
Total amount of non-hazardous waste generated	ton	2022	25,351.00	2,783.00	1,481.50	1,156.60
		2023	31,355.67	2,076.70	1,995.63	963.76
		2024	25,351.00	1,673.00	2,573.49	1,021.84
-Disposal method: Recycling/Reuse	ton	2022	/	/	/	/
		2023	/	/	/	/
		2024	25,351.00	1,673.00	2,573.49	1,021.84
Non-hazardous waste generation density (By production volume)	kg/ton of products	2022	/	/	/	/
		2023	/	/	/	/
		2024	25.51	13.70	10.54	15.04
Total amount of hazardous waste generated	ton	2022	25,424.40	19.27	1,631.70	1,602.12
		2023	24,163.22	208.86	1,211.10	1,785.07
		2024	30,948.00	42.71	1,853.56	2,492.31
-Disposal method: Incineration with energy recovery	ton	2022	/	/	/	/
		2023	/	/	/	/
		2024	–	–	–	697.57
-Disposal method: Incineration without energy recovery	ton	2022	/	/	/	/
		2023	/	/	/	/
		2024	40.54	–	11.07	–
-Disposal method: Landfilling	ton	2022	/	/	/	/
		2023	/	/	/	/
		2024	–	–	646.89	643.11
-Disposal method: Other ¹	ton	2022	/	/	/	/
		2023	/	/	/	/
		2024	30,907.46	42.71	1,195.61	1,151.63
Hazardous waste generation density (By production volume)	kg/ton of products	2022	/	/	/	/
		2023	/	/	/	/
		2024	31.14	0.35	7.59	36.69

⁽¹⁾ The “Other” disposal methods for hazardous waste at Jiangsu Xingda include the recycling of metals and their compounds, re-refining or reuse of waste oil, physico-chemical treatments (such as evaporation, drying, neutralization, precipitation, etc.), and cleaning and collection; The “Other” disposal methods for hazardous waste at Taizhou Xingda include cleaning of waste packaging barrels and re-refining or reuse of waste mineral oil; The “Other” disposal methods for hazardous waste at Shandong Xingda include the recycling of metals and their compounds from copper-containing sludge, solvent recovery or regeneration treatment of waste engine oil, and re-refining or reuse of waste lubricants. The “Other” disposal methods for hazardous waste at Xingda Thailand include the recycling of waste acid.

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ESG Performance Data and Notes by Subsidiaries – Continued

GHG Emissions Performance Sheet of Each Manufacturing Base

Indicators	Unit	Year	Jiangsu Base	Shandong Base	Thailand Base
Scope I GHG emissions	tCO ₂ e	2022	155,757.42	12,127.13	6,150.79
		2023	162,909.94	17,514.90	6,482.54
		2024	183,574.47	23,788.67	8,787.29
Scope II GHG emissions	tCO ₂ e	2022	849,548.65	172,323.54	30,118.05
		2023	989,627.78	246,529.53	34,831.71
		2024	925,894.70	244,868.82	44,217.15
Scope III carbon emissions of the value chain	tCO ₂ e	2022	/	/	/
		2023	/	/	/
		2024	5,258,034.44	1,110,582.48	281,341.25
GHG emissions (Scope I, Scope II, and Scope III)	tCO ₂ e	2022	/	/	/
		2023	/	/	/
		2024	4,363,946.44	940,644.58	212,362.47
GHG emissions (Scope I and Scope II)	tCO ₂ e	2022	1,005,306.07	184,450.67	36,268.83
		2023	1,152,537.72	264,044.44	41,314.25
		2024	1,109,469.17	268,657.49	53,004.44
Unit production volume GHG emission intensity (Scope I and Scope II)	tCO ₂ e/ton of products	2022	/	/	/
		2023	/	/	/
		2024	0.99	1.10	0.78

Product and Service Quality Management Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu Xingda	Taizhou Xingda	Shandong Xingda	Xingda Thailand
Percentage of products that must be recovered for safety and health reasons of the total products sold or shipped	%	2022	–	–	–	–
		2023	–	–	–	–
		2024	–	–	–	–
Number of complaints received regarding products and services	case	2022	38	9	3	6
		2023	31	2	5	5
		2024	25	6	6	1
Complaint handling rate	%	2022	100	100	100	100
		2023	100	100	100	100
		2024	100	100	100	100

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ESG Performance Data and Notes by Subsidiaries – Continued

Employment Performance Sheet of Each Subsidiary ¹

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong
			Xingda, Xingda Thailand	Xingda	Xingda
Number of employees					
Number of employees	person	2022	7,074	310	/
		2023	7,111	301	1,338
		2024	6,761	265	1,531
Number of male employees	person	2022	5,025	257	/
		2023	5,044	252	988
		2024	4,808	222	1,147
Number of female employees	person	2022	2,049	53	/
		2023	2,067	49	350
		2024	1,953	43	384
Number of employees under full-time labor contract	person	2022	7,074	310	/
		2023	7,111	301	1,338
		2024	6,761	265	1,531
Number of employees on labor dispatch	person	2022	–	–	/
		2023	–	–	–
		2024	–	–	–
Number of part-time employees	person	2022	–	–	/
		2023	–	–	–
		2024	–	–	–
Number of employees aged under 30 years old	person	2022	1,173	62	/
		2023	1,264	61	171
		2024	1,026	52	216
Number of employees aged 30-50	person	2022	5,405	217	/
		2023	5,360	211	1,083
		2024	5,208	186	1,228
Number of employees aged over 50 years old	person	2022	496	31	/
		2023	487	29	84
		2024	527	27	87
Number of employees working in Chinese Mainland	person	2022	6,378	310	/
		2023	6,304	301	1,338
		2024	5,991	265	1,531

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ESG Performance Data and Notes by Subsidiaries – Continued

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong
			Xingda, Xingda, Thailand	Xingda	Xingda
Number of employees working in Chinese Hong Kong, Macao, Taiwan and overseas regions	person	2022	696	–	/
		2023	807	–	–
		2024	770	–	–
Number of general employees	person	2022	6,918	302	/
		2023	6,958	292	1,329
		2024	6,611	256	1,515
Number of middle-level managers	person	2022	144	7	/
		2023	141	8	8
		2024	137	8	13
Number of senior-level managers	person	2022	12	1	/
		2023	12	1	1
		2024	13	1	3
Number of ethnic minority employees	person	2022	57	6	/
		2023	68	6	23
		2024	63	4	24
Proportion of ethnic minority employees	%	2022	0.81	1.94	/
		2023	0.96	1.99	1.72
		2024	0.93	1.51	1.57
Employee turnover rate					
Employee turnover rate	%	2022	23.24	32.75	/
		2023	19.74	33.11	31.73
		2024	21.11	27.00	31.99
Male employee turnover rate	%	2022	23.24	31.65	/
		2023	19.53	31.89	30.81
		2024	21.23	24.49	31.24
Female employee turnover rate	%	2022	23.26	37.65	/
		2023	20.25	38.75	34.21
		2024	20.80	37.68	34.13
Turnover rate of employees aged under 30 years old	%	2022	29.21	46.55	/
		2023	24.08	48.74	46.73
		2024	28.80	40.23	45.73

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ESG Performance Data and Notes by Subsidiaries – Continued

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong
			Xingda, Xingda Thailand	Xingda	Xingda
Turnover rate of employees aged 30-50	%	2022	20.93	29.55	/
		2023	17.63	28.72	29.26
		2024	18.55	23.77	29.38
Turnover rate of employees over 50 years old	%	2022	31.40	16.22	/
		2023	29.22	17.14	22.22
		2024	28.30	15.63	23.68
Employee turnover rate in Chinese Mainland	%	2022	21.07	32.75	/
		2023	17.71	33.11	31.73
		2024	18.74	27.00	31.99
Turnover rate of employees working in Chinese Hong Kong, Macao, Taiwan and overseas regions	%	2022	38.68	–	/
		2023	32.69	–	/
		2024	35.67	–	–

[1] The data for Shandong Xingda in 2022 has been included within the scope of data statistics for Jiangsu Xingda.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Occupational Health and Safety Performance Sheet for Employees of Each Subsidiary ¹

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda
			Xingda	Xingda	Xingda	Thailand
Number of employees who died for work-related injuries	person	2022	–	–	/	/
		2023	–	–	/	/
		2024	–	–	–	–
Proportion of employees who died for work-related injuries	%	2022	–	–	/	/
		2023	–	–	/	/
		2024	–	–	–	–
Number of working days lost due to work-related injuries	day	2022	64	–	/	/
		2023	39	–	/	/
		2024	30	–	–	–
Working hour loss accident rate of direct labor force	%	2022	0.51	–	/	/
		2023	0.0418	–	/	/
		2024	0.0281	–	–	–
Working hour loss serious accident rate of direct labor force	%	2022	0.0033	–	/	/
		2023	0.0016	–	/	/
		2024	0.0008	–	–	–
Percentage of workplaces that carried out assessment for employee health and safety risk	%	2022	100	100	/	/
		2023	100	100	/	/
		2024	100	100	100	100
Percentage of employees in all workplaces of the Company represented by the official management-Employee Health and Safety Committee (EHS Committee)	%	2022	100	100	/	/
		2023	100	100	/	/
		2024	100	100	100	100

[1] The data for Shandong Xingda and Thailand Xingda for 2022 and 2023 have been included within the scope of data statistics for Jiangsu Xingda.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Employee Training Performance Sheet of Each Subsidiary ¹

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong
			Xingda, Xingda Thailand	Xingda	Xingda
Employee training coverage ¹					
Employee training coverage	%	2022	99.24	100.00	/
		2023	99.31	100.00	100.00
		2024	99.23	100.00	100.00
Proportion of male employees covered by training	%	2022	99.20	100.00	/
		2023	100.00	100.00	100.00
		2024	99.79	100.00	100.00
Proportion of female employees covered by training	%	2022	99.32	100.00	/
		2023	97.63	100.00	100.00
		2024	97.85	100.00	100.00
Proportion of general employees covered by training	%	2022	99.67	100.00	/
		2023	99.45	100.00	100.00
		2024	99.39	100.00	100.00
Proportion of middle-level managers covered by training	%	2022	98.61	–	/
		2023	99.29	100.00	100.00
		2024	98.54	100.00	100.00
Proportion of senior-level managers covered by training	%	2022	25.00	–	/
		2023	25.00	100.00	100.00
		2024	23.08	100.00	100.00

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Indicators	Unit	Year	Jiangsu Xingda, Xingda, Taizhou Xingda, Shandong Xingda		
			Thailand	Xingda	Xingda
Training hours per employee ²					
Average number of hours of employee training	hour	2022	21.00	15.00	/
		2023	21.88	16.37	21.47
		2024	24.86	19.23	34.69
Average number of hours of male employee training	hour	2022	21.00	30.00	/
		2023	21.00	13.89	21.50
		2024	24.70	17.66	34.52
Average number of hours of female employee training	hour	2022	21.00	12.00	/
		2023	24.02	29.10	21.40
		2024	25.25	27.31	35.19
Average number of hours of general employee training	hour	2022	19.00	16.00	/
		2023	19.62	16.63	21.45
		2024	22.48	19.61	34.71
Average number of hours of middle-level manager training	hour	2022	103.00	–	/
		2023	134.04	6.00	23.00
		2024	140.60	6.13	23.00
Average number of hours of senior-level manager training	hour	2022	12.00	–	/
		2023	12.83	23.00	36.00
		2024	14.04	25.00	34.33

[1] The data for Shandong Xingda in 2022 has been included within the scope of data statistics for Jiangsu Xingda.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Performance Sheet of Employees in Each Subsidiary Receiving Regular Performance and Career Development Evaluation ¹

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong
			Xingda, Xingda Thailand	Xingda	Xingda
Number of employees receiving regular performance and career development evaluations	person	2022	7,074	310	/
		2023	7,111	301	1,338
		2024	6,761	265	1,531
Percentage of employees receiving regular performance and career development evaluations	%	2022	100	100	/
		2023	100	100	100
		2024	100	100	100

[1] The data for Shandong Xingda in 2022 has been included within the scope of data statistics for Jiangsu Xingda.

Independent Verification Statement

Verification Statement: EIV2 131571 0003 Rev. 00

To the management and stakeholders of Xingda International,

TÜV SÜD Certification and Testing (China) Co., Ltd. (hereinafter referred to as “TÜV SÜD”) has been engaged by Xingda International Holdings Limited (hereinafter referred to as “Xingda International” or “the Company”) to perform an independent third-party verification on Xingda International Holdings Limited 2024 Environmental, Social and Governance Report (hereinafter referred to as “the Report”). During this verification, TÜV SÜD’s verification team strictly abided by the contract signed with Xingda International and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Xingda International and provided to TÜV SÜD. The scope of verification is limited to the given information. Xingda International shall be held accountable for authenticity and completeness of the provided data and information (contains assumptions, projections, and/or historical facts).

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by Xingda International during the reporting period from January 1st, 2024 to December 31st, 2024, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company’s sustainability performance during the reporting period.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Independent Verification Statement – CONTINUED

Scope of Verification – Continued

Physical boundary of this verification:

- The on-site verification sampling took place at below listed location:
No.88 West Renmin Road, Dainan Town, Xinghua City, Jiangsu Province, China

Scope of data and information for the verification:

- The scope of verification is limited to the data and information of Xingda International and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of Xingda International's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2024 are beyond the scope of this verification.
- TÜV SÜD's verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor constitute a guarantee of the credibility or status of the subject of verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- *AA1000AS v3, Type 1 Engagement and Moderate level Assurance*
- *Sustainability report verification programme operation rule (CCB_EIV_GR_002E Rev02)*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site review of all supporting documents, data and other information provided by Xingda International; tracing and verification of key performance information;
- Special interview with the representative of Xingda International's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Independent Verification Statement – *CONTINUED*

Verification Conclusions

According to the verification, we believe that the data and information presented in Xingda International's report are objective, factual and reliable, without systematic problems.

The verification team has drawn the following conclusions on this Report:

- Inclusivity** Xingda International has fully identified the internal and external stakeholders of the organization, such as shareholders, customers, suppliers and partners, employees, government units, etc., and has established a stakeholder communication mechanism to collect the real demands of the stakeholders.
- Materiality** Xingda International has established a prioritization process for substantive issues, identified sustainability issues that are highly relevant to the industry, disclosed the governance structure, management actions and performance data in the Company's sustainability management process, and the content of the report is substantive.
- Responsiveness** Focusing on issues of concern to stakeholders, Xingda International clearly disclosed its management methods and performance on highly substantive issues such as sustainable procurement, compliance and business ethics, and community and human capital development, and established a communication mechanism to fully respond to the demands and expectations of stakeholders.
- Impact** Xingda International has disclosed its impact on sustainable development for the identified material issues through the material issues identification and assessment process.

Recommendations on Continuous Improvement

- It is recommended that the Company should do a good job of dynamic management of ESG report support materials.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, the Company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Independent Verification Statement – CONTINUED

Statement on Independence and Verification Capability – Continued

TÜV SÜD and Xingda International are two entities independent of each other and both TÜV SÜD and Xingda International and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by Xingda International. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.



Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

31 March 2025

Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Xingda International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 167 to 253, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter – CONTINUED

Key audit matter

Cut-off of revenue recognition from contracts with customers

The Group sells radial tire cords and wires to customers and revenue is recognised at a point in time when the control of the goods is transferred to the customers in accordance with agreed delivery terms.

Jiangsu Xingda Steel Tyre Cord Co. Ltd. (“Jiangsu Xingda”), a subsidiary of the Company, recognised revenue from contracts with external customers amounted to RMB8,186,660,000 for the year ended 31 December 2024, representing 68.56% of total revenue of the Group.

We identified the cut-off of revenue recognition of Jiangsu Xingda as a key audit matter, due to the financial significance of Jiangsu Xingda’s revenue recognised and various types of goods delivery terms involved in Jiangsu Xingda’s sales contracts with its customers in different geographical locations, which increase the risk of cut-off of revenue recognition around year end.

How our audit addressed the key audit matter

Our audit procedures in relation to cut-off of revenue recognition from contracts with customers included:

- Understanding the business process of revenue recognition from contracts with customers and testing the design, implementation and operating effectiveness of key controls relevant to the cut-off of revenue recognition;
- Reviewing sales terms as stated in the sales contracts, on a sample basis, to assess whether the Group’s revenue recognition policy is in compliance with IFRS 15 *Revenue from Contracts with Customers*; and
- Checking, on a sample basis, the recorded transactions by examining the underlying supporting evidences in accordance with the delivery terms of respective sales transactions, such as logistic information, bill of lading, or other documents, to assess whether the sales transactions are recorded in the correct accounting periods.



INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Those Charged with Governance for the Consolidated Financial Statements

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

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.

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements – *CONTINUED*

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 Bao Jie.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Revenue	6	11,940,423	11,490,471
Cost of sales		<u>(9,746,104)</u>	<u>(9,289,969)</u>
Gross profit		2,194,319	2,200,502
Other income	7	208,262	145,049
Government grants	8	26,024	14,125
Other gains and losses, net	9	44,557	67,391
Reversal (recognition) of impairment losses under expected credit loss model	38b	918	(25,995)
Other expense		(5,137)	(7,759)
Distribution and selling expenses		(1,080,032)	(796,350)
Administrative expenses		(413,834)	(456,966)
Research and development expenditure		(232,232)	(170,719)
Finance costs	10	<u>(220,707)</u>	<u>(233,527)</u>
Profit before tax		522,138	735,751
Income tax expense	11	<u>(134,304)</u>	<u>(98,362)</u>
Profit for the year	12	<u>387,834</u>	<u>637,389</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>17,928</u>	<u>9,592</u>
Total comprehensive income for the year		<u>405,762</u>	<u>646,981</u>
Profit for the year attributable to:			
Owners of the Company		269,045	449,401
Non-controlling interests		<u>118,789</u>	<u>187,988</u>
		<u>387,834</u>	<u>637,389</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		281,613	455,672
Non-controlling interests		<u>124,149</u>	<u>191,309</u>
		<u>405,762</u>	<u>646,981</u>
Earnings per share			
Basic (RMB cents)	15	<u>14.23</u>	<u>27.07</u>
Diluted (RMB cents)		<u>14.14</u>	<u>26.89</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	NOTES	31/12/2024 RMB'000	31/12/2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	8,013,342	7,159,611
Right-of-use assets	17	605,082	620,193
Freehold land	18	181,978	69,532
Investment properties	19	107,300	117,300
Term deposits	24	748,460	725,337
Deferred tax assets	20	156,645	170,546
Prepayments for acquisition of property, plant and equipment and freehold land		155,062	254,551
Prepayments		12,901	14,963
		<u>9,980,770</u>	<u>9,132,033</u>
CURRENT ASSETS			
Inventories	21	1,423,150	903,643
Financial assets at fair value through profit or loss ("FVTPL")	22	123,148	69,448
Trade, bills and other receivables	23	7,999,040	8,028,097
Tax recoverable		4,204	–
Term deposits	24	2,015,618	2,015,840
Bank balances and cash	24	835,591	570,801
		<u>12,400,751</u>	<u>11,587,829</u>
CURRENT LIABILITIES			
Trade and other payables	25	5,175,964	5,015,283
Contract liabilities	26	93,711	50,841
Tax liabilities		79,667	71,258
Dividend payable		3	86,290
Borrowings – due within one year	27	6,815,194	6,120,325
Lease liabilities	29	271	250
Obligations arising from repurchase of shares	30	229,111	223,944
		<u>12,393,921</u>	<u>11,568,191</u>
NET CURRENT ASSETS		<u>6,830</u>	<u>19,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,987,600</u>	<u>9,151,671</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	NOTES	31/12/2024 RMB'000	31/12/2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	62,259	59,473
Borrowings – due after one year	27	970,420	509,725
Deferred income	28	268,281	283,053
Lease liabilities	29	395	529
		<u>1,301,355</u>	<u>852,780</u>
NET ASSETS		<u>8,686,245</u>	<u>8,298,891</u>
CAPITAL AND RESERVES			
Share capital	31	186,603	163,218
Share premium and other reserves		<u>6,281,126</u>	<u>5,941,705</u>
Equity attributable to owners of the Company		6,467,729	6,104,923
Non-controlling interests	40(ii)	<u>2,218,516</u>	<u>2,193,968</u>
TOTAL EQUITY		<u>8,686,245</u>	<u>8,298,891</u>

The consolidated financial statements on pages 167 to 253 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

LIU JINLAN
DIRECTOR

WANG JIN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Attributable to owners of the Company

	Share capital	Share premium	Special reserve	Capital contribution reserve	Statutory common reserve	Capital redemption reserve	Translation reserve	Retained profits	Shares held under share-award scheme	Share-based payments reserve	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note i)	RMB'000 (note ii)	RMB'000 (note iii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	163,218	-	429,281	(130,150)	973,269	9,700	(52,520)	4,471,845	(3,540)	3,411	5,864,514	2,059,269	7,923,783
Profit for the year	-	-	-	-	-	-	-	449,401	-	-	449,401	187,988	637,389
Other comprehensive income for the year	-	-	-	-	-	-	6,271	-	-	-	6,271	3,321	9,592
Total comprehensive income for the year	-	-	-	-	-	-	6,271	449,401	-	-	455,672	191,309	646,981
Appropriations	-	-	-	-	64,798	-	-	(64,798)	-	-	-	-	-
Dividend recognised as distribution (note 14)	-	-	-	-	-	-	-	(222,752)	-	-	(222,752)	-	(222,752)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(84,277)	(84,277)
Exercise of put option of shares of a subsidiary granted to a non-controlling interest (note 30)	-	-	4,898	-	-	-	-	-	-	-	4,898	27,667	32,565
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	-	-	-	2,591	2,591	-	2,591
At 31 December 2023	163,218	-	434,179	(130,150)	1,038,067	9,700	(46,249)	4,633,696	(3,540)	6,002	6,104,923	2,193,968	8,298,891
Profit for the year	-	-	-	-	-	-	-	269,045	-	-	269,045	118,789	387,834
Other comprehensive income for the year	-	-	-	-	-	-	12,568	-	-	-	12,568	5,360	17,928
Total comprehensive income for the year	-	-	-	-	-	-	12,568	269,045	-	-	281,613	124,149	405,762
Issuance of shares (note 31)	23,385	282,961	-	-	-	-	-	-	-	-	306,346	-	306,346
Appropriations	-	-	-	-	42,434	-	-	(42,434)	-	-	-	-	-
Dividend recognised as distribution (note 14)	-	-	-	-	-	-	-	(226,207)	-	-	(226,207)	-	(226,207)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(99,601)	(99,601)
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	-	-	-	1,054	1,054	-	1,054
At 31 December 2024	<u>186,603</u>	<u>282,961</u>	<u>434,179</u>	<u>(130,150)</u>	<u>1,080,501</u>	<u>9,700</u>	<u>(33,681)</u>	<u>4,634,100</u>	<u>(3,540)</u>	<u>7,056</u>	<u>6,467,729</u>	<u>2,218,516</u>	<u>8,686,245</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Notes:

- (i) Special reserve of RMB434,179,000 represents (i) the difference between the paid-in capital of Faith Maple International Ltd. (“Faith Maple”) acquired by the Company and the nominal value of the share capital of the Company through an exchange of shares in prior year; (ii) the difference between the consideration paid by Faith Maple and the net carrying amount of equity interest in Jiangsu Xingda, a subsidiary of the Company, at date of acquisition in prior year; (iii) the difference between the net carrying amount of additional 24.5% equity interest (“equity interest”) in Shandong Xingda Steel Tyre Cord Co., Ltd. (“Shandong Xingda”), a subsidiary of the Company, and the fair value of consideration paid in relation to the acquisition of the equity interest in 2016; (iv) the difference between the consideration paid by Jiangsu Xingda and the net carrying amount of 90% equity interest in Jiangsu Xingda Special Cord Co., Ltd. (“Xingda Special Cord”), a subsidiary of the Company, in 2019; (v) the difference between the net carrying amount of additional 3.77% equity interest in Jiangsu Xingda acquired by Faith Maple through the subscription of 212,229,323 new shares issued by Jiangsu Xingda with an amount of RMB689,745,000 in 2019; (vi) the difference between the consideration paid by 5 strategic investors, namely 成山集團有限公司 (Chengshan Group Co., Ltd.*) (“Chengshan Group”), 玲瓏輪胎有限公司 (Linglong Tire Co., Ltd.*) (“Linglong Tire”), 賽輪集團股份有限公司 (Sailun Group Co., Ltd.*) (“Sailun Group”), 三角輪胎股份有限公司 (Triangle Tyre Co., Ltd.*) (“Triangle Tyre”) and 嘉興建信宸玥股權投資合夥企業(有限合夥) (Jiaxing Jianxin Chenyue Equity Investment Enterprise (Limited Partnership)*) (“Jiaxing Jianxin Chenyue”) for 3.35% equity interest in Jiangsu Xingda and respective carrying amount of 3.35% of net assets of Jiangsu Xingda subgroup with an amount of RMB12,833,000 in 2020, netting with impact upon 1 strategic investor’s exercise of put option with 0.44% equity interest in Jiangsu Xingda in 2023 as stated in note 30 amounting RMB4,898,000; (vii) the difference between the aggregate amount of net assets related to 42.38% and 24.50% equity interest in Shandong Xingda transferred from Faith Maple and a non-controlling interests to Jiangsu Xingda and 2.47% of net assets of Jiangsu Xingda subgroup with an amount of RMB64,004,000 in 2020; and (viii) the difference between the total share-based payment expenses recognised for the 101,840,880 shares of Jiangsu Xingda, transferred from a non-controlling shareholder, granted to eligible directors, employees and a supplier rendering services to the Group and the change in share of net assets of Jiangsu Xingda by non-controlling shareholders with an amount of RMB198,071,000 in 2020.
- (ii) Capital contribution reserve represents deemed distribution to shareholders for the acquisition of equity interest in Jiangsu Xingda and contribution received from shareholders in previous years.
- (iii) According to the Articles of Association of the subsidiaries in the People’s Republic of China (the “PRC”), the subsidiaries of the Group in the PRC are required to transfer 10% of the profit after tax to the statutory common reserve until the reserve reaches 50% of the registered capital. Transfer to this fund must be made before distributing dividends to shareholders. The statutory common reserve can be used to make up for previous year’s losses, expand the existing operations or convert into additional capital of the subsidiaries.
- * For identification only

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
OPERATING ACTIVITIES		
Profit before tax	522,138	735,751
Adjustments for		
Depreciation and amortisation	819,802	642,403
Interest income	(124,210)	(52,193)
Loss on fair value changes of investment properties	10,000	3,700
Dividend income from financial assets at FVTPL	(7,442)	(2,211)
Loss on disposal and written-off of property, plant and equipment	2,232	583
(Reversal) recognition of impairment losses under expected credit loss model	(918)	25,995
Impairment loss recognised on property, plant and equipment	–	91,623
Recognition of equity-settled share-based payments	1,054	2,591
Finance costs	220,707	233,527
Change in fair value of financial assets at FVTPL	(4,158)	(4,340)
Amortisation of deferred income	(20,272)	(5,566)
Unrealised exchange gain	(22,259)	(36,821)
Operating cash flows before movements in working capital	1,396,674	1,635,042
(Increase) decrease in inventories	(519,507)	277,526
Increase in trade, bills and other receivables	(140,050)	(64,966)
Decrease in prepayments	2,062	3,000
Increase (decrease) in trade and other payables	148,460	(41,990)
Increase (decrease) in contract liabilities	42,870	(6,434)
Cash generated from operations	930,509	1,802,178
Income taxes paid	(112,917)	(168,769)
NET CASH FROM OPERATING ACTIVITIES	817,592	1,633,409

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,308,165)	(1,224,373)
Placement of term deposits	(323,339)	(1,047,055)
Payment for acquiring financial assets at FVTPL	(49,542)	–
Payments for leasehold lands	(462)	(1,082)
Withdrawal of term deposits	397,061	1,170,115
Interest received	27,808	110,432
Receipts of assets-related government grants	5,500	32,917
Proceeds on disposal of property, plant and equipment	7,623	15,136
Dividend received from financial assets at FVTPL	6,947	1,990
NET CASH USED IN INVESTING ACTIVITIES	(1,236,569)	(941,920)
FINANCING ACTIVITIES		
New bank borrowings raised	7,578,999	5,632,967
Proceeds from issue of shares	306,346	–
Repayments of bank borrowings	(6,576,856)	(5,940,182)
Interest paid	(207,105)	(231,466)
Dividends paid	(226,207)	(222,752)
Dividends paid to non-controlling interests of subsidiaries	(185,888)	(185,937)
Repayments to obligation from repurchase of shares	(10,833)	(9,167)
Repayments of lease liabilities	(292)	(291)
Repayment of other loan from a related party	–	(88,900)
Other loan raised from a related party	–	88,900
NET CASH FROM (USED IN) FINANCING ACTIVITIES	678,164	(956,828)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	259,187	(265,339)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	570,801	824,867
Effect of foreign exchange rates changes	5,603	11,273
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER	835,591	570,801
Cash and cash equivalents	835,591	570,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL

Xingda International Holdings Limited (the “Company”, and together with its subsidiaries, collectively referred to as the “Group”) is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of its business is Xinghua City, Jiangsu Province, the People’s Republic of China (the “PRC”).

The Company is an investment holding company and its subsidiaries are engaged in the manufacture and trading of radial tire cords, bead wires and other wires.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING POLICIES

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenant
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING POLICIES – CONTINUED

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 6 and 26.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis.

Right-of-use assets

The cost of right-of-use assets mainly includes the amount of the initial measurement of the lease liability. Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments mainly include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Foreign currencies – continued

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes and defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Share-based payments – continued

Equity-settled share-based payment transactions – continued

Shares granted to employees – continued

A trustee, as an independent third party, was appointed by the Company for the administration of the share award scheme. When the trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held under share-award scheme and deducted from total equity. No gain or loss is recognised on the transactions of the Company's own shares.

When the trustee transfers the Company's shares to grantees upon vesting, the consideration paid related to the granted shares vested and the cumulative expense recognised for the granted shares vested are transferred to retained profits.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Taxation – continued

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or service, or for administrative purposes (other than freehold land and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Property, plant and equipment – continued

Depreciation is recognised so as to write off the cost of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Impairment on property, plant and equipment and right-of-use assets – continued

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profits or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimated of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Classification and subsequent measurement of financial assets – continued

(ii) Financial assets at FVTPL

The Group's financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade, bills and other receivables, term deposits, and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(a) Significant increase in credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – continued

(a) Significant increase in credit risk – continued

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

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(b) Definition of default

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – continued

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – continued

(e) Measurement and recognition of ECL – continued

The ECL for the Group's trade receivables of the credit-impaired debtors are assessed individually. The ECL for the Group's trade receivables of non-credit impaired debtors, bills receivables, other receivables, term deposits and bank balances are considered on a collective basis.

For collective assessment, the Group takes nature and industry of debtors, aging information and relevant credit information into consideration when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade, bills and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "other gains and losses, net" line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the "other gains and losses, net" line item as part of the gain/(loss) from changes in fair value of financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

All financial liabilities including trade and other payables, dividend payable and borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Obligations arising from repurchase of shares of a subsidiary

Obligations arising from repurchase of shares of a subsidiary as set out in note 30 are recognised initially at the present value of contractual stream of future cash flows payable upon exercise of the put options written by the Company to non-controlling shareholders. The Group recognises a debit in equity on initial recognition of the written put over the non-controlling shareholders which is presented as a deduction from non-controlling interests. The gross financial liability arising from the put options is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group.

Subsequent, the financial liabilities are measured at amortised cost, using effective interest method. Prior to the exercise of the put options by non-controlling shareholders, all subsequent changes in the carrying amount of the financial liabilities that result from the remeasurement of the present value of the amount payable upon exercise of the put options to the non-controlling interests are recognised in the profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses, net' line item in profit or loss (note 9) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Estimated provision of ECL for trade receivables

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables. The ECL of trade receivables are assessed by using collective basis with appropriate grouping for non-credit impaired debtors and are assessed individually for credit-impaired debtors.

For trade receivables which are non-credit impaired, collective assessment is performed by grouping debtors based on the nature and industry of debtors, aging information and relevant credit information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 38 and 23, respectively.

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – CONTINUED

Key sources of estimation uncertainty – continued

Estimated impairment of property, plant and equipment – continued

For the years ended 31 December 2024 and 2023, a non-wholly-owned-subsiary of the Company, incorporating and operating in Thailand, Xingda Steel Cord (Thailand) Company Limited (“Xingda Thailand”), did not achieve the pre-set profitability target for the respective years. The management of the Group concluded there is impairment indication and conducted impairment assessment on carrying amounts of property, plant and equipment of this subsidiary, being a separate cash-generating unit.

According to the result of the assessment, management of the Group determined that the carrying amount of property, plant and equipment and related parcel of freehold land held by the subsidiary in Thailand was RMB1,161,348,000 as at 31 December 2024 (2023: RMB983,046,000) with no impairment loss was recognised/reversed during the year (2023: impairment loss of RMB91,623,000 was recognised on the relevant property, plant and equipment). Details of the impairment of property, plant and equipment are disclosed in note 16.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings, lease liabilities and obligations arising from repurchase of shares disclosed in notes 27, 29 and 30 respectively and equity attributable to owners of the Company, comprising share capital, reserves and non-controlling interests.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, share buy-backs, new share issues as well as raising of new borrowings and repayment of existing borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

6. REVENUE AND SEGMENT INFORMATION

Revenue

(a) *Disaggregation of revenue from contracts with customers*

The following is an analysis of the Group's revenues from its major products:

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Sale of products		
Radial tire cords		
– For trucks	6,705,213	6,743,779
– For passenger cars	3,538,542	3,136,969
Bead wires and other wires	1,696,668	1,609,723
Total	<u>11,940,423</u>	<u>11,490,471</u>
Timing of revenue recognition		
A point in time	<u>11,940,423</u>	<u>11,490,471</u>

The contracts for sales of goods to external customers are short-term and the contract prices are fixed.

The Group's customers were mainly tyre manufacturers in the PRC and other countries.

(b) *Performance obligations for contracts with customers and revenue recognition policies*

The Group sells radial tire cords and wires to external customers in which the revenue is recognised at a point in time when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or free on board or delivered to the designated locations.

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

6. REVENUE AND SEGMENT INFORMATION – CONTINUED

Revenue – continued

(c) *Transaction price allocated to the remaining performance obligation for contracts with customers*

All performance obligations for sale of radial tire cords, bead wires and other wires are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The directors of the Company, being the chief operating decision maker of the Group, regularly review revenue analysis by types of products which are basically radial tire cords, bead wires and other wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective types of products. The directors of the Company review the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single operating and reportable segment under IFRS 8 Operating Segments and accordingly no separate segment information is prepared. The information about its non-current assets (other than deferred tax assets and term deposits) by geographical locations of the assets is set out as below:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
The PRC	7,802,236	7,103,642
Thailand	1,273,429	1,132,508
	<u>9,075,665</u>	<u>8,236,150</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

6. REVENUE AND SEGMENT INFORMATION – CONTINUED

Geographical information

Information about the Group's revenue from operations and arising from external customers is presented based on the location of the goods delivered.

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
The PRC (country of domicile)	8,070,924	7,806,020
India	554,658	442,249
Thailand	502,238	432,900
Brazil	341,514	305,257
United States of America	329,002	345,979
Slovakia	213,614	342,753
Romania	182,288	148,552
Others	1,746,185	1,666,761
	<u>11,940,423</u>	<u>11,490,471</u>

"Others" included revenue from various countries which are individually less than 10% of the Group's total revenue.

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

7. OTHER INCOME

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Bank interest income	124,210	52,193
Sales of scrap materials	64,406	62,733
Rental income from investment properties	2,741	2,171
Sundry income	16,905	27,952
	<u>208,262</u>	<u>145,049</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. GOVERNMENT GRANTS

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Unconditional government grants (<i>note</i>)	5,752	8,559
Released from deferred income (<i>note 28</i>)	20,272	5,566
	<u>26,024</u>	<u>14,125</u>

Note: The amount mainly represents government grants received from the local governments relevant to the Group's operations and business development. The grant is unconditional at the date the amount was received by the Group and was recognised as income during the years ended 31 December 2024 and 2023.

9. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Net foreign exchange gains	45,189	65,123
Change in fair value of financial assets at FVTPL	4,158	4,340
Dividend income from financial assets at FVTPL	7,442	2,211
Loss on disposal and written-off of property, plant and equipment	(2,232)	(583)
Loss on fair value changes of investment properties	(10,000)	(3,700)
	<u>44,557</u>	<u>67,391</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

10. FINANCE COSTS

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Interests on bank borrowings	200,587	232,648
Imputed interest on obligations arising from repurchase of shares (note 30)	16,000	15,999
Bills receivable discounted	4,090	2,960
Interests on lease liabilities	30	40
	<u>220,707</u>	<u>251,647</u>
Less: interests capitalised in the cost of qualifying assets	–	(18,120)
	<u><u>220,707</u></u>	<u><u>233,527</u></u>

There was no borrowing costs capitalised during the year arose on a specific borrowing with interest rate (2023: on a specific borrowing with interest rate of 4.54%) per annum to expenditure on qualifying assets.

11. INCOME TAX EXPENSE

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Current tax	100,216	132,238
Overprovision in prior years	(9,509)	(15,770)
Withholding tax paid	26,910	22,362
Deferred tax (note 20)	16,687	(40,468)
	<u>134,304</u>	<u>98,362</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. INCOME TAX EXPENSE – CONTINUED

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of the group entities in the PRC. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of certain PRC subsidiaries is 25% for both years except for Jiangsu Xingda as further described below.

Following the renewal of the High-tech Enterprise Certificate (the “Certificate”) issued on 6 November 2024, Jiangsu Xingda is entitled for the tax incentive as High-tech Enterprise and accordingly, enjoyed preferential tax rate of 15% till 2026.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong for both years.

No provision for taxation in Thailand has been made as assessable profit of the Group’s subsidiary in Thailand was absorbed by its unrecognised tax loss for year ended 31 December 2024 and 2023.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax exposure of group entities incorporated in other jurisdiction subject to Pillar Two income taxes rules are insignificant, as those group entities are with no assessment profits or the assessable profits are absorbed by the unused tax losses for the current year. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. INCOME TAX EXPENSE – CONTINUED

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Profit before tax	<u>522,138</u>	<u>735,751</u>
Tax at the PRC tax rate of 25%	130,535	183,938
Tax effect of expenses not deductible for tax purposes	16,625	26,138
Tax effect of income not taxable for tax purposes	(6,492)	(552)
Tax effect of tax losses not recognised	10,841	18,195
Utilisation of tax losses previously not recognised	(18,815)	(11,174)
Tax effect (utilisation) of deductible temporary differences not recognised	15,880	(30,267)
Tax effect of preferential tax rate	(49,488)	(87,405)
Change in opening deferred tax resulting from increase in applicable tax rate	13,791	(13,375)
Overprovision in prior years	(9,509)	(15,770)
Withholding tax (<i>note</i>)	<u>30,936</u>	<u>28,634</u>
Income tax expense for the year	<u>134,304</u>	<u>98,362</u>

Note: Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards at a tax rate of 10%. In 2024, one of the PRC subsidiaries (2023: one), has distributed dividends of RMB261,660,000 (2023: RMB221,405,000) to Faith Maple, a wholly-owned subsidiary of the Company established in the British Virgin Islands.

Other than RMB301,915,000 (2023: RMB261,660,000) retained profits, no deferred taxation has been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of PRC subsidiaries amounting to RMB2,856,856,000 (2023: RMB2,844,970,000), as the Group is able to control the timing of the reversal of the temporary differences of these PRC subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. PROFIT FOR THE YEAR

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration (<i>note 13</i>)		
Salaries, wages and other benefits	1,141,346	1,012,412
Retirement benefit scheme contributions	94,459	70,206
Share-based payments	1,054	2,591
	<u>1,236,859</u>	<u>1,085,209</u>
Total staff costs	1,236,859	1,085,209
Auditor's remuneration	3,856	3,746
Cost of inventories recognised as an expense	9,630,746	9,198,347
Depreciation and amortisation		
– Property, plant and equipment	804,080	626,513
– Right-of-use assets	15,722	15,890
	<u>819,802</u>	<u>642,403</u>
Total depreciation and amortisation	819,802	642,403
Gross rental income from investment properties	(3,138)	(2,171)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	731	682
	<u>(2,407)</u>	<u>(1,489)</u>
Rental income from investment properties, net	(2,407)	(1,489)
Impairment loss recognised on property, plant and equipment. (included in cost of sales)	–	91,623
	<u>–</u>	<u>91,623</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors

The emoluments paid or payables to ten (2023: eight) directors were as follows:

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Fees	716	872
Salaries and other allowances	9,476	6,195
Performance related incentive bonus (<i>note</i>)	13,632	8,880
Retirement benefit scheme contributions	304	25
Share-based payments	754	873
	<u>24,882</u>	<u>16,845</u>

Note: The performance related incentive bonus is determined based on the performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors – continued

Details of emoluments of individual directors, disclosed pursuant to the applicable Listing Rules and the CO, are set out as follows:

Year ended 31 December 2024

	Fees	Salaries and other allowances	Performance related incentive bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note)			
Executive Directors						
LIU Jinlan	-	2,800	4,200	-	359	7,359
LIU Xiang	-	2,640	3,600	98	179	6,517
HANG Youming (note i)	-	2,116	2,952	46	179	5,293
WANG Jin (note i)	-	720	1,080	23	22	1,845
WANG Yu (note i)	-	1,200	1,800	137	-	3,137
ZHANG Yuxiao (note ii)	-	-	-	-	-	-
Independent Non-executive Directors						
KOO Foo Sun, Louis	358	-	-	-	15	373
XU Chunhua	358	-	-	-	-	358
ZHANG Guoyun (note iii)	-	-	-	-	-	-
LUO Tiejun (note iv)	-	-	-	-	-	-
	<u>716</u>	<u>9,476</u>	<u>13,632</u>	<u>304</u>	<u>754</u>	<u>24,882</u>

Notes:

- (i) Mr. HANG Youming, Mr. WANG Jin and Ms. WANG Yu were appointed on 15 January 2024.
- (ii) Mr. Zhang Yuxiao resigned on 28 May 2024.
- (iii) Ms. Zhang Guoyun was appointed on 6 September 2024.
- (iv) Mr. LUO Tiejun resigned on 3 April 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors – continued

Year ended 31 December 2023

	Fees <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Performance related incentive bonus <i>RMB'000</i> <i>(note)</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Share- based payments <i>RMB'000</i>	Total <i>RMB'000</i>
Executive Directors						
LIU Jinlan	–	2,800	4,200	–	338	7,338
LIU Xiang	–	2,400	3,600	19	169	6,188
TAO Jinxiang <i>(note v)</i>	–	275	–	–	169	444
ZHANG Yuxiao	–	720	1,080	6	169	1,975
Independent Non-executive Directors						
William John SHARP <i>(note v)</i>	156	–	–	–	14	170
KOO Foo Sun, Louis	358	–	–	–	14	372
XU Chunhua	358	–	–	–	–	358
LUO Tiejun <i>(note vi)</i>	–	–	–	–	–	–
	<u>872</u>	<u>6,195</u>	<u>8,880</u>	<u>25</u>	<u>873</u>	<u>16,845</u>

Notes:

(v) Mr. TAO Jinxiang and Mr. William John SHARP retired on 8 June 2023.

(vi) Mr. LUO Tiejun was appointed on 8 June 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Five highest paid employees

The five highest paid employees of the Group during the year included four directors (2023: two directors), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining one (2023: three) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Salaries, allowances and benefits in kind	3,004	3,715
Retirement benefit scheme contributions	135	59
Performance related incentive bonus (<i>note</i>)	1,800	5,352
Share-based payments	–	924
	<u>4,939</u>	<u>10,050</u>

Note: The performance related incentive bonus is determined based on the performance of the Group.

Emoluments of the five highest paid employees, including directors of the Company, were within the bands:

	Year ended 31/12/2024	Year ended 31/12/2023
Hong Kong dollars ("HK\$")1,500,001 – HK\$2,500,000	–	1
HK\$2,500,001 – HK\$3,500,000	1	1
HK\$4,500,001 – HK\$5,500,000	1	–
HK\$5,500,001 – HK\$6,500,000	1	1
HK\$6,500,001 – HK\$7,500,000	1	1
HK\$7,500,001 – HK\$8,500,000	<u>1</u>	<u>1</u>

There was no arrangement under which a director waived or agreed to waive any emoluments during both years.

No emoluments were paid by the Group to directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

14. DIVIDEND

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2023 – 13.0 HK cents per share (2023: final dividend paid in respect of the year ended 31 December 2022 – 15.0 HK cents per share) <i>(note i)</i>	<u><u>226,207</u></u>	<u><u>222,752</u></u>
Final dividend proposed, nil HK cents (financial year ended 31 December 2023: 13.0 HK cents) per share	<u><u>–</u></u>	<u><u>226,207</u></u>
Special dividend declared, 15.0 HK cents per share <i>(note ii)</i>	<u><u>265,136</u></u>	<u><u>–</u></u>

Notes:

- (i) During the current year, a final dividend of 13.0 HK cents (2023: 15.0 HK cents) per ordinary share in an aggregate amount of RMB226,207,000 (2023: RMB222,752,000) in respect of the year ended 31 December 2023 (2023: 31 December 2022) was approved at the annual general meeting of the Company held on 29 May 2024 (2023: 8 June 2023).
- (ii) Subsequent to the end of the reporting period, a one-off special dividend of 15.0 HK cents per ordinary share in an aggregate amount of approximately RMB265,136,000 has been approved at the extraordinary general meeting held on 27 January 2025.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Profit for the year attributable to owners of the Company		
Earnings for the purpose of basic and diluted earnings per share	<u><u>269,045</u></u>	<u><u>449,401</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

15. EARNINGS PER SHARE – CONTINUED

	Year ended 31/12/2024 '000	Year ended 31/12/2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,891,232	1,660,306
Effect of dilutive potential ordinary shares in respect of outstanding share awards	11,007	10,815
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,902,239</u>	<u>1,671,121</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by the trustee under the share award scheme as set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Renovation RMB'000	Plant, machinery and equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2023	3,843,244	19,631	7,176,669	212,531	90,333	1,446,856	12,789,264
Additions	37,766	544	25,390	8,216	5,293	1,021,210	1,098,419
Reclassifications	113,663	–	1,147,278	379	–	(1,261,320)	–
Disposals and written-off	(93,457)	–	(371,087)	(2,951)	(1,406)	–	(468,901)
Exchange realignment	21,849	150	12,654	109	197	3,293	38,252
At 31 December 2023	3,923,065	20,325	7,990,904	218,284	94,417	1,210,039	13,457,034
Additions	27,641	54	39,350	6,398	2,967	1,562,593	1,639,003
Reclassifications	820,550	14,404	889,920	4,989	–	(1,729,863)	–
Disposals and written-off	–	–	(25,461)	(1,631)	(20)	(2,525)	(29,637)
Exchange realignment	19,531	137	12,916	94	202	9,772	42,652
At 31 December 2024	4,790,787	34,920	8,907,629	228,134	97,566	1,050,016	15,109,052
DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	1,356,900	4,828	4,370,055	163,536	56,720	–	5,952,039
Provided for the year	170,806	1,679	429,640	14,214	10,174	–	626,513
Eliminated on disposals and written-off	(67,896)	–	(310,072)	(2,519)	(1,335)	–	(381,822)
Exchange realignment	3,758	90	3,323	–	133	–	7,304
At 31 December 2023	1,463,568	6,597	4,492,946	175,231	65,692	–	6,204,034
Provided for the year	206,879	3,208	572,146	13,004	8,843	–	804,080
Eliminated on disposals and written-off	–	–	(18,211)	(1,552)	(19)	–	(19,782)
Exchange realignment	5,332	126	5,837	145	173	–	11,613
At 31 December 2024	1,675,779	9,931	5,052,718	186,828	74,689	–	6,999,945
IMPAIRMENT							
At 1 January 2023	25,869	–	45,216	275	–	–	71,360
Provided for the year	55,593	181	21,416	169	229	14,035	91,623
Eliminated on disposals	(25,869)	–	(45,216)	(275)	–	–	(71,360)
Exchange realignment	1,073	3	412	3	4	271	1,766
At 31 December 2023	56,666	184	21,828	172	233	14,306	93,389
Reclassifications	–	–	11,082	–	–	(11,082)	–
Exchange realignment	1,442	5	1,080	4	6	(161)	2,376
At 31 December 2024	58,108	189	33,990	176	239	3,063	95,765
CARRYING VALUES							
At 31 December 2024	3,056,900	24,800	3,820,921	41,130	22,638	1,046,953	8,013,342
At 31 December 2023	2,402,831	13,544	3,476,130	42,881	28,492	1,195,733	7,159,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Construction in progress as at 31 December 2024 and 2023 mainly represents plant, machinery and equipment and buildings constructed for the Group's own use.

The above items of property, plant and equipment except for construction in progress are depreciated over their estimated useful lives and after taking into account of their estimated residual value, on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of lease term of land and 20 to 30 years
Renovation	Up to 30 years
Plant, machinery and equipment	2 to 10 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The buildings are situated on land in the PRC and Thailand.

Impairment assessment

For the years ended 31 December 2024 and 2023, a non-wholly-owned-subsiary of the Company incorporating and operating in Thailand, Xingda Steel Cord (Thailand) Company Limited ("Xingda Thailand"), did not achieve the pre-set profitability target for the respective years. The management of the Group concluded there is impairment indication and conducted impairment assessment on carrying amounts of property, plant and equipment of this subsidiary, being a separate cash-generating unit.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on the financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 15.0% as at 31 December 2024 (2023: 15.2%).

Key assumptions for the value in use calculation are the budgeted sales and cost of sales, which consist of estimated unit price/cost and sales quantities, and are determined based on the cash-generating unit and a group entity with similar customer base's past performance and management expectations for the market development. The cash flows beyond a 5-year period are extrapolated using 2% growth rate, with reference to Thailand long-term average growth rate.

Based on the result of the assessment, no further impairment loss needed to be recognised during the year (2023: impairment loss of RMB91,623,000 was recognised on the relevant property, plant and equipment).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2024			
Carrying amount	604,479	603	605,082
At 31 December 2023			
Carrying amount	619,487	706	620,193
For the year ended 31 December 2024			
Amortisation	15,469	253	15,722
Additions to right-of-use assets	462	–	462
For the year ended 31 December 2023			
Amortisation	15,637	253	15,890
Additions to right-of-use assets	<u>1,082</u>	<u>–</u>	<u>1,082</u>
		Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Expense relating to short-term leases		79	117
Total cash outflow for leases		<u>832</u>	<u>1,490</u>

For both years, the Group leases lands located in the PRC and office premises for its operations. Lease contracts are entered into for fixed term of 2 to 70 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determines the period for which the contract is enforceable.

As at 31 December 2024, no right-of-use assets (2023: the Group's certain leasehold lands located in the PRC with carrying amount of RMB195,746,000) have been pledged as securities for the Group's bank borrowings as set out in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. RIGHT-OF-USE ASSETS – CONTINUED

The Group regularly entered into short-term leases for its office premises. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, lease liabilities of RMB666,000 are recognised with related right-of-use assets of RMB603,000 as at 31 December 2024 (2023: lease liabilities of RMB779,000 are recognised with related right-of-use assets of RMB706,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

18. FREEHOLD LAND

	<i>RMB'000</i>
At 1 January 2023	67,542
Exchange realignment	<u>1,990</u>
At 31 December 2023	69,532
Addition	110,676
Exchange realignment	<u>1,770</u>
At 31 December 2024	<u><u>181,978</u></u>

The Group's freehold land is located in Thailand with infinite useful life.

19. INVESTMENT PROPERTIES

	<i>RMB'000</i>
FAIR VALUE	
At 1 January 2023	121,000
Loss on fair value changes recognised in profit or loss	<u>(3,700)</u>
At 31 December 2023	117,300
Loss on fair value changes recognised in profit or loss	<u>(10,000)</u>
At 31 December 2024	<u><u>107,300</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. INVESTMENT PROPERTIES – CONTINUED

Investment properties represent the office premises located in Shanghai, the PRC, which is held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and classified and accounted for as investment properties.

In determining the fair value of the relevant properties, it is the Group's policy to engage a third party qualified external valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The fair values of the Group's investment properties at 31 December 2024 and 2023 have been arrived at on the basis of the valuations carried out on that date by Cushman & Wakefield Limited, an independent qualified professional valuer not connected with the Group.

The fair value was determined based on the investment approach, where the rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties and, where appropriate, by referencing to the sales of properties taking into account the comparable evidence as available in the relevant market. The rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The market yield is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shanghai and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key inputs used in valuing the investment properties were the market yield of 4.67% (2023: 4.67%) and rental ranging from RMB137 to RMB148 per square meter per month (2023: RMB142 to RMB160 per square meter per month). Slight increases in the market yield and rental would result in a significant decrease and increase, respectively, in fair value measurement of the investment properties, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2024 and 2023 are as follows:

	Level 3	
	31/12/2024	31/12/2023
	RMB'000	RMB'000
Office premises located in Shanghai	<u>107,300</u>	<u>117,300</u>

There were no transfers into or out of Level 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

20. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Deferred tax assets	156,645	170,546
Deferred tax liabilities	(62,259)	(59,473)
	<u>94,386</u>	<u>111,073</u>

The followings are deferred tax assets (liabilities) recognised and movements thereon during the current and prior periods:

	Impairment loss recognised on property, plant and equipment	Unrealised gain from property, plant and equipment transferred between group entities	Deferred income	Differences between accounting depreciation and tax depreciation	Allowance for credit losses	Fair value change on investment properties	Fair value adjustment arising from acquisition of subsidiary	Undistributed profits of a subsidiary	Total
	RMB'000	RMB'000 <i>(note)</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	-	54,376	57,912	(8,444)	11,363	(21,394)	(3,314)	(19,894)	70,605
Effect of change in tax rate recognised in profit or loss	-	6,915	2,413	-	4,047	-	-	-	13,375
Credit (charge) to profit or loss	18,325	1,097	10,438	(248)	3,660	(53)	146	(6,272)	27,093
At 31 December 2023	18,325	62,388	70,763	(8,692)	19,070	(21,447)	(3,168)	(26,166)	111,073
Effect of change in tax rate recognised in profit or loss	-	(1,778)	(5,373)	-	(6,640)	-	-	-	(13,791)
(Charge) credit to profit or loss	(2,404)	5,878	(3,397)	(427)	(187)	1,522	145	(4,026)	(2,896)
At 31 December 2024	<u>15,921</u>	<u>66,488</u>	<u>61,993</u>	<u>(9,119)</u>	<u>12,243</u>	<u>(19,925)</u>	<u>(3,023)</u>	<u>(30,192)</u>	<u>94,386</u>

Note: The deferred tax assets represent tax impact of temporary differences between the carrying amount of the property, plant and equipment transferred and their tax bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

20. DEFERRED TAXATION – CONTINUED

As at 31 December 2024, the Group has not recognised deferred tax asset on deductible temporary differences amounting to RMB112,433,000 (2023: RMB48,913,000), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group has unused tax losses of approximately RMB195,424,000 (2023: RMB243,678,000) available for offset against future profits with expiry dates as below. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Tax losses from group entities incorporated in the PRC and Thailand		
2024	–	(17,388)
2025	–	–
2026	(8,091)	(8,091)
2027	(31,362)	(37,680)
2028	(110,142)	(178,053)
2029	(30,861)	–
	(180,456)	(241,212)
Tax losses from group entity in other jurisdictions		
2041	(12,502)	–
Carried forward indefinitely	(2,466)	(2,466)
	(14,968)	(2,466)
Total unrecognised tax losses	(195,424)	(243,678)

During the year ended 31 December 2024, RMB16,358,000 unrecognised tax losses is expired (for the year ended 31 December 2023: RMB1,963,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

21. INVENTORIES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Raw materials	515,570	237,383
Work in progress	200,100	184,273
Finished goods	707,480	481,987
	<u>1,423,150</u>	<u>903,643</u>

22. FINANCIAL ASSETS AT FVTPL

	31/12/2024 RMB'000	31/12/2023 RMB'000
Listed securities held for trading:		
– Equity securities listed in Hong Kong (note i)	<u>123,148</u>	<u>69,448</u>

Note:

- i. The fair value measurement of such investments are classified as Level 1 fair value measurement which are based on the quoted price published on the Stock Exchange. During the year ended 31 December 2024, the Group has acquired 6,100,000 additional shares of such investment at HK\$8.90 per share, with a total payment of approximately HK\$54.5 million after deducting expenses. During the year ended 31 December 2024, the Group has recognised a fair value gain of RMB4,158,000 (for the year ended 31 December 2023: a fair value gain of RMB4,340,000) in respect of these listed securities.

23. TRADE, BILLS AND OTHER RECEIVABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Trade receivables – goods	4,198,221	4,203,571
Less: Allowance for credit losses	(68,031)	(68,942)
	<u>4,130,190</u>	4,134,629
Bills receivable	3,270,094	3,395,046
Less: Allowance for credit losses	(1,950)	(1,950)
	<u>3,268,144</u>	3,393,096
	<u>7,398,334</u>	7,527,725
Advances to suppliers of raw materials	365,515	379,121
Prepayments for spool	15,955	26,003
Value-added tax recoverable	180,720	67,147
Other prepayments	20,489	10,469
Other receivables	23,289	22,894
Less: Allowance for credit losses on other receivables	(5,262)	(5,262)
	<u>600,706</u>	500,372
	<u>7,999,040</u>	<u>8,028,097</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. TRADE, BILLS AND OTHER RECEIVABLES – CONTINUED

As at 1 January 2023, trade receivables from contracts with customers and bills receivable, net of allowance for credit losses, amounted to RMB3,138,189,000 and RMB4,348,697,000 respectively.

The Group has a policy of allowing an average credit period of 30 to 90 days to its trade customers and the Group allows domestic customers to pay bills or letter of credit to settle the trade receivables. Bills receivable and letter of credit received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade and bills receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period which approximated the revenue recognition date:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Trade receivables		
0 – 90 days	2,658,476	2,671,355
91 – 120 days	379,573	384,243
121 – 180 days	406,366	370,143
181 – 360 days	571,053	581,747
Over 360 days	114,722	127,141
	4,130,190	4,134,629
Bills receivable		
0 – 90 days	310,642	482,928
91 – 180 days	1,406,600	1,556,873
181 – 360 days	1,541,117	1,334,207
Over 360 days	9,785	19,088
	3,268,144	3,393,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. TRADE, BILLS AND OTHER RECEIVABLES – CONTINUED

The Group's trade and other receivables that are denominated in currencies other than the functional currency of the group entities are set out below:

	Equivalent to		Equivalent to	
	31/12/2024	RMB	31/12/2023	RMB
	'000	'000	'000	'000
United States Dollar ("USD")	90,290	649,041	89,024	630,529
EURO ("EUR")	13,900	104,607	12,692	99,748
RMB	470	470	102	102

Details of the Group's credit risk management and expected credit losses assessment of trade, bills and other receivables are set out in note 38.

Note: Transfers of financial assets

The following were the Group's financial assets as at 31 December 2024 and 2023 that were transferred to suppliers or banks by endorsing or discounting bills receivable on a full recourse basis. There is no restriction on the use of the bills. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. The associated assets and liabilities are shown in below. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2024

	Bills receivable endorsed/ discounted to suppliers/banks with full recourse RMB'000
Carrying amount of transferred assets	2,473,648
Carrying amount of associated assets/liabilities	
– Advances to suppliers of raw materials	588,453
– Trade payables	1,579,881
– Payables for purchase of property, plant and equipment	3,649
– Accrued expenses	200
– Bank borrowings	301,465
Net position	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. TRADE, BILLS AND OTHER RECEIVABLES – CONTINUED

Note: Transfers of financial assets – continued

As at 31 December 2023

	Bills receivable endorsed/discounted to suppliers/banks with full recourse <i>RMB'000</i>
Carrying amount of transferred assets	2,513,972
Carrying amount of associated assets/liabilities	
– Advances to suppliers of raw materials	942,225
– Trade payables	1,394,661
– Payables for purchase of property, plant and equipment	3,102
– Bank borrowings	<u>173,984</u>
Net position	<u><u>–</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. TERM DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group. The bank balances carry market interest rates ranging from 0.00%* to 0.35% (2023: 0.01% to 1.60%) per annum.

* less than 0.01%

	31/12/2024	31/12/2023
	RMB'000	RMB'000
<i>Non-current</i>		
Pledged term deposits	587,258	672,692
Other non-current term deposits	161,202	52,645
	748,460	725,337
<i>Current</i>		
Pledged term deposits	1,170,253	212,496
Restricted term deposits	36,872	8,055
Other current term deposits	808,493	1,795,289
	2,015,618	2,015,840
	2,764,078	2,741,177

Deposits with maturity periods over 3 months but within 1 year are presented as current assets whilst deposits with maturity periods of one to three years (2023: one to three years) are presented as non-current assets. All of the Group's term deposits, which are not pledged, can be early withdrawn anytime before contractual maturity, according to managements' intention, by sacrificing term deposits interests. As at 31 December 2024, other than a RMB339,287,000 (2023: RMB1,736,680,000) term deposits with original maturity from 2026 to 2027 (2023: 2025 to 2027) (the "Term Deposit"), the directors of the Company consider that the Group will not early withdraw the term deposits before maturity. The Term Deposits are expected to be early withdrawn in order to meet the Group's liquidity demand in the coming 12 months after the reporting period.

Pledged term deposits are placed with banks in the PRC and represent term deposits pledged to banks to secure bank borrowings.

Restricted term deposits are placed in banks in Thailand and the PRC for gas and utility procurement and bills arrangements with banks respectively.

The term deposits are held to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The term deposits, other than the Term Deposit expected to be early withdrawn by the managements, carry fixed interest rates for both years, that the effective interest rates range from 1.60% to 3.80% per annum (2023: from 2.10% to 4.13% per annum) for the Group. The Term Deposit carries market interest rate. The carrying amounts of the term deposits of the Group approximated their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. TERM DEPOSITS AND BANK BALANCES AND CASH – CONTINUED

The Group's bank balances and cash and term deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	Equivalent to		Equivalent to	
	31/12/2024	RMB	31/12/2023	RMB
	'000	'000	'000	'000
HK\$	10,915	10,105	5,245	5,032
USD	43,802	314,595	13,010	92,264
EUR	632	4,357	1,889	14,655
RMB	<u>7,063</u>	<u>7,063</u>	<u>1,039</u>	<u>1,039</u>

25. TRADE AND OTHER PAYABLES

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Trade payables	2,966,246	2,870,066
Bills payables (note i)	<u>306,900</u>	<u>615,000</u>
	<u>3,273,146</u>	<u>3,485,066</u>
Value-added tax payables and other tax payables	26,557	35,772
Accrued staff costs	272,762	253,386
Payables for purchase of property, plant and equipment	1,375,595	1,033,570
Amount due to a related party (note 36(i))	11,671	8,018
Accrued interest expenses	7,898	10,326
Accrued expenses	128,654	142,158
Other payable to a non-controlling shareholder (note ii)	20,000	–
Others	<u>59,681</u>	<u>46,987</u>
	<u>1,902,818</u>	<u>1,530,217</u>
	<u>5,175,964</u>	<u>5,015,283</u>

Notes:

- i. These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. TRADE AND OTHER PAYABLES – CONTINUED

Notes: – continued

- ii. On 27 September 2023, Jiangsu Xingda entered into an investment agreement with Huaqin Rubber Industry Group Co., Ltd.* 華勤橡膠工業集團有限公司 (“Huaqin Rubber”) in respect of, among others, the incorporation of Xingda Jining Steel Cord Co., Ltd.* 興達濟寧鋼簾線有限公司 (“Xingda Jining”). Xingda Jining is engaged in the manufacturing and trading of radial tire cords and is accounted for as a subsidiary of the Company. As at 31 December 2024, other payable to a non-controlling shareholder represented financial support provided by Huaqin Rubber to Xingda Jining, with non-interest-bearing and repayment on demand clause.

* For identification only

The following is an aged analysis of trade payable and trade payables under supplier finance arrangements presented based on the transaction date at the end of the reporting period:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Trade payables		
0 – 90 days	1,512,488	1,753,699
91 – 180 days	1,017,814	522,374
181 – 360 days	379,137	373,815
Over 360 days	56,807	220,178
	<u>2,966,246</u>	<u>2,870,066</u>
	31/12/2024	31/12/2023
	RMB'000	RMB'000
Bills payables		
0 – 90 days	–	187,202
91 – 180 days	225,548	427,798
181 – 360 days	81,352	–
	<u>306,900</u>	<u>615,000</u>

The average credit period on purchase of goods is 90 days which may be extended to 120 days or 180 days based on negotiation with the suppliers.

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. TRADE AND OTHER PAYABLES – CONTINUED

The Group's trade and other payables that are denominated in currencies other than the functional currency of the group entities are set out below:

	Equivalent to		Equivalent to	
	31/12/2024	RMB	31/12/2023	RMB
	'000	'000	'000	'000
USD	13,611	97,849	9,595	68,324
EUR	2,180	16,405	742	5,830
RMB	<u>345,137</u>	<u>345,137</u>	<u>358,990</u>	<u>358,990</u>

26. CONTRACT LIABILITIES

The Group may require certain customers to pay deposits in advance and to fully settle the remaining balance before or upon delivery.

The amount represented the trade deposits received from customers, which will be recognised as the Group's revenue when the control of the goods transferred to customers. The amounts are classified as current liabilities as they are expected to be recognised as revenue within twelve months after the reporting date.

As at 1 January 2024, contract liabilities amounted to RMB50,841,000 (2023: RMB57,275,000), all of which has been recognised as the Group's revenue during the year ended 31 December 2024.

27. BORROWINGS

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Bank borrowings	<u>7,785,614</u>	<u>6,630,050</u>
Secured (<i>note</i>)	2,393,781	2,147,478
Unsecured	<u>5,391,833</u>	<u>4,482,572</u>
	<u>7,785,614</u>	<u>6,630,050</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. BORROWINGS – CONTINUED

The Group's bank borrowings are repayable as follows:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Carrying amount repayable (based on scheduled repayment terms) (excluding repayable on demand borrowings)		
Within one year	6,815,194	5,752,450
More than one year but not exceeding two years	970,420	445,600
More than two years but not exceeding five years	–	64,125
	7,785,614	6,262,175
Carrying amount of above borrowings that are repayable on demand due to breach of borrowing covenant (shown under current liabilities)	–	367,875
	7,785,614	6,630,050
Less: Amounts due within one year shown under current liabilities	(6,815,194)	(6,120,325)
Amounts shown under non-current liabilities	970,420	509,725

Note: These borrowings secured by pledged term deposits, bills receivable and trade receivables amounting to RMB1,757,511,000, RMB301,465,000 and RMB49,608,000, respectively (2023: secured by pledged term deposits, leasehold lands and bills receivable amounting to RMB885,188,000, RMB195,746,000 and RMB173,984,000, respectively), details of which are set out in notes 17, 23 and 24.

	31/12/2024	31/12/2023
	RMB'000	RMB'000
Bank borrowings comprise:		
Fixed-rate borrowings	4,875,057	5,490,490
Variable-rate borrowings	2,910,557	1,139,560
	7,785,614	6,630,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. BORROWINGS – CONTINUED

The Group's variable-rate bank borrowings carry interests at 0.2825% above 1-year Loan Prime Rate, which are reset yearly (2023: 2.20% above 1-month Hong Kong and Inter Bank Offered Rate, which are reset monthly, and 0.20% above 5-year Loan Prime Rate and 1.00% above 1-year Loan Prime Rate, which are reset yearly).

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	31/12/2024	31/12/2023
Effective interest rates:		
Fixed-rate borrowings	0.57% – 3.50%	1.35% – 3.90%
Variable-rate borrowings	<u>2.28% – 3.80%</u>	<u>2.90% – 7.73%</u>

Borrowings that are denominated in currencies other than the functional currency of the relevant Group entities are as follows:

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
HK\$	<u>–</u>	<u>81,560</u>

28. DEFERRED INCOME

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income – non-current liability	<u>268,281</u>	<u>283,053</u>

During the year ended 31 December 2024, the Group received government grant of RMB5,500,000 (2023: RMB32,917,000) to support the Group's industrial projects. The amount has been accounted for as deferred income and released to income over the useful lives of the relevant assets. As at 31 December 2024, balance of RMB268,281,000 (2023: RMB283,053,000) remains to be amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

29. LEASE LIABILITIES

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities payable:		
Within one year	271	250
Within a period of more than one year but not more than two years	270	198
Within a period of more than two years but not more than five years	125	331
	666	779
Less: Amount due to settlement with 12 months shown under current liabilities	(271)	(250)
Amount due for settlement after 12 months shown under non-current liabilities	395	529

The weighted average incremental borrowing rates applied to lease liabilities is 4.35% for both years.

30. OBLIGATIONS ARISING FROM REPURCHASE OF SHARES

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Obligations arising from repurchase of shares – current liability	229,111	223,944

On 16 December 2020, Jiangsu Xingda, an indirectly non-wholly owned subsidiary of the Company, entered into capital increase agreements (the “Capital Increase Agreements”) with five strategic investors (hereinafter collectively referred to as the “Investors”), namely, Chengshan Group, Linglong Tire, Sailun Group, Triangle Tyre and Jiaying Jianxin Chenyue, pursuant to which the Investors subscribed for, in aggregate, 3.35% of the equity interest, representing RMB63,888,885 of enlarged paid-in capital of Jiangsu Xingda, by way of cash contribution at an aggregate consideration of RMB230,000,000.

The Capital Increase Agreements each contains a share repurchase arrangement, pursuant to which Jiangsu Xingda granted redemption right to the Investors, who have the put option to demand Faith Maple to repurchase their shares at an agreed price equivalent to full consideration of the capital injection plus imputed interest at 8% per annum deducting all dividend (including tax) received from Jiangsu Xingda starting from the date of payment of share subscription, if Jiangsu Xingda does not complete the A share initial public offering and become listed on either the Shanghai Stock Exchange or Shenzhen Stock Exchange by 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

30. OBLIGATIONS ARISING FROM REPURCHASE OF SHARES – CONTINUED

In January 2023, Jiaxing Jianxin Chenyue, who held equity interests representing approximately 0.44% of the total issued capital of Jiangsu Xingda, exercised the put option and entered into an equity transfer agreement with Xingda Xiu Yuan and Xingda Xiu Yuan purchased all the aforesaid equity interests in Jiangsu Xingda held by Jiaxing Chenyue (the “Relevant Transfer”) at a consideration of RMB32,565,000, representing full consideration of its capital injection plus imputed interest at 8% per annum deducting all dividend (including tax) received from Jiangsu Xingda starting from the date of payment of share subscription. Upon the completion of the Relevant Transfer, obligation arising from repurchases of shares to Jiaxing Jianxin Chenyue amounting to RMB32,565,000 is derecognised and Xingda Xiu Yuan became a non-controlling interest of the Group since then.

Till 31 December 2024, none of the other four strategic investors exercised the put option. The obligation of the Group arising from repurchase of shares was regarded as a financial liability with present value of RMB229,111,000 at 31 December 2024 (2023: RMB223,944,000). The imputed interest of 8% per annum charged to profit or loss under finance costs during the current period amounted to RMB16,000,000 (for the year ended 31 December 2023: RMB15,999,000) and dividends received from Jiangsu Xingda amounted to RMB10,833,000 (for the year ended 31 December 2023: RMB9,167,000), which was deducted from the obligations arising from repurchase of shares.

31. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	2024	2023
	'000	'000	RMB'000	RMB'000
Authorised:				
3 billion ordinary shares of HK\$0.1 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>301,410</u>	<u>301,410</u>
Issued and fully paid:				
At beginning of year	<u>1,662,445</u>	1,662,445	<u>163,218</u>	163,218
Issuance of shares	<u>257,680</u>	–	<u>23,385</u>	–
At end of year	<u>1,920,125</u>	<u>1,662,445</u>	<u>186,603</u>	<u>163,218</u>

On 8 February 2024, an aggregate of 257,680,000 subscription shares of the Company (of an aggregate nominal value of HK\$25,768,000) (equivalent to RMB23,385,000) have been issued at subscription price of HK\$1.31 per subscription share to the subscribers. The gross proceeds from the subscriptions amounted to approximately HK\$337.6 million (equivalent to RMB306.3 million) and RMB23.3 million was credited to share capital and RMB283.0 million was credited to share premium as presented in the consolidated statement of changes in equity.

As at 31 December 2024, included the issued and fully paid ordinary shares, 2,139,665 shares are held by trustee under share-award scheme (31 December 2023: 2,139,665 shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. SHARE-BASED PAYMENTS

Share-Award Scheme

The Company's share award scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 September 2009 for the primary purpose of providing incentives to the participants of the Scheme (the "Participants") including the directors and certain employees of the Group, to achieve performance goals which in turn achieve the objectives of increasing the value of the Group and align the interests of directors and eligible employees directly to the shareholders of the Company through ownership of shares. A trustee, as an independent third party, was appointed by the Company for the administration of the Scheme. The trustee shall purchase the Company's shares from the market out of cash contributed by the Company and shall hold such shares in trust until they are vested to the Participants in accordance to the rules of the Scheme.

No shares have been purchased from the open market pursuant to the Scheme during the years ended 31 December 2024 and 2023. As at 31 December 2024 and 2023, 2,139,665 treasury shares were held by the trustee.

During the year ended 31 December 2024, no awarded shares vested during the year and 2,675,000 awarded shares were forfeited resulting from the resignation of the director of the Company during the year (for the year ended 31 December 2023: 2,892,000 awarded shares were forfeited resulting from the retirement of two directors of the Company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. SHARE-BASED PAYMENTS – CONTINUED

Share-Award Scheme – continued

Movements in the number of awarded shares outstanding during the year are as follows:

2024

Categories of awardees	Date of grant	Fair value per share HK\$	Number of awarded shares				Outstanding at 31 December 2024	Vesting period
			Outstanding at 1 January 2024	Reclassification during the year (note)	Vested during the year	Forfeited during the year		
Directors of the Company	22 August 2019	1.365	1,616,500	450,000	–	(400,000)	1,216,500	22 August 2019 to 31 March 2023
Directors of the Company	22 August 2019	1.253	1,616,500	450,000	–	(400,000)	1,216,500	22 August 2019 to 31 March 2024
Employees	22 August 2019	1.474	1,283,333	(450,000)	–	–	1,283,333	22 August 2019 to 31 March 2023
Employees	22 August 2019	1.443	1,283,334	(450,000)	–	–	1,283,334	22 August 2019 to 31 March 2024
Directors of the Company	30 November 2021	1.147	2,575,000	700,000	–	(625,000)	1,950,000	30 November 2021 to 31 March 2025
Directors of the Company	30 November 2021	1.065	2,575,000	700,000	–	(625,000)	1,950,000	30 November 2021 to 31 March 2026
Directors of the Company	30 November 2021	1.000	2,575,000	700,000	–	(625,000)	1,950,000	30 November 2021 to 31 March 2027
Employees	30 November 2021	1.189	1,750,000	(700,000)	–	–	1,750,000	30 November 2021 to 31 March 2025
Employees	30 November 2021	1.163	1,750,000	(700,000)	–	–	1,750,000	30 November 2021 to 31 March 2026
Employees	30 November 2021	1.153	1,750,000	(700,000)	–	–	1,750,000	30 November 2021 to 31 March 2027
			<u>18,774,667</u>	<u>–</u>	<u>–</u>	<u>(2,675,000)</u>	<u>16,099,667</u>	

Note: reclassification between directors of the Company and employees were resulting from certain employees' appointment as directors of the Company during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. SHARE-BASED PAYMENTS – CONTINUED

Share-Award Scheme – continued

2023

Categories of awardees	Date of grant	Fair value per share HK\$	Number of awarded shares				Vesting period
			Outstanding at 1 January 2023	Vested during the year	Forfeited during the year	Outstanding at 31 December 2023	
Directors of the Company	22 August 2019	1.365	2,050,000	–	(433,500)	1,616,500	22 August 2019 to 31 March 2023
Directors of the Company	22 August 2019	1.253	2,050,000	–	(433,500)	1,616,500	22 August 2019 to 31 March 2024
Employees	22 August 2019	1.474	1,283,333	–	–	1,283,333	22 August 2019 to 31 March 2023
Employees	22 August 2019	1.443	1,283,334	–	–	1,283,334	22 August 2019 to 31 March 2024
Directors of the Company	30 November 2021	1.147	3,250,000	–	(675,000)	2,575,000	30 November 2021 to 31 March 2025
Directors of the Company	30 November 2021	1.065	3,250,000	–	(675,000)	2,575,000	30 November 2021 to 31 March 2026
Directors of the Company	30 November 2021	1.000	3,250,000	–	(675,000)	2,575,000	30 November 2021 to 31 March 2027
Employees	30 November 2021	1.189	1,750,000	–	–	1,750,000	30 November 2021 to 31 March 2025
Employees	30 November 2021	1.163	1,750,000	–	–	1,750,000	30 November 2021 to 31 March 2026
Employees	30 November 2021	1.153	1,750,000	–	–	1,750,000	30 November 2021 to 31 March 2027
			<u>21,666,667</u>	<u>–</u>	<u>(2,892,000)</u>	<u>18,774,667</u>	

The awarded shares granted in 2019 would be vested in tranches annually since the year of 2022.

The awarded shares granted in 2021 would be vested in tranches annually since the year of 2025.

The awarded share forfeited during the year are resulting from the retirement/resignation of the directors of the Company.

The Group recognised the total expenses of RMB1,054,000 for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB2,591,000) in relation to shares granted under the Scheme by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. OPERATING LEASES ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was RMB2,741,000 (2023: RMB2,171,000). All of the properties held have committed tenants for the next five years (2023: five years).

At 31 December 2024 and 2023, the Group had contracted with tenants for the following future minimum lease payments:

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,511	2,676
In the second year	1,662	1,948
In the third year	1,561	1,161
In the fourth year	638	1,161
In the fifth year	315	291
	<u>6,687</u>	<u>7,237</u>

34. CAPITAL COMMITMENTS

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment and freehold land contracted for but not provided in the consolidated financial statements	<u>134,541</u>	<u>228,739</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

The employees of the Group's entities in Hong Kong participate in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme at a cap at HK\$1,500 per month, which contribution is matched by the employee.

The employees of the Group's subsidiaries in PRC are covered by government-sponsored defined contribution pension schemes, and are entitled to a monthly pension from their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 16.0% (2023: 16.0%) of the employees' salaries subject to the minimum requirement of the local government, which are charged to operations as expenses when the contributions are due.

The Group's contribution to the retirement benefit scheme that is charged to profit or loss is RMB94,459,000 (2023: RMB70,206,000) for the year ended 31 December 2024.

36. RELATED PARTY TRANSACTIONS

In addition to disclosures in note 25, details of transactions and balances between the Group and related parties are disclosed below:

Name of related parties	Nature of balances/transactions	Year ended	Year ended
		31/12/2024	31/12/2023
		RMB'000	RMB'000
Xingda Xiu Yuan (<i>note i</i>)	Services fee for hotel and catering services	23,238	18,148
	Provision of utilities	294	467
	Dividend declared and paid	1,625	1,375
Xinghua Xingda Rural Small Loan Co., Ltd. (<i>note ii</i>)	Interest expenses for borrowings	–	661

Notes:

- (i) Xingda Xiu Yuan is a limited company controlled by a director of the Company and also a non-controlling interest of the Group.
- (ii) Xinghua Xingda Rural Small Loan Co., Ltd. is a limited company which is a non-wholly owned subsidiary of Xingda Xiu Yuan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

36. RELATED PARTY TRANSACTIONS – CONTINUED

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
Short-term benefits	41,988	34,390
Post-employment benefits	866	424
Share-based payments	1,054	2,591
	<u>43,908</u>	<u>37,405</u>

The remuneration of directors and key management is determined by the Remuneration and Management Development Committee having regard to the performance of individuals and market trends.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

As at 31 December 2024

	Bank borrowings <i>RMB'000</i>	Accrued interest expenses <i>RMB'000</i>	Dividend payable <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Obligations arising from repurchase of shares <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	6,630,050	10,326	86,290	779	223,944	6,951,389
Financing cash flows	1,002,143	(207,105)	(412,095)	(292)	(10,833)	371,818
Settlement by discounted bills	(173,984)	-	-	-	-	(173,984)
Dividend declared	-	-	325,808	-	-	325,808
Interest expenses	-	204,677	-	30	16,000	220,707
Direct settlement of utilities by bank	327,376	-	-	-	-	327,376
New leases entered	-	-	-	149	-	149
Exchange difference	29	-	-	-	-	29
As at 31 December 2024	<u>7,785,614</u>	<u>7,898</u>	<u>3</u>	<u>666</u>	<u>229,111</u>	<u>8,023,292</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES – CONTINUED

As at 31 December 2023

	Bank borrowings	Accrued interest expenses	Dividend payable	Lease liabilities	Obligations arising from repurchase of shares	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	6,891,831	6,184	187,950	1,030	249,677	7,336,672
Financing cash flows	(307,215)	(231,466)	(408,689)	(291)	(9,167)	(956,828)
Settlement by discounted bills	(163,400)	–	–	–	–	(163,400)
Dividend declared	–	–	307,029	–	–	307,029
Interest expenses	–	217,488	–	40	15,999	233,527
Interest capitalised	–	18,120	–	–	–	18,120
Effect of put options of shares of a subsidiary granted to non-controlling interests (note 30)	–	–	–	–	(32,565)	(32,565)
Direct settlement of utilities by bank	207,993	–	–	–	–	207,993
Exchange difference	841	–	–	–	–	841
As at 31 December 2023	<u>6,630,050</u>	<u>10,326</u>	<u>86,290</u>	<u>779</u>	<u>223,944</u>	<u>6,951,389</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Amortised cost	11,016,030	10,857,335
FVTPL	<u>123,148</u>	<u>69,448</u>
Financial liabilities		
Amortised cost	<u>12,762,719</u>	<u>11,524,251</u>

b. Financial risk management objectives and policies

The Group's major financial instruments include term deposits, bank balances and cash, trade, bills and other receivables, financial assets at FVTPL, trade and other payables, dividend payable, borrowings and obligations arising from repurchase of shares. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 32.4% (2023: 32.1%) of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale, whilst 5.2% (2023: 5.0%) of costs is denominated in currencies other than the functional currency of the group entity.

Certain trade, bills and other receivables, bank balances, trade and other payables, and borrowings of the Group are denominated in USD, HK\$, EUR, and RMB. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Market risk – continued

(i) Currency risk – continued

Foreign currency sensitivity

The following details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against USD, HK\$ and EUR and Thailand Baht ("THB") against RMB, USD and EUR. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates for the purpose of assessing foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year ended for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RMB strengthen 5% (2023: 5%) against USD, HK\$ and EUR and THB against RMB, USD and EUR, and vice versa.

	Year ended 31/12/2024 <i>RMB'000</i>	Year ended 31/12/2023 <i>RMB'000</i>
RMB against USD	(31,305)	(24,229)
RMB against HK\$	(505)	3,828
RMB against EUR	(3,818)	(4,025)
THB against RMB	16,888	17,892
THB against USD	(7,616)	(4,068)
THB against EUR	(137)	(694)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate term deposits (see note 24 for details), fixed-rate borrowings (see note 27 for details), lease liabilities (see note 29 for details) and obligations arising from repurchase of shares (see note 30 for details). The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings (see note 27 for details of these borrowings) and variable-rate bank balances and the Term Deposit expected to be early withdrawn (see note 24 for details of these bank balances and the Term Deposit). It is the Group's policy to keep certain of its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – *continued*

Market risk – continued

(ii) Interest rate risk – *continued*

The Group's exposures to interest rates on financial liabilities are detailed in respective notes and the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate and China Loan Prime Rate.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to variable-interest-rate bank balances, the Term Deposit and bank borrowings at the end of the reporting period.

A 10 basis points and 50 basis points increase or decrease for financial assets and financial liabilities (2023: A 10 basis points and 50 basis points increase or decrease for financial assets and financial liabilities), respective are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For financial assets, if interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would increase/decrease by approximately RMB1,156,000 (2023: increase/decrease by approximately RMB2,251,000).

For financial liabilities, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would decrease/increase by approximately RMB14,553,000 (2023: RMB5,698,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – *continued*

Market risk – continued

(iii) Other price risk

The Group is exposed to price risk through its financial assets at FVTPL. The directors of the Company manage this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

If the price of the respective financial assets at FVTPL has been 5% higher/lower, profit for the year ended 31 December 2024 would increase/decrease by RMB6,157,000 (2023: RMB3,472,000) as a result of the changes in fair value of financial assets at FVTPL.

In the opinion of directors of the Company, the sensitivity analysis is unrepresentative of the Group's price risk as it only reflects the impact of price changes to financial assets at FVTPL held at the end of each reporting period but not the exposure during the year ended 31 December 2024.

Credit risk and impairment assessment

As at 31 December 2024 and 2023, the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position best represent the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

Trade receivables arising from contracts with customers

Before accepting any new customers, the Group would assess the credit quality of each potential customer and define credit limit for each customer. In addition, the Group will review the repayment history of receivables by each customer with reference to the payment terms stated in the contracts to determine the recoverability of a trade receivable.

The Group has enhanced its credit risk management by accepting letter of credit issued by reputable banks for certain domestic customers.

In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually for credit-impaired balances or on a collective basis for non-credit-impaired balances. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 75.4% (2023: 78.4%) of the total trade receivables as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

Bills receivable arising from contracts with customers

The Group performs impairment assessment under ECL model upon application of IFRS 9 on bills receivable arising from contracts with customers based on 12m ECL. The credit risk on bills receivable is limited since the settlement parties are reputable banks with high credit ratings assigned by international credit-rating agencies.

Other receivables

The Group has taken into account the financial position of the counterparties, based on the track record of regular settlements, the amounts are expected to be recoverable and the expected credit losses on other receivables are considered to be insignificant.

Term deposits and bank balances

The Group performs impairment assessment under ECL model upon application of IFRS 9 on term deposits and bank balances based on 12m ECL.

The credit risk on liquid funds is limited because the counterparties are various banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

2024	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs					
Trade receivables	23	N/A	Low risk (<i>note</i>)	Lifetime ECL (not credit-impaired) (collective assessment)	4,182,026
			Loss	Lifetime ECL (credit-impaired)	16,195
					<hr/>
					4,198,221
Bills receivable	23	Baa3 – A1	Low risk	12-month ECL	3,268,144
			Loss	Lifetime ECL (credit-impaired)	1,950
					<hr/>
					3,270,094
Other receivables	23	N/A	Low risk	12-month ECL	18,027
			Loss	Lifetime ECL (credit-impaired)	5,262
					<hr/>
					23,289
Bank balances	24	Baa2 – A1	Low risk	12-month ECL	834,621
Term deposits	24	Baa2 – A1	Low risk	12-month ECL	2,764,078
					<hr/>
					<u>11,090,303</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

2023	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount
<i>RMB'000</i>					
Financial assets at amortised costs					
Trade receivables	23	N/A	Low risk (<i>note</i>)	Lifetime ECL (not credit-impaired) (collective assessment)	4,187,083
			Loss	Lifetime ECL (credit-impaired)	16,488
					4,203,571
Bills receivable	23	Baa3 – A1	Low risk	12-month ECL	3,393,096
			Loss	Lifetime ECL (credit-impaired)	1,950
					3,395,046
Other receivables	23	N/A	Low risk	12-month ECL	17,632
			Loss	Lifetime ECL (credit-impaired)	5,262
					22,894
Bank balances	24	Baa2 – A1	Low risk	12-month ECL	569,864
Term deposits	24	Baa2 – A1	Low risk	12-month ECL	2,741,177
					10,932,552

Note: For trade receivables for sales of radial tire cords, bead wires and other wires, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. For trade receivables, except for debtors that are credit-impaired, the Group determines the expected credit losses on these items by using collective basis, grouped by nature and industry of the customers, representing customers' abilities to pay all amounts due in accordance with the contractual terms.

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on a collective basis as at 31 December 2024 within lifetime ECL (not credit-impaired). Credit-impaired debtors included in trade receivables with gross carrying amount of RMB16,195,000 (2023: RMB16,488,000) as at 31 December 2024 were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

At 31 December 2024

	Weighted- average expected credit loss rate %	Total gross carrying amount <i>RMB'000</i>	Lifetime ECL <i>RMB'000</i>
Customers of auto-related industry	1.254	3,841,817	48,166
Customers in chemicals, plastics and rubber industries	1.051	324,315	3,407
Others	1.655	15,894	263
Total		<u>4,182,026</u>	<u>51,836</u>

At 31 December 2023

	Weighted-average expected credit loss rate %	Total gross carrying amount <i>RMB'000</i>	Lifetime ECL <i>RMB'000</i>
Customers of auto-related industry	1.267	3,847,928	48,744
Customers in chemicals, plastics and rubber industries	1.003	317,639	3,187
Others	2.431	21,516	523
Total		<u>4,187,083</u>	<u>52,454</u>

During the year ended 31 December 2024, the Group recorded a net reversal of impairment losses under ECL model of RMB618,000 (2023: a net recognition of impairment losses under ECL model of RMB26,115,000) for trade receivables, based on the collective basis. Net reversal of impairment losses under ECL model of RMB300,000 (2023: net reversal of impairment losses under ECL model of RMB120,000) were recognised on credit-impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	26,339	29,489	55,828
Impairment loss recognised	29,191	138	29,329
Impairment loss reversed	(3,076)	(258)	(3,334)
Amount written-off (<i>note</i>)	–	(12,881)	(12,881)
	<hr/>	<hr/>	<hr/>
As at 31 December 2023	52,454	16,488	68,942
Impairment loss recognised	11,374	97	11,471
Impairment loss reversed	(11,992)	(397)	(12,389)
Recovery after written-off	–	7	7
	<hr/>	<hr/>	<hr/>
As at 31 December 2024	51,836	16,195	68,031

Note: During the year ended 31 December 2023, the Group writes off trade receivables of gross carrying amount of RMB12,881,000 for a debtor in severe financial difficulty and when there was no realistic prospect of recovery, i.e. when the debtor's liquidation plan has been approved by debtor's liquidation committee and court.

During the years ended 31 December 2024 and 2023, no impairment loss was recorded for other receivables.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

At 31 December 2024

	Weighted average interest rate %	On demand or with 1 year RMB'000	1 – 2 years RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and other payables	-	4,747,991	-	-	-	4,747,991	4,747,991
Dividend payable	-	3	-	-	-	3	3
Borrowings–							
– variable rate	2.90	2,175,605	805,113	-	-	2,980,718	2,910,557
– fixed rate	2.61	4,733,708	204,747	-	-	4,938,455	4,875,057
Lease liabilities	4.35	283	294	139	-	716	666
Obligations arising from repurchase of shares	7.28	229,111	-	-	-	229,111	229,111
		<u>11,886,701</u>	<u>1,010,154</u>	<u>139</u>	<u>-</u>	<u>12,896,994</u>	<u>12,763,385</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity risk tables

At 31 December 2023

	Weighted average interest rate %	On demand or with 1 year RMB'000	1 – 2 years RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and other payables	–	4,583,967	–	–	–	4,583,967	4,583,967
Dividend payable	–	86,290	–	–	–	86,290	86,290
Borrowings–							
– variable rate	4.18	978,604	124,981	65,387	–	1,168,972	1,139,560
– fixed rate	2.97	5,236,681	343,355	–	–	5,580,036	5,490,490
Lease liabilities	4.35	279	217	343	–	839	779
Obligations arising from repurchase of shares	7.28	223,944	–	–	–	223,944	223,944
		<u>11,109,765</u>	<u>468,553</u>	<u>65,730</u>	<u>–</u>	<u>11,644,048</u>	<u>11,525,030</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if change in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair values.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets, representing listed equity securities in Hong Kong and A Share Market, are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS – CONTINUED

c. Fair value – continued

Financial assets

	Fair value as at			Valuation technique and key inputs	Relationship of unobservable inputs to fair value
	31 December 2024	31 December 2023	Fair value hierarchy		
	RMB'000	RMB'000			
Financial assets at FVTPL (note 22)	123,148	69,448	Level 1	Quoted price in active market.	N/A

39. MAJOR NON-CASH TRANSACTIONS

During the year, short-term borrowings drawn on discounted bills with recourse of RMB173,984,000 (2023: RMB163,400,000) have been settled by discounted bills upon maturity.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(i) Details of the Company's principal subsidiaries as at 31 December 2024 and 2023 are disclosed as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Issued and fully paid up share capital/registered capital		Attributable to equity interest held by the Group		Principal activities
		2024	2023	2024	2023	
Directly held by the Company						
Faith Maple	The British Virgin Islands	USD14,083	USD14,083	100%	100%	Investment holding
Indirectly held by the Company						
Jiangsu Xingda 江蘇興達鋼簾線股份有限公司 (note i)	PRC	RMB2,862,262,865	RMB2,862,262,865	70.32%	70.32%	Manufacture and distribution of radial tire cords, bead wires and other wires
Shandong Xingda 山東興達鋼簾線有限公司 (note ii)	PRC	RMB579,686,886	RMB579,686,886	70.32%	70.32%	Manufacture and distribution of radial tire cords, bead wires and other wires

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

- (i) Details of the Company's principal subsidiaries as at 31 December 2024 and 2023 are disclosed as follows: –
continued

Name of subsidiaries	Place of incorporation/ registration and operations	Issued and fully paid up share capital/registered capital		Attributable to equity interest held by the Group		Principal activities
		2024	2023	2024	2023	
Shanghai Xingda 上海興達鋼簾線有限公司 (note ii)	PRC	RMB2,000,000	RMB2,000,000	70.32%	70.32%	Trading of radial tire cords and bead wires
Xingda International (Shanghai) 興達國際(上海)特種鋼簾線有限公司 (note iii)	PRC	USD12,000,000	USD12,000,000	100%	100%	Commercial property investments
Taizhou Xingda Metal Products Co., Ltd 泰州興達特種鋼絲繩有限公司 (note ii)	PRC	RMB1,039,504,195	RMB1,039,504,195	100%	100%	Production and supply of heating power, manufacturing and distribution of radial tire cords and bead wires
Xingda Steel Cord (Thailand) Company Limited (note ii)	Thailand	THB5,686,339,000	THB5,059,005,800	70.32%	70.32%	Manufacture and distribution of radial tire cords, bead wires and other wires

Notes:

For those subsidiaries established in the PRC, their classification of establishment is as follows:

- (i) sino-foreign equity joint venture
- (ii) domestic invested company
- (iii) wholly foreign-owned enterprise

None of the subsidiaries had any loan capital and issued any debt securities subsisting at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

- (ii) Details of non-wholly owned subsidiaries that have material non-controlling interests.

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by		Profit allocated to		Accumulated	
		non-controlling interests		non-controlling interests		non-controlling interests	
		2024	2023	2024	2023	2024	2023
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Jiangsu Xingda 江蘇興達鋼簾股份有限公司	PRC	29.68	29.68	118,789	187,988	2,418,516	2,393,968
Effect of put option of shares of a subsidiary granted to non-controlling interests (note 30)	N/A	N/A	N/A	<u>N/A</u>	<u>N/A</u>	<u>(200,000)</u>	<u>(200,000)</u>

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below, representing consolidated financial information of Jiangsu Xingda. The summarised financial information below represents amounts before intragroup eliminations.

	2024	2023
	RMB'000	RMB'000
Current assets	11,941,679	11,400,059
Non-current assets	9,429,074	8,539,044
Current liabilities	(12,060,660)	(11,119,911)
Non-current liabilities	(1,242,055)	(796,475)
	<u>8,068,038</u>	<u>8,022,717</u>
Equity attributable to owners of the Company	(5,849,522)	(5,828,749)
Non-controlling interests	(2,418,516)	(2,393,968)
Effect of put option of shares of a subsidiary granted to non-controlling interests (note 30)	<u>200,000</u>	<u>200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests. – *continued*

	Year ended 2024 RMB'000	Year ended 2023 RMB'000
Revenue	11,114,209	10,740,250
Cost of Sales	(9,029,222)	(8,621,663)
Profit and total comprehensive income for the year	417,415	644,574
Profit and total comprehensive income attributable to owners of the Company	293,266	453,265
Profit and total comprehensive income attributable to the non-controlling interests	124,149	191,309
Profit and total comprehensive income for the year	417,415	644,574
Dividend declared and paid to non-controlling interests	99,601	84,277
Net cash inflow from operating activities	880,839	1,544,328
Net cash outflow from investing activities	(1,161,409)	(954,781)
Net cash inflow (outflow) from financing activities	418,172	(874,947)
Net cash inflow (outflow)	<u>137,602</u>	<u>(285,400)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	31/12/2024	31/12/2023
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	565,192	565,192
Amount due from a subsidiary	908,678	735,465
	1,473,870	1,300,657
CURRENT ASSETS		
Financial assets at fair value through profit or loss	123,148	69,448
Other receivables	2,647	24
Bank balances and cash	10,117	4,892
	135,912	74,364
CURRENT LIABILITIES		
Other payables	9,129	9,102
Bank borrowings	–	81,559
	9,129	90,661
NET CURRENT ASSETS (LIABILITIES)	126,783	(16,297)
NET ASSETS	1,600,653	1,284,360
CAPITAL AND RESERVES		
Share capital	186,603	163,218
Reserves	1,414,050	1,121,142
TOTAL EQUITY	1,600,653	1,284,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY – CONTINUED

Movement in share capital and reserves

	Share capital	Share premium	Capital contribution reserve	Capital redemption reserve	Retained profits	Shares held under share-award scheme	Share-based payments reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	163,218	-	266,960	9,700	774,037	(3,540)	3,411	1,213,786
Profit and total comprehensive income for the year	-	-	-	-	290,735	-	-	290,735
Dividend recognised as distribution (note 14)	-	-	-	-	(222,752)	-	-	(222,752)
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	2,591	2,591
At 31 December 2023	163,218	-	266,960	9,700	842,020	(3,540)	6,002	1,284,360
Profit and total comprehensive income for the year	-	-	-	-	235,100	-	-	235,100
Issuance of shares (note 31)	23,385	282,961	-	-	-	-	-	306,346
Dividend recognised as distribution (note 14)	-	-	-	-	(226,207)	-	-	(226,207)
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	1,054	1,054
At 31 December 2024	186,603	282,961	266,960	9,700	850,913	(3,540)	7,056	1,600,653

Note: Capital contribution reserve represents deemed distribution to shareholders for the acquisition of equity interest in Jiangsu Xingda and contribution received from shareholders in prior years.

42. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation, which in the opinion of the directors of the Company, provides for better presentation to the consolidated financial statements.

