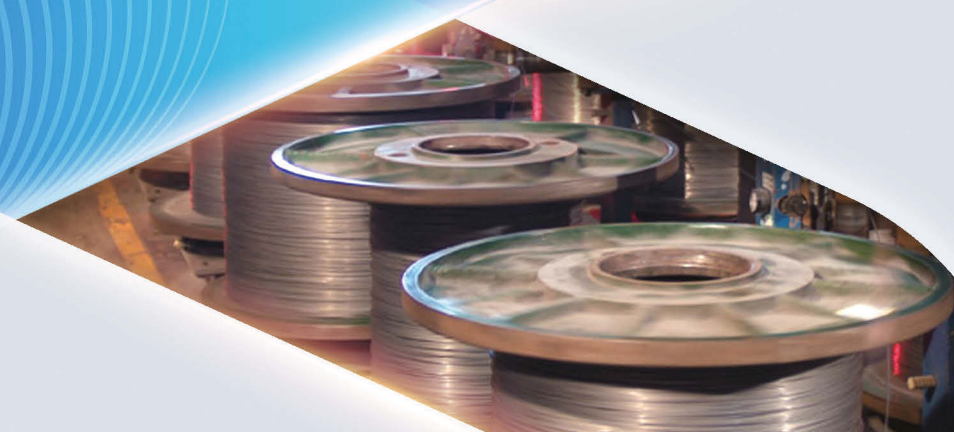
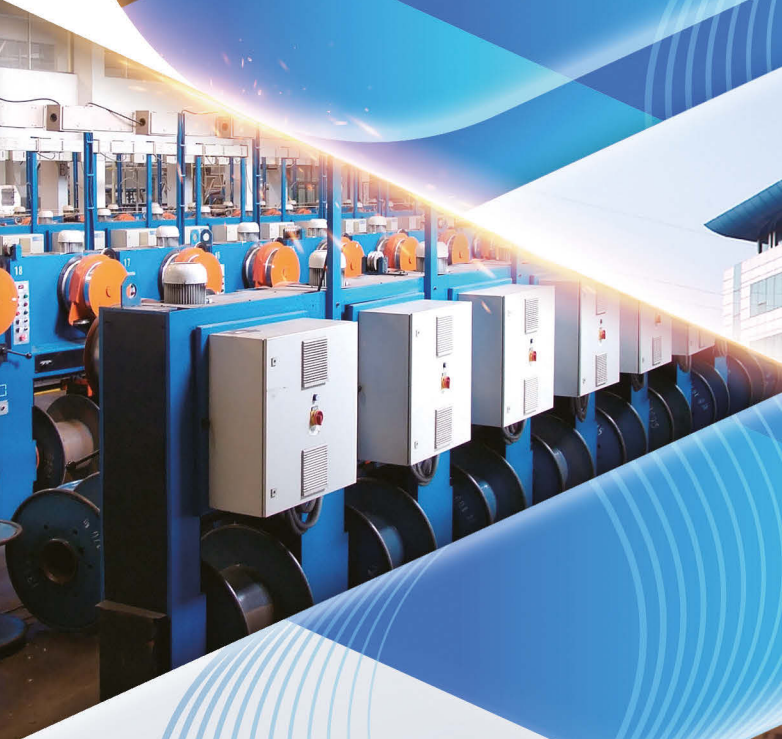




XINGDA INTERNATIONAL HOLDINGS LIMITED 興達國際控股有限公司

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

ANNUAL REPORT 2025





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIU Jinlan (*Chairman*)

Mr. LIU Xiang

Mr. HANG Youming

Mr. WANG Jin

Ms. WANG Yu (resigned on 16 April 2026)

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Ms. ZHANG Guoyun

Ms. XU Chunhua (resigned on 8 April 2026)

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)

Ms. ZHANG Guoyun

Ms. XU Chunhua (ceased to be a member on 8 April 2026)

REMUNERATION AND MANAGEMENT DEVELOPMENT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)

Ms. ZHANG Guoyun

NOMINATION COMMITTEE

Mr. LIU Jinlan (*Chairman*)

Mr. KOO Fook Sun, Louis

Ms. XU Chunhua (ceased to be a member on 8 April 2026)

COMPANY SECRETARY

Mr. CHENG Kam Ho, *CPA*

AUTHORISED REPRESENTATIVES

Mr. WANG Jin

Mr. CHENG Kam Ho

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

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE

6th Floor, No. 20, Lane 599

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, Camana Bay, Grand Cayman,

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

	2025	2024	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
OPERATING RESULTS			
Revenue	11,480.3	11,940.4	-3.9%
Gross profit	2,133.0	2,194.3	-2.8%
EBITDA ⁽¹⁾	1,785.4	1,562.6	+14.3
Profit for the year	472.2	387.8	+21.8%
Profit attributable to owners of the Company	340.4	269.0	+26.5%
Earnings per share – basic (RMB cents)	17.75	14.23	+24.7%
Earnings per share – diluted (RMB cents)	17.63	14.14	+24.7%

	2025	2024	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
FINANCIAL POSITION			
Total assets	21,193.7	22,381.5	-5.3%
Total liabilities	12,325.8	13,695.3	-10.0%
Net assets	8,867.9	8,686.2	+2.1%
Equity attributable to owners of the Company	6,647.1	6,467.7	+2.8%

	2025	2024
KEY RATIOS		
Gross profit margin ⁽²⁾	18.6%	18.4%
EBITDA margin ⁽³⁾	15.6%	13.1%
Return on equity ⁽⁴⁾	5.1%	4.2%
Current ratio ⁽⁵⁾	1.1	1.0
Gearing ratio ⁽⁶⁾	35.0%	34.8%
Net debts to equity ratio ⁽⁷⁾	94.3%	107.5%

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 the Board of Directors (the "Board"), I am pleased to present the audited annual result of Xingda International Holding Limited (the "Company") and its subsidiaries (collectively the "Group" or "Xingda") for the year ended 31 December 2025.

Over the past year, the global economy has recovered slowly, achieving modest growth amidst uncertainty and demonstrating resilience. The Group achieved steady business development in 2025. During the year, the Group's revenue decreased by 3.9% year-on-year to RMB11,480 million (2024: RMB11,940 million). Gross profit dropped by 2.8% year-on-year to RMB2,133 million (2024: RMB2,194 million) and gross profit margin increased 0.2 percentage point year-on-year to 18.6% (2024:18.4%), which was mainly due to the decrease in cost of sales under upgrading of production technology in 2025. Profit attributable to owners of the Company rose by 26.5% year-on-year to RMB340 million (2024: RMB269 million). Basic earnings per share were RMB17.75 cents (2024: RMB14.23 cents). The Board of Directors did not recommend any final dividend for the year ended 31 December 2025.

In 2025, China's traditional economic momentum slowed, while new industrial growth drivers emerged clearly. Although the domestic automotive industry faced "involution" competition overall, the production, sales and exports of new energy vehicles emerged as a new growth engine for the industry. Annual production and sales of new energy vehicles both exceeded 16 million units, representing year-on-year increases of 29% and 28.2% respectively. Additionally, in the second half of 2025, National Development and Reform Commission several other ministries jointly issued the Three-Year Action Plan for Doubling the Service Capacity of Electric Vehicle Charging Infrastructure. Driven by the continuous improvement of new energy vehicle infrastructure and the ongoing support of "renewal and trade-in programs", the automotive industry is leading tire manufacturers towards a new chapter of transformation. New energy vehicles have become the dominant force in China's automotive market, the radial tire cords industry will continue to benefit from this development.

As for overseas markets, the growth rate of tire export value has slowed, but demand continues to rise. Southeast Asia, the Americas, Europe and the Middle East are the main export regions for Chinese tires. In October 2025, Brazil terminated its anti-dumping investigation into radial tire cords from China. In January 2026, the EU-China electric vehicle anti-subsidy case negotiations also achieved positive results. It is believed that, as US-EU trade relations face restructuring, there are opportunities for Chinese exports to the European Union. According to data from General Administration of Customs of China, the value of Chinese rubber tire exports grew by only 2.0% year-on-year, indicating a trend of slowing growth. However, the positive outcomes of China's trade negotiations are expected to re-stimulate export recovery.

CHAIRMAN'S STATEMENT

Looking ahead, 2026 marks the first year of the 15th Five-Year Plan. Chinese government has prioritized expanding domestic demand as the top task in the 2026 'Two Sessions', suggesting further macroeconomic policies to stimulate consumption and boost prices are expected to be introduced in 2026. Specifically, in the new energy vehicle sector, The Outline of the 15th Five-Year Plan proposes to vigorously develop Intelligent Connected New Energy Vehicle. Report on the Work of the Government earmarked ultra-long-term treasury bonds to support "renewal and trade-in programs". This is expected to further unlock the consumption potential of new energy vehicles, driving an upgraded demand for tire and radial tire cords. However, the full impact of these policy benefits on actual demand cannot be fully realized in the short term. Regarding overseas exports, positive outcomes from trade negotiations will provide a growth foundation in radial tire cords exports. However, uncertainties in the global economic recovery and the rise of trade protectionism continue to constrain export growth rates. The management maintains a neutral caution on the supply-demand relationship in 2026. The Group will pay close attention to the developments of domestic and overseas markets.

In 2026, the Group will advance a high-quality development strategy, and focus on intelligent transformation and green upgrades of existing production capacity to reduce manufacture costs. Xingda is committed to improving the product quality of radial tire cords, steadily expanding into new tracks, and promoting the green transition sustainable development of the tire industry. Meanwhile, the Group will accelerate the globalization pace, as the Thailand plant Phase II project will achieve a critical milestone. The expansion of the Thailand plant will serve as a key strategic hub for Xingda to anchor the Asia-Pacific region and bridge Europe and America, enabling Xingda's global footprint to advance with greater steadiness and confidence.

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 2025 (the “Year”).

For the year ended 31 December 2025, the Group recorded revenue of RMB11,480.3 million, representing a year-on-year decrease of 3.9% (2024: RMB11,940.4 million). Gross profit decreased year-on-year by 2.8% to RMB2,133.0 million (2024: RMB2,194.3 million), and gross profit margin increased by 0.2 percentage point compared to the same period last year to 18.6% (2024: 18.4%). Profit attributable to owners of the Company increased year-on-year by 26.5% to RMB340.4 million (2024: RMB269.0 million). Basic earnings per share were RMB17.75 cents (2024: RMB14.23 cents). The Board of Directors did not recommend any final dividend for the year ended 31 December 2025.

INDUSTRY OVERVIEW

In 2025, China’s economy has proved remarkably resilient and achieved dynamic, innovation-driven, and high-quality development despite complex domestic and international economic environments, successfully concluding the 14th Five-Year Plan. According to data from the National Bureau of Statistics, China’s Gross Domestic Product (GDP) grew by 5.0% year-on-year in 2025, achieving the expected targets. However, economic growth went from a strong start to a slowdown in the latter half of the year, on a quarterly basis. The first quarter saw a year-on-year increase of 5.4%, followed by 5.2% growth in the second quarter. This decelerated to 4.8% in the third quarter and further slowed to 4.5% in the fourth quarter, signaling a weakening of the economic recovery momentum in the latter half of the year.

In terms of policy, in 2025, China’s automotive industry was strongly supported by “renewal and trade-in programs” and “anti-involution” policy. Across the year, over 11.5 million vehicles were renewed and traded in under the program, and more than half of the domestic passenger car sales involved “renewal and trade-in programs”. Driven by this, China’s automobile production and sales reached 34.531 million units and 34.40 million units, respectively, with year-on-year increases of 10.4% and 9.4%, setting a record high. However, the policy benefits did not fully transmit to the tire and radial tire cords industry. According to data from the National Bureau of Statistics and the General Administration of Customs, China’s production of rubber tire casing reached 1.207 billion units, a year-on-year increase of only 0.9%, marking a significant slowdown compared to previous years. This reflects, on one hand, a weak recovery in domestic market demand, and on the other hand, a more cautious production due to long-term overcapacity and “involution” competition within the industry.

In terms of exports, China’s rubber tire exports reached 9.65 million tonnes in 2025, a year-on-year increase of 3.6%. The export value amounted to approximately RMB167.703 billion, growing by only 2.0% year-on-year. A significant Volume-Price Divergence emerged, with export revenue growth significantly slowing. Consequently, the industry’s profit margins face further pressure, trapped in a situation of low profit. Meanwhile, the escalation of global trade protectionism and trade barriers may impact China’s exports of radial tire cords and its bargaining power in the international market.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW – CONTINUED

Therefore, the radial tire cords industry is facing pressure from both the “involution” competition within the downstream vehicle sector and rubber export’s trend of increasing volumes but falling prices, resulting in overall industry profitability under strain. The positive effects of existing policies diminished in the course of industry chain transmission, and their direct stimulating impact on the radial tire cords industry remains to be further realized.

In this context, new energy vehicles are expected to act as a new growth driver for the radial tire cords industry. According to data from the National Bureau of Statistics and China Association of Automobile Manufacturers, in 2025, new energy vehicle production reached 16.626 million units, representing a year-on-year increase of 29%, with exports amounting to 2.615 million units. New energy vehicles have become the dominant force in China’s automotive market. As China’s economy undergoes a green and low-carbon transition, the radial tire cords industry will continue to benefit from the production, sales, and exports of new energy vehicles.

Looking ahead, the global economy remains subject to downside risks. Bank of China Research Institute believes that while external uncertainties persist, China’s consumption will maintain steady growth and the supply-demand relationship will continue to improve. The year 2026 marks the first year of the 15th Five-Year Plan. Through the refinement of consumption promotion systems, the removal of unreasonable restrictions on automotive consumption, and the implementation of more proactive macroeconomic policies, the radial tire cords industry will gain the internal momentum of growth. Moreover, although the tire industry is facing structural challenges including overcapacity and rising trade protectionism, the continuous increase of penetration rate in new energy vehicles and the acceleration of overseas capacity deployment are driving the radial tire cords industry’s transformation from scale expansion towards high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite under an “involution” competition and weakening domestic economic recovery, the radial tire cord industry still maintained stable, enabling Xingda to achieve a stable business development in 2025. During the Year, the Group’s total sales volume decreased by 0.3% year-on-year to 1,424,200 tonnes (2024: 1,428,000 tonnes); the sales volume of radial tire cords rose by 2.5% to 1,173,000 tonnes (2024: 1,144,100 tonnes), accounting for 82.4% of the Group’s total sales volume (2024: 80.1%); the sales volume of bead wires decreased by 14.6% to 138,200 tonnes (2024: 161,900 tonnes), representing 9.7% of the Group’s total sales volume (2024: 11.3%). The sales volume of hose wires and other wires dropped by 7.4% to 113,000 tonnes (2024: 122,000 tonnes), making up 7.9% of the Group’s total sales volume (2024: 8.6%).

During the Year, the sales volume of radial tire cords for trucks increased by 2.7% year-on-year to 779,700 tonnes (2024: 758,900 tonnes), driven by the stable growth of market demand. The sales volume of radial tire cords for passenger cars also increased by 2.1% to 393,300 tonnes (2024: 385,200 tonnes), primarily due to the demand growth on passenger tires as well as radial tire cords for passenger cars under the boosting domestic new energy vehicle production. The sales volumes of radial tire cords for trucks and passenger cars accounted for 66.5% and 33.5% respectively of the total sales volume of radial tire cords during the Year.

Sales Volume

	2025	2024	Change
	Tonnes	Tonnes	
Radial tire cords	1,173,000	1,144,100	+2.5%
– For trucks	779,700	758,900	+2.7%
– For passenger cars	393,300	385,200	+2.1%
Bead wires	138,200	161,900	-14.6%
Hose wires and other wires	113,000	122,000	-7.4%
Total	<u>1,424,200</u>	<u>1,428,000</u>	-0.3%

In the China market, the sales volume of the Group’s radial tire cords increased by 1.3% to 828,300 tonnes in 2025 (2024: 817,400 tonnes), primarily driven by the slight increase in rubber tires production volume in 2025. During the Year, overseas market demand continued to grow steadily. The sales volume of radial tire cords increased by 5.5% to 344,700 tonnes (2024: 326,700 tonnes), mainly due to the stable and moderate growth of the overseas market orders. The domestic and overseas markets accounted for 70.6% and 29.4% of the Group’s total sales volume, respectively (2024: 71.4% and 28.6%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW – CONTINUED

Sales Volume – Continued

As at 31 December 2025, the Group's annual production capacity of radial tire cords increased to 1,326,000 tonnes. The annual production capacity of the Jiangsu and Shandong factories reached 890,000 tonnes and 348,000 tonnes, respectively, providing strong support for domestic sales. The annual production capacity of the Thailand plant reached 88,000 tonnes. The annual production capacity of bead wires reached 173,000 tonnes. The annual production capacity of hose wires and other wires reached 131,000 tonnes. During the Year, the overall utilization rate of the Group's factories decreased to 86.8% (2024: 91.7%).

	2025 Production Capacity (Tonnes)	2025 Utilization Rate	2024 Production Capacity (Tonnes)	2024 Utilization Rate
Radial tire cords	1,326,000	87.7%	1,294,000	91.0%
Bead wires	173,000	79.3%	173,000	94.7%
Hose wires and other wires	131,000	87.4%	131,000	94.5%
Overall	1,630,000	86.8%	1,598,000	91.7%

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 21 new types of radial tire cords and 7 new types of bead wires, hose wires and other wires.

FINANCIAL REVIEW

Revenue

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

RMB in million	2025	Proportion	2024	Proportion	Change
Radial tire cords	10,015.0	87.2%	10,243.7	85.8%	-2.2%
– For trucks	6,523.8	56.8%	6,705.2	56.2%	-2.7%
– For passenger cars	3,491.2	30.4%	3,538.5	29.6%	-1.3%
Bead wires	718.2	6.3%	868.5	7.3%	-17.3%
Hose wires and other wires	747.1	6.5%	828.2	6.9%	-9.8%
Total	11,480.3	100.0%	11,940.4	100.0%	-3.9%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – CONTINUED

Revenue – Continued

During the Year, the Group's revenue decreased by RMB460.1 million or 3.9% year-on-year to RMB11,480.3 million (2024: RMB11,940.4 million), mainly due to drop in the overall pricing of the products.

Gross profit and gross profit margin

The Group's gross profit decreased by RMB61.3 million or 2.8% year-on-year to RMB2,133.0 million (2024: RMB2,194.3 million), primarily due to the decrease in revenue. Gross profit margin was 18.6% (2024: 18.4%), representing a year-on-year increase of 0.2 percentage point. The increase in gross profit margin was mainly due to the decrease in cost of sales under upgrading of production technology in 2025.

Other income

Other income increased by RMB21.5 million or 10.3% to RMB229.8 million (2024: RMB208.3 million), mainly due to an increase in VAT additional deduction income, representing an extra valued added tax credit of RMB74.7 million, which was partially offset by the decrease in bank interest income.

Government grants

During the Year, government grants increased by RMB14.7 million or 56.5% to RMB40.7 million (2024: RMB26.0 million), due to an increase in both unconditional government grants and government grants released from deferred income.

Other gains and losses, net

Other gains and losses, net increased by RMB33.9 million or 76.0% from RMB44.6 million in 2024 to RMB78.5 million in 2025. This increase was mainly due to an increase in the net foreign exchange gain during the Year.

Impairment (losses) gains under expected credit loss model ("ECL")

Impairment losses under expected credit loss model increased by RMB10.6 million or 1,177.8% to RMB9.7 million in 2025 (2024: impairment gains of RMB0.9 million). This increase was mainly due to an increase in default rates which were used in the expected credit loss model in 2025.

Other expense

Other expenses decreased by RMB2.8 million or 54.9% to RMB2.3 million (2024: RMB5.1 million), primarily due to the reduction in costs of sundry income.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB49.5 million or 4.6% to RMB1,030.5 million (2024: RMB1,080.0 million), mainly due to a decrease in transportation and storage costs on a year-on-year basis.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – CONTINUED

Administrative expenses

Administrative expenses decreased by RMB43.1 million or 10.4% to RMB370.7 million (2024: RMB413.8 million). It is mainly due to a decrease in repairs and maintenance cost.

Research and development expenditure

Research and development expenditure increased by RMB11.6 million or 5.0% to RMB243.8 million (2024: RMB232.2 million), mainly due to the increase in the number of new products under development projects in the second half of 2025, most of which were in the initial stages so that the Group invested more resources in new product research and development.

Finance costs

Finance costs decreased by RMB18.4 million or 8.3% to RMB202.3 million (2024: RMB220.7 million). The decrease was primarily due to both decrease in both imputed interest on obligations arising from repurchase of shares and interests on bank borrowings. No imputed interest on obligations arising from repurchase of shares was provided in the second half of 2025. Meanwhile, there was a decline in the effective interest rates of the borrowings on a year-on-year basis.

Income tax expense

The Group's income tax expense increased by RMB16.0 million or 11.9% to RMB150.3 million (2024: RMB134.3 million), with an effective tax rate of 24.2% (2024: 25.7%). During the Year, current tax was increased by RMB6.6 million or 6.6% to RMB106.8 million due to the increase in profit before tax (2024: RMB100.2 million). By using the current tax on calculating the effective tax rate, it would become 17.2% (2024: 19.2%). A decrease in an effective tax rate was mainly due to profit before tax of Xingda Steel Cord (Thailand) Company Limited for the year ended 31 December 2025 was absorbed by its unrecognised tax loss and no provision for taxation has been made thereon.

Net profit

Taking the factors mentioned above into account, the Group's net profit for the year ended 31 December 2025 increased by RMB84.4 million or 21.8% year-on-year to RMB472.2 million (2024: RMB387.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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, whereas the principal usage of cash was for the acquisition of properties, plant and equipment, repayments of bank borrowings, share repurchase and payments of dividends, interest and income tax.

As at 31 December 2025, the Group's bank balances and cash increased by RMB319.6 million or 38.2% from RMB835.6 million as at 31 December 2024 to RMB1,155.2 million. The increase was primarily due to the cash generated from operating activities of RMB1,972.2 million exceeding the cash used for financing activities of RMB1,280.9 million and investing activities of RMB369.1 million respectively, and a decrease in cash due to foreign exchange rate changes of RMB2.6 million.

As at 31 December 2025, the Group's borrowings amounted to RMB7,420.8 million, representing a decrease of RMB364.8 million or 4.7% from RMB7,785.6 million as at 31 December 2024. The fixed interest rates on the borrowings ranged from 0.55% to 3.00% (31 December 2024: 0.57% to 3.50%), while the floating interest rates ranged from 2.04% to 3.55% (31 December 2024: 2.28% to 3.80%). Borrowings of RMB5,892.2 million are due for repayment within one year from 31 December 2025, and the remaining RMB1,528.6 million are due for repayment after one year from 31 December 2025.

As at 31 December 2025, the Group's current assets decreased by RMB1,170.1 million or 9.4% to RMB11,230.7 million (31 December 2024: RMB12,400.8 million), while current liabilities decreased by RMB1,919.6 million or 15.5% to RMB10,474.3 million (31 December 2024: RMB12,393.9 million). The Group's current ratio (being defined as current assets divided by current liabilities) increased to 1.1 times (31 December 2024: 1.0 time). As at 31 December 2025, the Group's gearing ratio (being defined as total borrowings to total assets) was 35.0% (31 December 2024: 34.8%).

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 year ended 31 December 2025, the Group's capital expenditure on property, plant and equipment amounted to RMB971.5 million (2024: RMB1,639.0 million).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had made a capital commitment of approximately RMB72.5 million (31 December 2024: RMB134.5 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 2025 and 31 December 2024. 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 2025 and 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2025, secured bank borrowings amounting to RMB991.6 million (31 December 2024: RMB2,393.8 million) were secured by term deposits and bills receivable of the Group amounting to RMB740.0 million and RMB251.6 million, respectively (31 December 2024: secured by term deposits, bills receivable and trade receivables amounting to RMB1,757.5 million, RMB301.5 million and RMB49.6 million, respectively).

CONNECTED TRANSACTIONS

On 13 November 2025, the Company (as lender) entered into a loan agreement (the "Loan Agreement") with the Great Trade Limited (as borrower) (the "Borrower"), pursuant to which the Company agreed to provide the loan in a principal amount of HK\$110 million (the "Loan") to the Borrower at the interest rate of 8% per annum for a term of one year from the date of drawdown.

The Borrower is a controlling shareholder interested in approximately 64% of the total issued share capital of the Company, and is a connected person of the Company. Hence, the provision of the Loan constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of the Loan exceeds 0.1% but are less than 5%, the provision of the Loan was subject to the reporting and announcement requirements but was exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Please refer to the announcement of the Company dated 13 November 2025 for further details on the Loan Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

Pursuant to the placing letter signed by the Company on 2 October 2018, the Company agreed to subscribe for 11,993,000 shares of Prinx Chengshan Holdings Limited (formerly known as Prinx Chengshan (Cayman) Holding 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 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. In 2025, Xingda disposed 3,000,000 shares of Prinx Chengshan at HK\$7.60 per share, for a total sale proceeds of approximately HK\$22.7 million after deducting expenses. The shares held by Xingda accounted for 2.4% and 2.8% of the entire issued shares of Prinx Chengshan as at 31 December 2025 and 31 December 2024 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 FVTPL of RMB4.9 million was recorded during the year ended 31 December 2025 (2024: gain of RMB4.2 million). For the year ended 31 December 2025, the dividend income received from Prinx Chengshan was RMB8.3 million (2024: RMB7.4 million).

The fair value of the investment in Prinx Chengshan as at 31 December 2025 was RMB106.3 million (31 December 2024: RMB123.1 million). The above mentioned investment accounted for 0.5% and 0.6% of the total assets value of the Group as at 31 December 2025 and 31 December 2024 respectively.

Save as disclosed above, the Group had no other significant investments as at 31 December 2025 and 31 December 2024 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 25 June 2025, Faith Maple International Ltd (“Faith Maple”), a wholly owned subsidiary of the Group, on the first part, entered into the capital reduction agreements (the “Capital Reduction Agreements”) with Jiangsu Xingda Steel Tyre Cord Co., Ltd* (江蘇興達鋼簾線股份有限公司) (“Jiangsu Xingda”), on the second part, and Chengshan Group Co., Ltd* (成山集團有限公司), Sailun Group Co., Ltd.* (賽輪集團股份有限公司), Triangle Tyre Co., Ltd* (三角輪胎股份有限公司), and Linglong Tire Co., Ltd.* (玲瓏輪胎有限公司), respectively, on the third part (the “Investors”). Also on 25 June 2025, Faith Maple entered into a capital reduction agreement with and Dongying Rongju Investment Centre (Limited Partnership)* (東營融聚投資中心(有限合夥)) (the “Dongying Capital Reduction Agreement”) (“Dongying”).

Pursuant to the Capital Reduction Agreements and the Dongying Capital Reduction Agreement, each of the Investors and Dongying withdrew from Jiangsu Xingda by way of capital reduction. Before the completion of the capital reduction, the total registered capital of Jiangsu Xingda is RMB2,862,262,865 divided into 2,862,262,865 shares. According to the Capital Reduction Agreements and the Dongying Capital Reduction Agreement, each share of Jiangsu Xingda is cancelled at approximately RMB2.69 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

– CONTINUED

After the completion of the said capital reduction, the shareholding of the Group in Jiangsu Xingda increased from approximately 70.32% to approximately 74.25%.

Please refer to the announcements of the Company dated 25 June 2025 and 4 July 2025 for further details.

Save as disclosed above, the Company had no material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures for the year ended 31 December 2025 and 31 December 2024 respectively.

HUMAN RESOURCES

As of 31 December 2025, the Group had approximately 8,300 full time employees (31 December 2024: approximately 8,600). Total staff costs including directors' remuneration for the twelve months ended 31 December 2025 was RMB1,171.6 million (2024: RMB1,236.9 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, 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 twelve months ended 31 December 2025, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB18.5 million (2024: RMB19.7 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES – CONTINUED

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 2025, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 31 December 2025, 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 the first quarter of 2027.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2025, the global economic recovery proceeded along a tortuous path, geopolitical conflicts persisted, and domestic economic restructuring deepened. The radial tire cords industry faced dual challenges of slowing demand growth and “involution” competition, affected by fluctuations in the downstream tire and automotive industries.

The year 2026, marking the first year of the 15th Five-Year Plan, will see steady progress in the macroeconomic environment. However, the Group notes that according to the Report on the Work of Local Government, multiple provinces including Guangdong and Zhejiang lowered their GDP growth targets in January 2026. On the demand side, the trend of weak domestic consumption is expected to continue into the first half of 2026. Automotive as a durable good is projected to decelerate due to high-base effects. Macroeconomic will pressure on the tire and radial tire cords industries. Therefore, the Group maintains a neutral caution about the industry’s supply-demand relationship.

Operationally, despite the complex external environment, the Group will advance a high-quality development strategy, transforming from a reliance on scale expansion to a focus on high-quality growth centered on technological innovation, product upgrades and enhanced operational efficiency. In 2026, the Group will focus on intelligent transformation and green upgrades of existing production capacity to reduce manufacture costs. Additionally, the Group intends to target premium product markets to enhance customer loyalty and bargaining power. Following years of rapid industry growth and “involution” competition, the Group will leverage operational efficiency to continuously strengthen competitiveness, steadily entering a new period of high-quality development.

Despite industry uncertainty, the first half of 2026 remains challenging. As policies to expand domestic demand are progressively implemented, infrastructure investment accelerates, and renewal and trade-in programs, the Group’s profits are expected to show a gradually increasing trend in the latter half of 2026.

Looking forward to the future, the Group will pay close attention to the changes in industry trends and domestic and overseas policies, adapt our strategy according to the general environment. At the same time, we will follow the green trend in the tire industry, optimize our 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.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. LIU Jinlan (劉錦蘭), aged 76, 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 is a non-wholly owned subsidiary 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 30 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 49, 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 30 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 57, 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 30 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 46, 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 44, 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. Ms. Wang resigned as an executive Director with effect from 16 April 2026. Please refer to the announcement of the Company dated 16 April 2026 for further details.



DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KOO Fook Sun, Louis (顧福身), aged 69, 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 82, 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 as an independent director of China Sunshin Chemical Holdings Ltd., a company listed on the Singapore Exchange Limited. From December 2019 to 18 December 2025, Ms. Xu was 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. Ms. Xu has served as an independent non-executive Director for more than 9 years since August 2005 and she resigned as an independent non-executive Director on 8 April 2026. She completed her studies in the macromolecular curriculum of the chemistry faculty of Fudan University in 1965 and has more than 58 years of experience in technology research relating to rubber chemicals. Ms. Xu resigned as an independent non-executive Director with effect from 8 April 2026. Please refer to the announcement of the Company dated 8 April 2026 for further details.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS – CONTINUED

Ms. Zhang Guoyun (張國雲), aged 62, 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 36 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 50, 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 26 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 2025.

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 2025 are set out in the consolidated statement of profit or loss and comprehensive income on page 206 of the annual report.

A special dividend out of the retained earnings of 15.0 HK cents per share of the Company (the “Share”) was paid to the shareholders of the Company on 21 February 2025. On 6 March 2026, another special dividend (the “Special Dividend”) out of the retained earnings of 25.0 HK cents per Share was paid to the shareholders of the Company.

The Board has not recommended the payment of a final dividend for the financial year ended 31 December 2025.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

References are made to the announcement of the Company dated 20 January 2026 (the “Special Dividend Announcement”), the circular of the Company dated 22 January 2026 (the “Special Dividend Circular”) and the announcement of the Company dated 10 February 2026 in relation to the proposed declaration and payment of the Special Dividend out of the Retained Earnings.

On 20 January 2026, the Board has recommended the declaration and payment of a one-off special dividend of 0.25 HK cents per Share out of the retained earnings of the Group (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\$480,031,299.75. The payment of the Special Dividend out of the Retained Earnings was approved at an extraordinary general meeting of the Company held on 10 February 2026.

Please refer to the Special Dividend Announcement, Special Dividend Circular and the announcement of the Company dated 10 February 2026 for details of the declaration and payment of the Special Dividend.

Save as disclosed above, there has been no significant event affecting the Group after the financial year ended 31 December 2025 and up to the date of this 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 2025 is set out in the section headed "2025 Environmental, Social and Governance (ESG) Report" on page 60 to 200 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.



DIRECTORS' REPORT

BUSINESS REVIEW

The business review of the Group including a discussion and analysis of the Group's performance for the year ended 31 December 2025 is set out in the section headed Management Discussion and Analysis on pages 6 to 17 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 17 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 17 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 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's environmental policies and performance for the year ended 31 December 2025 are set out in the section headed "2025 Environmental, Social and Governance Report" on pages 60 to 200 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 Tuesday, 2 June 2026 to Friday, 5 June 2026, 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 Friday, 5 June 2026, 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 Monday, 1 June 2026.

DONATION

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

PENSION SCHEME

Details of the retirement benefit scheme contributions of the Group during the year ended 31 December 2025 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 2025.

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 2025 the participants of the Scheme include three 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 2025, 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.



DIRECTORS' REPORT

SHARE AWARD 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".

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 2025 which are set out in the note 32 to the consolidated financial statements.

In year 2025, 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 2030.

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.

DIRECTORS' REPORT

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 2025	Granted during the year ended 31 December 2025	Vested during the year ended 31 December 2025	Forfeited during the year ended 31 December 2025	Lapsed during the year ended 31 December 2025	Cancelled during the year ended 31 December 2025	Unvested awards as at 31 December 2025
Directors									
– Liu Jinlan	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	1,600,000	–	–	–	–	–	1,600,000
– Liu Jinlan	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	3,825,000	–	–	–	–	–	3,825,000
– Liu Xiang	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	800,000	–	–	–	–	–	800,000
– Liu Xiang	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	1,875,000	–	–	–	–	–	1,875,000
– Hang Youming	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	800,000	–	–	–	–	–	800,000
– Hang Youming	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	1,875,000	–	–	–	–	–	1,875,000
– Wang Jin	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	100,000	–	–	–	–	–	100,000
– Wang Jin	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	225,000	–	–	–	–	–	225,000
– Koo Fook Sun, Louis	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	67,000	–	–	–	–	–	67,000
– Koo Fook Sun, Louis	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	150,000	–	–	–	–	–	150,000
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 31 March 2027	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 2030	7,575,000	–	–	–	–	–	7,575,000
Other grantees (employees) in aggregate	22 August 2019 ⁽¹⁾	22 August 2019 to 31 March 2027	1,782,000	–	–	–	–	–	1,782,000
	30 November 2021 ⁽²⁾	30 November 2021 to 31 March 2030	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 2025.

SHARE AWARD SCHEME – *CONTINUED*

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 292 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 2025 are set out in notes 16 and 19 to the consolidated financial statements, respectively.

USE OF PROCEEDS

The net proceeds from the Company's offering of new shares at its listing on the Main Board of the Stock Exchange and the subscription arrangement completed in February 2024 were all utilized as at 31 December 2024. The Company did not conduct any equity fundraising during the year ended 31 December 2025.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 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 2025 are set out in the consolidated statement of changes in equity on pages 209 to 210 of this annual report and note 41 to the consolidated financial statements respectively.



DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, 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 RMB1,419.4 million (2024: RMB1,410.5 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 2025 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 2025 and up to the date of this annual report were:

Executive Directors:

Mr. LIU Jinlan (*Chairman*)
Mr. LIU Xiang
Mr. HANG Youming
Mr. WANG Jin
Ms. WANG Yu (Resigned on 16 April 2026)

Independent Non-executive Directors:

Mr. KOO Fook Sun, Louis
Ms. XU Chunhua (Resigned on 8 April 2026)
Ms. ZHANG Guoyun

Pursuant to Article 87 of the Articles of Association, Mr. HANG Youming, Mr. WANG Jin and Mr. KOO Fook Sun, Louis 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 18 to 21 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.

DIRECTORS' REPORT

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.

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 2025, the details of which are set out in note 36 to the consolidated financial statements. Save for the transaction(s) disclosed under the paragraph headed Connected Transactions under the Management Discussion and Analysis of this report, 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 2025.

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 2025. 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 2025.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

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

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company 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 2025 <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	510,824	0.03%
Xu Chunhua	Beneficial owner	50,000	0.003%

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

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 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 2025. 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 2025, 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' 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: – CONTINUED

3. Mr. Liu Xiang held 20,023,868 Shares in his own name as at 31 December 2025. 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 2025, 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 2025. 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 2025, 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 2025, i.e. 1,920,125,199 shares.
6. Mr. Wang Jin 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 1,245,000 Shares.
7. Mr. Koo Fook Sun, Louis 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 2025
Liu Jinlan	Interest of controlled corporation (note 1)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	114,499,998	4.22%
Liu Xiang	Interest of controlled corporation (note 2)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	72,000,000	2.66%

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 2025. 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 15,499,998 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 31 December 2025.
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 2025.

Save as disclosed above, as at 31 December 2025, 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 2025 are set out in note 32 to the consolidated financial statements.



DIRECTORS' REPORT

DEED OF NON-COMPETITION

The Company has received the annual declaration 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.

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 2025 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.

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 2025, 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:

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

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 2025 <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 <i>(note 1)</i>	1,228,792,546	Long position	64.00%
Zhao Yue	Interest of controlled corporation <i>(note 2)</i>	121,496,916	Long position	6.33%
Always Blooming Holdings Limited	Interests of controlled corporations <i>(note 2)</i>	121,496,916	Long position	6.33%
Super Auspicious Inc.	Beneficial owner <i>(note 2)</i>	121,496,916	Long position	6.33%



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*

Notes:

1. Mr. Liu Tao held as to 100% of the issued share capital of Widen Success Limited. As at 31 December 2025, 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.
2. 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.
3. The percentages disclosed above were based on the total number of issued shares of the Company as at 31 December 2025, 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 2025 which are required to be recorded in the register maintained under section 336 of the SFO.

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 2025.

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 2025 is disclosed in note 13 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group contributed approximately 31% of the Group's total revenue and the largest customer contributed approximately 8% of the Group's total revenue for the year ended 31 December 2025. The five largest suppliers represented approximately 84% of the Group's total purchases and the largest supplier represented approximately 34% of the Group's total purchases for the year ended 31 December 2025.

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

30 March 2026

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 2025, 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

For the year ended 31 December 2025, the Board comprised 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. Upon the resignation of Ms. Xu Chunhua on 8 April 2026 and the resignation of Ms. Wang Yu on 16 April 2026, the Board has consisted six members, including four executive Directors and two independent non-executive Directors. The biographical details of the Directors are set out on pages 18 to 21 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 2025, the Board comprised five executive Directors and three independent non-executive Directors. the Company has been in compliance with Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules. On 8 April 2026, Ms. Xu Chunhua resigned as the independent non-executive director of the Company. As a result of the foregoing, the Company has not been 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; (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members; and (iv) Rule 3.27A of the Listing Rules, which stipulates that the nomination committee must comprise a majority of independent non-executive directors. Following the resignation of Ms. Wang Yu, the Board comprises four executive Directors and two independent non-executive Directors, and the Company has recomplied with Rule 3.10A, but remains in non-compliance of Rule 3.10(1), Rule 3.21 and Rule 3.27A. The Company is in the process of identifying suitable candidate(s) to fill the vacancy, and will use its best endeavors to ensure a suitable candidate to be appointed as soon as practicable and within three months from the date of resignation of Ms. Xu Chunhua. The Company will make further announcement(s) in relation to the appointment of new independent non-executive Director(s) as and when appropriate in accordance with Listing Rules.

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 2025, the Board held four meetings to discuss and approve various important matters. The table below sets out the attendance of each Director at the EGM and AGM and the meetings of the Board and other Board committees held during the year ended 31 December 2025:

	EGM	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	1/1	4/4	N/A	N/A	1/1	1/1	1/1	1/1
Mr. LIU Xiang	1/1	1/1	4/4	N/A	N/A	N/A	N/A	1/1	N/A
Mr. HANG Youming	1/1	1/1	4/4	N/A	N/A	N/A	N/A	N/A	N/A
Mr. WANG Jin	1/1	1/1	2/4	N/A	N/A	N/A	1/1	N/A	1/1
Ms. WANG Yu	1/1	0/1	4/4	N/A	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors									
Mr. KOO Fook Sun, Louis	1/1	1/1	4/4	2/2	1/1	1/1	N/A	N/A	N/A
Ms. XU Chunhua	1/1	1/1	4/4	2/2	N/A	1/1	N/A	N/A	N/A
Ms. ZHANG Guoyun	1/1	1/1	4/4	2/2	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 prepared for the meeting or include matters which the Directors may wish to discuss in the Board meetings.

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 ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the following mechanisms:

- a) Three out of all eight Directors are independent non-executive Directors, which fulfills the requirement of the Listing Rules that at least one-third of the Board members are independent non-executive Directors.
- 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 2025. 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 2025, the independent non-executive Directors, Mr. Koo Fook Sun Louis and Ms. Xu Chunhua have served the Company for more than 9 years. Ms. Zhang Guoyun has served the Company for less than 9 years.

Pursuant to Article 87 of the Articles of Association of the Company, Mr. Hang Youming, Mr. Wang Jin and Mr. Koo Fook Sun, Louis will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. As Mr. Koo Fook Sun Louis has served the Company for more than 9 years, his further appointment will be subject to a separate resolution to be approved by the shareholders, and the circular for the forthcoming annual general meeting of the Company will state why the Board believes that Mr. Koo Fook Sun Louis is still independent and should be re-elected.

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 2025 are as follows:–

	Participating in in-house training courses with written materials provided
Executive Directors	
Mr. LIU Jinlan	Yes
Mr. LIU Xiang	Yes
Mr. HANG Youming	Yes
Mr. WANG Jin	Yes
Ms. WANG Yu	Yes
Independent non-executive Directors	
Mr. KOO Fook Sun, Louis	Yes
Mr. XU Chunhua	Yes
Ms. ZHANG Guoyun	Yes



CORPORATE GOVERNANCE REPORT

THE BOARD – *CONTINUED*

Training and continuous professional development – *CONTINUED*

During the year ended 31 December 2025, 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 2025 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. During the year ended 31 December 2025, 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; 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; and to establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – *CONTINUED*

Audit Committee – *CONTINUED*

During the year ended 31 December 2025, the Audit Committee had two meetings and out of these, one meeting was held with the external auditor. During the meetings held, the Audit Committee performed the following work:

- reviewing the audited financial statements for the year ended 31 December 2024 and the unaudited financial statements for the six months ended 30 June 2025;
- 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 2025;
- reviewing the 2024 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 30 March 2026, the Audit Committee met with a consulting firm to review the 2025 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 2025.

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).

During the year ended 31 December 2025, the Remuneration Committee consisted of three 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 2025. 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 2024; 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 2025 with reference to the remuneration package of the Board in 2024 and the Group’s estimated financial performance for the year ended 31 December 2025;

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Remuneration and Management Development Committee – CONTINUED

Subsequent to the year ended 31 December 2025, the Remuneration Committee held one meeting on 18 March 2026. 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 2025;
- 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 2026 with reference to the remuneration package of the Directors in 2025 and the Group's estimated financial performance for the year ending 31 December 2026;
- resolved that the total remuneration and compensation of the Directors and senior management paid for the year ended 31 December 2025 was approved, ratified and recommended to the Board; and
- considered and recommended to the Board the postponement of vesting of two-third of Fifth batch of restricted shares to the selected employees to 31 March 2027 and each one-third of Sixth batch of restricted shares to the selected employees to 31 March 2028, 2029 and 2030 respectively.

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	8
RMB1,000,001 – RMB2,000,000	2
RMB2,000,001 – RMB3,000,000	3
RMB3,000,001 – RMB4,000,000	2
RMB5,000,001 – RMB6,000,000	1
RMB7,000,001 – RMB8,000,000	1
RMB9,000,001 – RMB10,000,000	1

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – CONTINUED

Nomination Committee

The Company established the Nomination Committee on 23 August 2005. During the year ended 31 December 2025, the Nomination Committee consisted 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 at least annually, assist the board in maintaining a board skills matrix, and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;
- (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;
- (f) to review its own performance, constitution and terms of reference on a regular basis; and
- (g) support the Company's regular evaluation of the Board's performance.

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 2025 and up to the date of this report, the Nomination Committee held one meeting. The Nomination Committee reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

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 2025, the Nomination Committee members have reviewed the structure, size composition and diversity of the Board and the Policy to ensure its effectiveness.

During the year ended 31 December 2025, there were three female members in the Board, achieving gender diversity on the Board. Following the resignation of Ms. Xu Chunhua on 8 April 2026, there has been no director of a different gender in the nomination committee. The Company is in the process of identifying suitable candidate(s) to fill the vacancy, and will use its best endeavors to ensure a suitable candidate to be appointed as soon as practicable and within three months from the date of resignation of Ms. Xu Chunhua and re-comply with Code Provision B.3.5. 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 “2025 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. The Executive Committee consists of two Directors, namely Mr. Liu Jinlan and Mr. Wang Jin. The chairman of the Executive Committee is Mr. Wang Jin. The Executive Committee had one meeting during the year ended 31 December 2025.

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 2025, 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 2025.



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. For the year ended 31 December 2025, the Investment and International Development Committee consisted 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 Investment and International Development Committee had one meeting during the year ended 31 December 2025.

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 2025. 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 21 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

There was no change to the Company's Memorandum of Association and Articles of Association in the year ended 31 December 2025. A copy of an up-to-date consolidated version of the Memorandum of Association and Articles of Association 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 2025, 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 2025, 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 201 to 205 of this annual report.

AUDITOR'S REMUNERATIONS

For the year ended 31 December 2025, the Group paid approximately RMB2,351,000 and RMB1,274,000 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 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 2025. 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 2025, 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 2025. 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 2025.

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 2025, the management conducted 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 27 January 2025 and 5 June 2025, the Chairman of the Board, as well as Chairman or member of each of the Board Committees, attended the extraordinary general meeting and annual general meeting to answer any questions raised by the shareholders. On 5 June 2025, 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 2025. 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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description of the Report

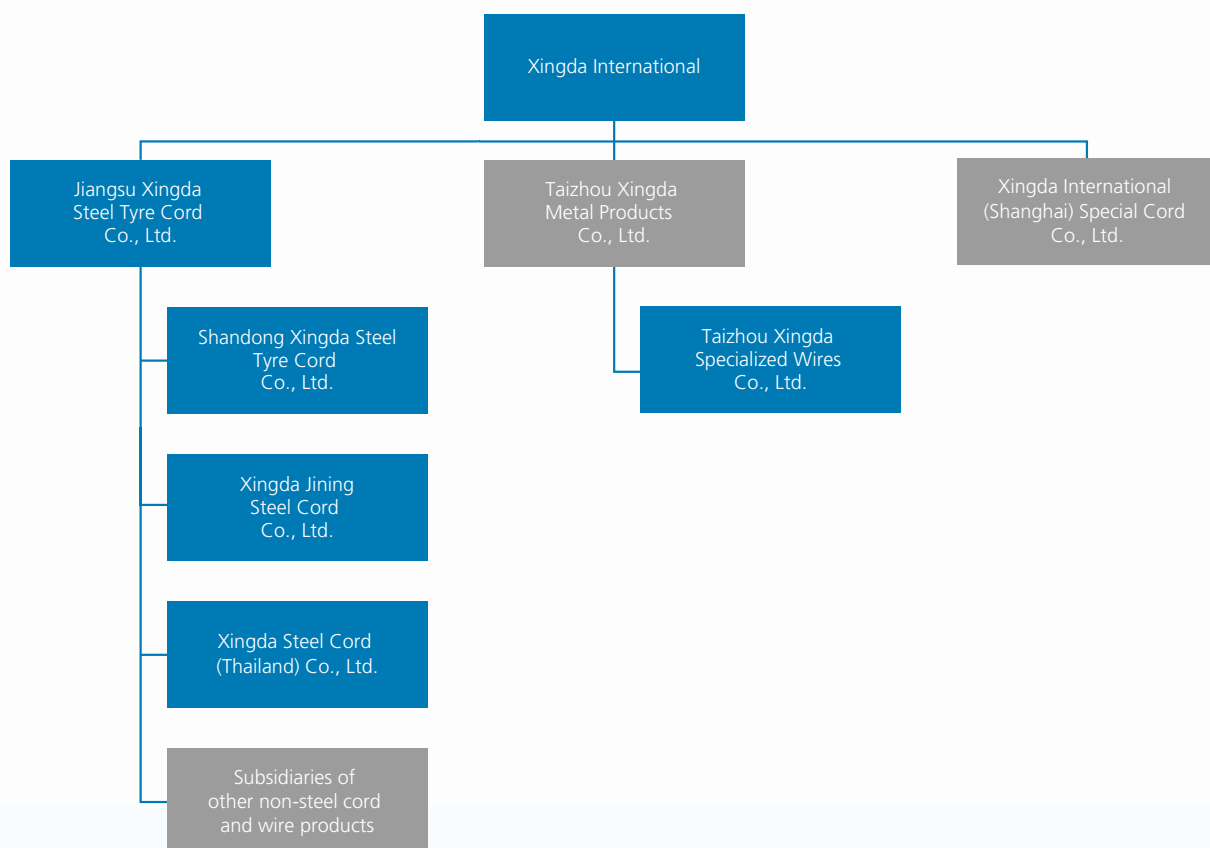
This report is the 12th *Environmental, Social, and Governance (ESG) Report* of Xingda International Holdings Limited, which discloses the Group’s philosophy, established management methods, implementation efforts, and achievements in ESG topics in its operations to investors and other stakeholders.

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 of steel cord and steel wire products operated by the Group worldwide, including manufacturing bases 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 Chart¹



^[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.

2025 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
Xingda Jining Steel Cord Co., Ltd.	Xingda Jining	
Xingda Steel Cord (Thailand) Co., Ltd.	Xingda Thailand	Affiliated to Thailand Base

Reporting Period

The reporting period is from January 1,2025 to December 31,2025. Unless otherwise specified, the data in this report are 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 Code* (effective from January 1,2025) of the *Listing Rules* issued by Hong Kong Exchanges and Clearing Limited (hereinafter referred to as the “HKEX”), the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative *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 Code* of the *Listing Rules*, including:

Materiality

In accordance with the principle, the report identifies issues to be addressed as priorities 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. This report strives to maintain consistency of indicators across different reporting periods to reflect trends in performance.



2025 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 in the contents of 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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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, the Group continuously develops high-quality, innovative, and environmentally friendly products and services, supporting the industry’s green transition and contributing to social development and common prosperity.

ESG Philosophy and Strategy

Green Products and Solutions	Sustainable and Eco-friendly Supply Chains	Sound Business Operating Models	Shared Social Values
<ul style="list-style-type: none">Reduce the environmental impact of products throughout their life cycle by means of innovation. The Group is committed to generating 30% of its revenue from green products and solutions by 2025, increasing to 50% by 2030. As of the end of 2025, this proportion reached 41.7%, achieving the interim target.	<ul style="list-style-type: none">Create an eco-friendly supply chain and establish long-term strategic relationships with suppliers and industry partners.	<ul style="list-style-type: none">Apply a sound and transparent business operating model, and direct business operations with a sustainability philosophy.	<ul style="list-style-type: none">Contribute to community prosperity and human capital development through sustainable practices.

2025 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, and has established a three-tiered governance framework comprising the Board of Directors, the Sustainable High-Quality Development Strategy Committee (hereinafter referred to as the “Sustainable Development Committee”) and the Green Vanguard Team, to advance relevant work in a standardized and systematic way. The Board of Directors, as the decision-making level, coordinates the ESG strategic directions and oversees the assessment of overall performance; the Sustainable Development Committee, as the management level, is responsible for formulating strategic objectives and driving the implementation of policies; the Green Vanguard Team and its seven working groups set up under it act, as the execution level, are responsible for organizing the implementation of various ESG initiatives and ensuring they are effectively implemented.



2025 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 materiality 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 progress 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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – *CONTINUED*

ESG Management Mechanism – *Continued*

The Green Vanguard consists of key personnel from relevant functional departments. Under the leadership of the Sustainable Development Committee, it coordinates efforts to advance ESG-related initiatives, and drives the implementation of the Group's ESG governance framework at the grassroots level. The Green Vanguard has seven working groups under it, which focus on key ESG topics and work in concert based on division of labor to ensure efficient and results-oriented implementation of various initiatives. Its main responsibilities include but are not limited to:

- Implementing the ESG strategic objectives and policy requirements formulated 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;
- Summarizing the achievements of each working group and reporting to the Sustainable Development Committee on a regular basis to ensure smooth communication and efficient execution.

Stakeholder Communication

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

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

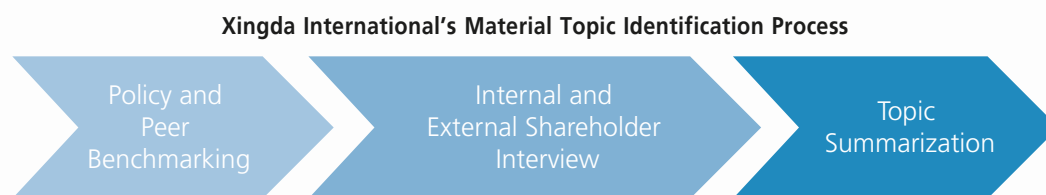
ESG Management – CONTINUED

Stakeholder Communication – Continued

Stakeholders	Topics of Concern	Communication and Response Channels
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 and 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.
Community 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 • Charitable donations

Materiality Analysis

Based on regular communication with stakeholders, Xingda International identifies material topics in sustainability and ESG through policy and peer benchmarking, internal and external stakeholder interviews, and topic summarization.



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management – CONTINUED

Materiality Analysis – Continued

Steps	Content
Policy and Peer Benchmarking	<ul style="list-style-type: none"> Review global and national macro sustainability policies, and analyze the requirements relevant to the Group's businesses; Benchmark the material topic distribution against benchmark enterprises in the industry, and identify the topics of high concern to upstream and downstream stakeholders across the value chain.
Internal and External Stakeholder Interview	<ul style="list-style-type: none"> Organize internal interviews covering 13 core functional departments with the participation of senior management of each department, and identify topics of concern to each department; Hold sustainability salons for management to vote on and rank key topics, and thus identify the strategic priorities of the topics; Conduct in-depth interviews with external customers to identify their expectations and demands for Xingda on various sustainability topics.
Topic Summarization	<ul style="list-style-type: none"> Integrate policy trends, industry practices and stakeholder views, screen and define the topics and finally identify seven material ones.

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility

Anti-corruption and Anti-bribery

Xingda International adopts a zero-tolerance approach to corruption and bribery, and strictly complies with relevant laws and regulations, striving to foster a fair, honest, and transparent business environment. To enhance compliance management, the Group has established a comprehensive system covering anti-corruption, anti-fraud, conflict of interest prevention, anti-money laundering, and anti-unfair competition measures, and has formulated internal policies 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, suppliers and partners 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, etc.</i>

2025 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 Group.

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 attaches great importance to business ethical risks such as corruption and bribery, as well as the implementation of the code of business ethics in both comprehensive and special audits. The Group has formulated the *Internal Audit System of Xingda Group* and established an Internal Audit Department as the daily audit management body, which reports directly to the Chairman of the Board and performs independent and objective supervision, inspection and evaluation.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility – CONTINUED

Anti-corruption and Anti-bribery – *Continued*

The Internal Audit Department reviews and assesses internal control, financial revenues and expenditures, economic benefits, cost and project management, and other matters of all centers and functional departments of the Group, with the aim to strengthen internal management and risk prevention and control, and safeguard the legitimate rights and interests of the Group as well as the interests of employees. Internal audit covers all operating locations on a cycle of 2-3 years, accurately identifying and rigorously controlling potential risks and violations, and ensuring the sound progress of the Company's business.

In addition, the Group places emphasis on the development of an integrity culture. It enhances employees' awareness of business ethics through regular training and publicity meetings, and has established a tiered anti-corruption training mechanism, including special training for members of the Board of Directors and employees in key positions, integrity and compliance themed training for new hires, and conduct and integrity themed activities for Party members and cadres.

To ensure effective response to the complaints and reports from employees, suppliers and other stakeholders, the Group has established open and transparent communication and reporting channels. Through an independent audit department and internal control systems, the Group guards strictly against all kinds of violations of laws and regulations. The Group publicly announces a dedicated reporting email and hotline, and sets up labor union mailboxes at production sites. Employees, suppliers and other stakeholders may supervise and report non-compliance or fraudulent practices in operation and management and misconduct of employees, and these reports will be promptly accepted and handled by the Group's dedicated department. In addition, for complaints that have not been properly addressed, appeal may be submitted directly to the Party organization, trade union or discipline inspection department of the Group.

Reporting Channels

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

The Group has established and improved the whistleblower protection mechanism, prohibiting retaliation in any form to protect whistleblowers' personal safety and legitimate interests. The Group strictly implements the whistleblower information confidentiality system, and prohibits the disclosure of whistleblowers' names, departments and units, relevant reported content, among other sensitive information; and the original or copies of materials for whistleblowing shall not be presented without authorization during the investigation and verification process. If there is any leakage of the information of whistleblowers or retaliation against them, the Group will take disciplinary action against the responsible persons in accordance with relevant rules, up to termination of the labor contract, depending on the severity of the case. For those who violate the law, they will be transferred to judicial organs for legal liability in accordance with the law.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Governance Responsibility – CONTINUED

Anti-corruption and Anti-bribery – Continued

In 2025, there were no corruption-related allegations or litigation cases against the Group or its employees, nor any legal disputes arising from such matters.

Anti-corruption and Anti-bribery Performance Sheet

Indicators	Unit	2023	2024	2025
Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period	count	0	0	0
Number of reports generated through the business ethics reporting procedure	count	0	0	0
Number of employees involved in anti-corruption related training	person	1,360	1,654	1,931
Percentage of employees involved in anti-corruption related training	%	15.54	19.33	23.33
Total number of hours of anti-corruption training received by employees ¹	hour	3,264	3,766	4,518
Percentage of operating locations that have undergone internal audits/risk assessments targeting business ethics issues to the total number of operating locations	%	20	20	20

⁽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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility

Environmental Management System

Xingda International continuously monitors and systematically assesses the environmental impact of its business activities, and actively formulates and implements scientific responsive measures. Guided by China's "carbon peaking and carbon neutrality" goals, enterprises have made ecological protection and energy conservation the key responsibilities they must fulfill. Upholding the environmental policy of "protecting the blue sky and creating a green world", the Group has established five commitments to environmental protection, and taken concrete actions to embed green, low-carbon development into corporate operation and product lifecycles.

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's production bases in China and Thailand strictly comply with the environmental laws, regulations and regulatory requirements of the locations where they operate. The Group has formulated and implemented policies including the *Environmental Management Policy* and the *Air Pollution Prevention and Control Management Procedure*, which provide a clear policy basis and implementation framework for all bases to fulfill environmental responsibilities and ensure compliance in all aspects. In 2025, all of the Group's manufacturing bases¹ in stable operation have obtained ISO 14001:2015 environmental management system certification.

¹⁾ Xingda Jining is not yet fully operational; relevant certification will be carried out once operations stabilize.

2025 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 Promotion of Clean Production, Law of the People's Republic of China on the Prevention and Control of Water Pollution, 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 Environmental Pollution by Solid Wastes, 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 Contamination, Law of the People's Republic of China on Environmental Impact Assessment, Regulation on Ecological and Environmental Monitoring, and Measures for the Environmental Management Registration of New Chemical Substances, etc.</i>
Thailand	<i>The Enhancement and Conservation of National Environment Quality Act B. E. 2535, Forest Act B. E. 2484, Community Forest Act B. E. 2562, Public Health Act B. E. 2535, and Factory Act B. E. 2535, etc.</i>

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – *Continued*

Status of Subsidiaries Obtaining Environmental Management System Certification

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 9,2029
Xingda Thailand	Manufacturing and related management activities of steel cord for radial tire	ISO 14001: 2015	April 15,2028

The Group has formulated the *Strategic Plan for Sustainable Development of Xingda International*, and established medium and long-term environmental management goals and achievement mechanisms. All manufacturing bases are required to formulate their annual environmental management objectives on such a basis to systematically strengthen the Group's environmental management capabilities.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

Environmental Management Objectives of Subsidiaries for 2025

Company Abbreviations Environmental Management Objectives

Jiangsu Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.254 tce/t• Carbon emission per unit product ≤ 1.014 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 ≤ 65 dB in the daytime and ≤ 55 dB at night
Taizhou Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.198 tce/t• Carbon emission per unit product ≤ 0.777 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 ≤ 1.0 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 ≤ 7 mg/m³• Industrial solid waste output per unit product ≤ 5 kg/t
Shandong Xingda	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.260 tce/t• Carbon emission per unit product ≤ 1.2 tCO₂/t• Water consumption per unit product ≤ 2.6 t/t• Acid consumption per unit product ≤ 22.3 kg/t• Wastewater generation per unit product ≤ 0.5 t/t• Discharge of acid cleaning waste gas hydrogen chloride and sulfuric acid mist ≤ 10 mg/m³
Xingda Jining	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.268 tce/t• Carbon emission per unit product ≤ 1.173 tCO₂/t• Water consumption per unit product ≤ 2.9 t/t• Wastewater generation per unit product ≤ 1.3 t/t• Industrial solid waste output per unit product ≤ 5 kg/t
Xingda Thailand	<ul style="list-style-type: none">• Comprehensive energy consumption per unit product ≤ 0.269 tce/t• Carbon emission per unit product ≤ 1.108 tCO₂/t• Water consumption per unit product ≤ 2.3 t/t• Acid consumption per unit product ≤ 20.8 kg/t• Wastewater generation per unit product ≤ 0.5 t/t• Industrial solid waste output per unit product ≤ 5 kg/t

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

Each manufacturing base of the Group carries out regular risk assessment of environmental events, dynamically manages emergency plans, and establishes and improves long-term working mechanisms for environmental risk prevention and control, to effectively reduce the potential impacts of emergencies on neighboring areas. All these bases have formulated and regularly updated the *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, which have all been registered with the competent ecological and environmental authorities. Xingda Thailand entrusts a third-party agency to conduct environmental impact assessments twice a year to ensure dynamic monitoring of changes in environmental risks, and organizes regular training and drills.

In 2025, the Group continuously organized environmental protection training, covering key areas such as environmental laws and regulations, pollutant discharge permit management, hazardous chemical storage and use management, and waste classification, to systematically enhance the environmental compliance awareness and management capabilities of all the bases. Meanwhile, each base organized a variety of special activities in light of actual operations. For example, the Jiangsu Base launched a touring exhibition themed “White Pollution Prevention” across multiple plants in response to the “End Plastic Pollution” global initiative of the UNEP, actively guiding employees to reduce the use of single-use plastic products and cut plastic waste at the source. It also selected employees to participate in external training sessions such as those on hazardous waste management, with all participants obtaining qualification certificates. The Thailand Base continuously strengthened localized compliance operation and community communication by convening the surrounding environment committee meetings and organizing the “White Flag & Green Star” environmental protection campaign.

Traffic Management Practices at Jiangsu Xingda Plant

To improve traffic conditions around the plant and effectively manage waste gas emissions, Jiangsu Xingda has implemented a package of traffic management measures. It drove the renovation and widening of major roads around the plant together with the local government. The move has not only improved road capacity and reduced traffic congestion, but also effectively prevented road dust caused by poor road conditions, further enhancing air quality. Meanwhile, Jiangsu Xingda has actively promoted the use of new energy vehicles, encouraging employees to choose electric or hybrid vehicles for commuting, which has helped popularize the concept of green mobility.



Jiangsu Xingda carries out road renovation and widening projects.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Environmental Management System – Continued

In 2025, the Group did not receive any administrative penalties or face litigation for violations of environmental laws and regulations.

Environmental Management System Performance Sheet

Indicators	Unit	2023	2024	2025
Percentage of employees who have received (internal or external) training on environmental issues	%	100	100	98.37
Percentage of workplaces where environmental risk assessments have been conducted	%	100	100	100
Percentage of workplaces that have passed ISO 14001: 2015 certification ¹	%	100	100	100
Amount of penalty due to violation of environmental protection laws and regulations	RMB10,000	0	0	0
Number of incidents punished due to violation of environmental protection laws and regulations	count	0	0	0

⁽¹⁾ The calculation scope of certification ratio is limited to stable operational bases, the same applies hereafter.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management

Xingda International is committed to becoming a resource-saving and environmentally 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 clear energy consumption targets based on the requirements of the ISO 50001: 2018 energy management certification system and national energy policies, and continuously controlled energy consumption in its production and operations to improve energy efficiency and reduce energy consumption intensity. In 2025, Jiangsu Xingda, Taizhou Xingda, Shandong Xingda and Xingda Thailand all successfully passed the annual surveillance audits for GB/T 23331-2020 and ISO 50001: 2018 energy management system certification.

Energy consumption target:

- By 2025, the Group's energy consumption per unit of product will decrease by 14% compared to 2020.
- By 2030, the Group's energy consumption per unit of product will decrease by 26% compared to 2020.

Progress:

- In 2025, the Group's energy consumption per unit of product decreased by 23.51% compared to 2020.

List of Applicable Laws and Regulations Related to Energy Management

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management – Continued

Key Energy Conservation Measures of Manufacturing Bases in 2025

Company Abbreviations	Energy Conservation Measures
Jiangsu Xingda	<ul style="list-style-type: none">• Completed the construction of the 20 MW rooftop photovoltaic power generation project whose average annual power output is estimated at 20.2 GWh;• Completed energy-saving upgrades of 459 air conditioning cabinet units, saving 500 MWh of electricity annually;• Completed the energy-saving renovation of permanent magnet synchronous motors for 35 coarse and medium continuous straight wire drawing machines, saving about 3.7 GWh of electricity annually;• Completed intelligent upgrades of raw material loading and unloading terminals, and added 10 electric forklifts to replace original diesel forklifts, saving about 66 tons of diesel annually.
Taizhou Xingda	<ul style="list-style-type: none">• Conducted the energy-saving renovation of one electroplating open-fire furnace waste heat recovery and utilization system, saving about 5,500 tons of steam annually;• Upgraded four permanent magnet synchronous motors for coarse continuous straight wire drawing machine, saving about 400 MWh of electricity per year.
Shandong Xingda	<ul style="list-style-type: none">• Completed the construction of the photovoltaic power generation project for carports, with an estimated average annual power generation of 430 MWh;• Completed the energy-saving upgrades of the electroplating pickling heating system, saving 2 tons of steam on a daily basis;• Upgraded the control mode for machine axial flow fans, reducing power consumption during operation;• Completed the energy-saving upgrades of coarse continuous wire drawing boron-coating boxes, reducing steam consumption in the production process;• Completed the energy-saving upgrades of automatic start-stop functions for online sorting and boxing drums in the stranding process, saving power consumption by 30% for semi-steel sorting machines and 20% for full-steel sorting machines.
Xingda Jining	<ul style="list-style-type: none">• Completed the energy-saving upgrades of the air compressor system, saving 564 MWh of electricity annually;• Completed the energy-saving upgrades of the circulating water system, saving 57 MWh of electricity annually;• Completed the energy-saving upgrades of transformers for continuous wire drawing equipment, saving 84 MWh annually.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Energy Management – Continued

Company Abbreviations Energy Conservation Measures

- Xingda Thailand
- Shut down two 45 kW circulating pumps for coarse and medium continuous wire drawing machines and leveraged pressure difference for water supply, thereby saving about 365 MWh of electricity annually;
 - Built the photovoltaic power generation project, with an estimated average annual power generation of 14,859.6 MWh.

Energy Use Performance Sheet

Indicators	Unit	2023	2024	2025
Total direct energy consumption	MWh	1,003,558.93	1,120,713.24	1,076,421.14
Total natural gas consumption	Million m ³	65.16	70.76	63.69
Total liquefied natural gas consumption	ton	19,182.46	21,520.92	21,931.78
Total gasoline consumption	ton	1.05	1.35	1.16
Total diesel fuel consumption	ton	454.74	469.81	301.88
Total solar power generation	MWh	18,803.41	41,669.48	70,320.49
Total indirect energy consumption	MWh	1,820,241.87	2,048,899.81	1,972,314.16
Total amount of purchased electricity	MWh	1,817,783.15	2,028,534.08	1,947,615.15
Including total amount of purchased green electricity ¹	MWh	0.00	48,474.00	87,943.00
Total amount of purchased steam	GJ	8,850.67	73,310.78	88,916.37
Total comprehensive energy consumption ²	MWh	2,823,800.80	3,169,613.06	3,048,735.30
Energy consumption intensity (by production volume) ³	MWh/ton of products	2.16	2.22	2.14
Use ratio of clean energy ⁴	%	35.35	35.18	38.07

^[1] The significant increase in total purchased green electricity in 2025 was primarily driven by the Jiangsu Xingda's higher green electricity procurement.

^[2] Total comprehensive energy consumption = total direct energy consumption + total indirect energy consumption.

^[3] Energy consumption intensity (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 purchased green electricity) ÷ total comprehensive energy consumption × 100%.

2025 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. All the water intake activities comply with local laws and regulations, with no adverse impact on local surface water or groundwater.

The Group strictly complies with water resource management laws and regulations, continuously improves its comprehensive water resource management mechanism, promotes the development and optimization of water recycling systems, and sets clear targets for water use efficiency. In addition, it provides training for employees on water conservation rules and regulations, and continuously strengthens water resource management capabilities across all production bases.

Water use efficiency target:

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

Progress:

- The Group's water recycling rate reached 98.49% in 2025.

List of Applicable Laws and Regulations Related to Water Resources Management

Region	Applicable Laws and Regulations
China	<i>Water Law of the People's Republic of China, Regulations of Jiangsu Province on Water Conservation, Water Consumption Quotas for Key Industrial Products in Shandong Province, 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 B. E. 2561, etc.</i>

The Group provides customized water resource management training for key position holders, regularly organizes special water conservation training for all employees, involving water conservation laws and regulations, water conservation technology application, equipment operation and maintenance, and emergency response. For example, Jiangsu Xingda organized special training sessions focusing on water conservation management system, water supply system maintenance management system, and fault emergency response plans, effectively improving employees' compliance awareness and emergency response capabilities in daily operations.

Additionally, the Group has established normalized water conservation supervision and self-inspection mechanisms, requiring all bases to conduct systematic inspections of water-consuming processes regularly and rectify the problems found in a timely manner. For instance, Xingda Thailand strictly implements the monthly inspection, rectification and verification process under closed-loop management, ensuring effective implementation of water conservation measures.

To enhance water resource utilization efficiency, the Group's subsidiaries further advanced water conservation management in 2025, implementing a series of water conservation measures based on their actual production conditions.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Water Resources Management – *Continued*

Key Water conservation Measures of Manufacturing Bases in 2025

Company Abbreviations	Water conservation Measures
Jiangsu Xingda	<ul style="list-style-type: none">• Upgraded cooling water recovery for continuous wire drawing, and coarse and medium wire drawing machines, collected pure water cooled by machine inverter heat exchangers, and recycled it through circulating pumps to reduce pure water consumption;• Optimized and upgraded medium wire drawing machines, installed a pure water flow control valve at the water inlet of the control cabinet, automatically adjusted the control valve opening with reference to the real-time temperature of the inverter to reduce the pure water consumption per ton by 44.57% through automatic control compared with manual control, achieving remarkable water conservation effects;• Optimized and upgraded the main industrial water pipelines, replace the original oversized DN300 main industrial water pipeline with the DN200 main industrial water pipeline to reduce water waste.
Taizhou Xingda	<ul style="list-style-type: none">• Optimized and upgraded the intermediate water tank circulating water system, added two counterflow cooling towers with a capacity of 200 m³/h and one 22kW circulating water pump to reduce industrial water consumption;• Eliminated the use of industrial water in the high-pressure rinsing (pre-treatment) process, and adopted recycled water for rinsing, recovery, and recycling;• Recovered and reused discharged clean wastewater from public facilities to minimize clean wastewater discharge;• Upgraded reclaimed water reuse at the end of the domestic sewage system to reduce the use of fresh water.
Shandong Xingda	<ul style="list-style-type: none">• Continuously operated the reclaimed water reuse system, achieving a water efficiency of 10-15% of the total water intake, saving approximately 36,500 tons of water annually.
Xingda Jining	<ul style="list-style-type: none">• Optimized the management of the reclaimed water reuse system, and reused the treated production wastewater in cooling, electroplating and other processes with lower water quality requirements;• Adjusted the operating frequency of cooling tower fans based on seasonal temperature variations to reduce water loss from cooling towers.
Xingda Thailand	<ul style="list-style-type: none">• Utilized local rainy season conditions to maximize rainwater collection and reuse, with a total of 21,102 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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Water Resources Management – Continued

Water Use Performance Sheet

Indicators	Unit	2023	2024	2025
Total water consumption	m ³	2,355,353	2,475,479	2,357,585
Including municipal water supply	m ³	175,767	231,041	269,436
Including underground water	m ³	132,749	136,757	126,117
Including surface water	m ³	2,024,737	2,093,850	1,940,930
Including rainwater directly collected and stored by the enterprise	m ³	22,100	13,831	21,102
Total recycled water consumption	m ³	135,443,725	148,851,252	153,894,802
Water recycling rate	%	98.29	98.36	98.49
Water consumption density (by production volume) ¹	m ³ /ton of products	1.81	1.73	1.66

⁽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 plastic pallets, disc spools, dividers, cartons, high-pressure bags, desiccants, and packing tapes. A comprehensive management mechanism has been established for the management of packaging materials. The Group precisely allocates packaging materials according to the orders of customers, and then sorts and recycles them according to the nature of different materials.

By continuously promoting the recycling and reuse of materials, the Group consistently reduces the consumption of packaging materials. In 2025, the average recycling rates of major packaging materials such as plastic pallets, disc spools and dividers across all bases further improved to exceed 90%.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Raw Material and Packaging Management – *Continued*

Packaging Material Saving Measures of Manufacturing Bases in 2025

Company abbreviations	Concrete Measures
Jiangsu Base	<ul style="list-style-type: none">• Implemented graded and targeted usage mechanisms to reduce the scrapping rate of old disc spools and lower new disc spool usage;• Sorted and screened recovered materials such as dividers, pallets and packaging boxes to reduce the consumption of new materials;• Coordinated with factories to transport scrapped cartons, dividers, and plastic pallets to the tooling team for sorting and reuse;• Collaborated with salespersons to reduce the retention of packaging materials at customer sites, ensuring timely recovery and circulation.
Shandong Base	<ul style="list-style-type: none">• Repaired damaged plastic pallets and used packing tapes through plastic welding for reuse;• Sorted and dried recovered desiccants to meet the standards for reuse;• Enhanced waterproofing of paper packaging, reducing damage caused by rain during customer use and transportation, and increasing recovery quality of packaging materials;• Reduced the use of packing tapes used per package, while ensuring product safety, and enhanced the overall structural simplicity and durability of packaging materials.
Thailand Base	<ul style="list-style-type: none">• Repaired plastic pallets through plastic welding to increase their utilization rate and reduce the use of new plastic pallets;• Continuously protected packaging materials from moisture and soaking;• Added clear labels on packaging to guide standardized operations, minimize unnecessary damage to cartons during customer use, and improve recovery quality of packaging materials.

While continuously optimizing packaging material management, the Group also actively recycles raw materials, committing to reducing resource consumption at the source and improving resource efficiency. It has defined raw material recycling targets, and consistently monitored progress at all stages.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Raw Material and Packaging Management – Continued

Raw Material Recycling Target:

- By 2030, the Group's percentage of recycled steel reaches 40%.

Progress:

- In 2025, the Group's percentage of products in line with the definition of recycled materials under ISO 14021: 2016 was 16.18%.

Raw Material and Packaging Material Management Performance Sheet

Indicators	Unit	2023	2024	2025
Total amount of packaging materials used for finished products ¹	ton	9,207.64	10,526.32	9,599.54
Density of packaging material consumption (by production volume) ²	kg/ton of products	7.08	7.37	6.75
The percentage of products in line with the definition of recycled materials under ISO 14021: 2016	%	/	15.43	16.18

^[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 the reporting year, 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* (GB 21900-2008, Table 2) and the *Control Standards on Wastewater Quality* announced by the Ministry of Industry of Thailand, as well as internally developed *Energy and Environmental Protection Management Procedures* and *Wastewater Discharge Management Procedure*.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Wastewater Management – Continued

Wastewater Pollutant Discharge Targets of Subsidiaries

Manufacturing Bases	Discharge Standards	Pollutant Types	Discharge Limit	
Jiangsu Xingda	<i>Emission Standard of Pollutants for Electroplating</i> (GB 21900-2008, 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	
Taizhou Xingda	<i>Emission Standard of Pollutants for Electroplating</i> (GB 21900-2008, Table 2)	Suspended matter (mg/L)	50	
		pH value	6-9	
		COD _{Cr} (mg/L)	80	
		Total copper (mg/L)	0.5	
		Total zinc (mg/L)	1.5	
		Total phosphorus (mg/L)	1	
		Total lead (mg/L)	0.2	
		Petroleum (mg/L)	3	
		Suspended matter (mg/L)	50	
		Shandong Xingda	Emission Standards in Pollutant Discharge Permit	pH value (mg/L)
COD _{Cr} (mg/L)	500			
Ammonia nitrogen (mg/L)	40			
Total nitrogen (mg/L)	70			
Total phosphorus (mg/L)	5			
Petroleum (mg/L)	15			
Suspended matter (mg/L)	400			
<i>Emission Standard of Pollutants for Electroplating</i> (GB 21900-2008, Table 2)	Total copper (mg/L)			0.5
	Total zinc (mg/L)			1.5
	Total iron (mg/L)			3

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Environmental Responsibility – CONTINUED

Wastewater Management – Continued

Manufacturing Bases	Discharge Standards	Pollutant Types	Discharge Limit
Xingda Jining	<i>Emission Standard of Pollutants for Electroplating</i> (GB 21900-2008, Table 2)	pH value (mg/L)	6-9
		COD _{Cr} (mg/L)	80
		Total nitrogen (mg/L)	20
		Total copper (mg/L)	0.5
		Total zinc (mg/L)	1.5
		Total phosphorus (mg/L)	1
Xingda Thailand	<i>Control Standards on Wastewater Quality</i> announced by the Ministry of Industry	pH value	6-9
		COD _{Cr} (mg/L)	400
		BOD ₅ (mg/L)	200
		Total copper (mg/L)	2
		Total zinc (mg/L)	5
		Suspended matter (mg/L)	100
		TDS (mg/L)	3,000

All wastewater generated from the Group's operations is centrally collected and treated at wastewater treatment stations before being discharged in compliance with relevant standards. Meanwhile, the Group has established multi-level monitoring and early warning mechanisms to continuously monitor key pollutants in wastewater. 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 transmitted relevant real-time data to local ecological and environmental authorities to enable real-time data sharing and alerts for abnormalities. In 2025, in accordance with test data released by qualified third-party agencies, all wastewater discharged by the Group met the required standards.

To prevent environmental risks at the source, the Group has adopted seepage control measures for all water transmission and drainage pipelines, hazardous waste storage sites, accident pools and wastewater treatment areas. In regular groundwater monitoring, Jiangsu Xingda has set up a total of 13 groundwater monitoring points, and Taizhou Xingda has set up 2 groundwater monitoring points to conduct regular monitoring.

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Environmental Responsibility – CONTINUED

Wastewater Management – Continued

In addition, the Group continuously optimizes wastewater reduction pathways, and actively introduces new wastewater reduction measures annually to systematically promote wastewater reduction and reuse.

Wastewater Reduction Measures of Subsidiaries in 2025

Company Abbreviations	Emission Reduction Measures for Wastewater Pollutants
Jiangsu Xingda	<ul style="list-style-type: none">• Replaced the pickling pretreatment process with a steel brush machine, to reduce the generation of waste hydrochloric acid and pickling wastewater;• Upgraded phosphating suction pipes to reduce both phosphorus-containing wastewater discharge concentration and generation from electroplating;• Advanced the improvement of lubricant centrifuges and copper adsorption devices to further reduce lubricant wastewater generation;• Promoted the reuse of reclaimed domestic sewage from the sewage station for chemical preparation and cleaning activities, thereby reducing the use of freshwater;• Replaced the denitrification agent from ammonia water (a hazardous chemical) to more environmentally friendly urea solution (a non-hazardous chemical) in the selective non-catalytic reduction (SNCR) denitrification process for sintering waste gas, and reduced nitrogen oxides through closed injection and pyrolysis to achieve the denitrification target, thereby significantly reducing system risks and occupational health hazards compared with the original ammonia water process.
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 lower pollutant discharge concentration and total amount;• Improved the electroplating wastewater treatment process to reduce pollutant discharge concentration and total amount;• Optimized rinsing procedures after the continuous rough wire drawing process by streamlining the original six rinsing stages to three stages, thereby reducing acidic wastewater generation.
Shandong Xingda	<ul style="list-style-type: none">• Maintained and replaced membrane components of the phosphating regeneration system to improve phosphoric acid recycling and reuse efficiency and reduce phosphorus-containing wastewater discharge;• Replaced the hydrochloric acid pickling pretreatment technology with steel brush machines in the continuous rough wire drawing process to reduce waste hydrochloric acid and acidic wastewater discharge;• Optimized the electroplating pickling tank process by increasing and maintaining the pickling concentration to ensure the pickling effect, thereby reducing waste hydrochloric acid and acidic wastewater discharge.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – *CONTINUED*

Wastewater Management – *Continued*

Company Abbreviations	Emission Reduction Measures for Wastewater Pollutants
Xingda Jining	<ul style="list-style-type: none">• Purified waste phosphoric acid discharged from workshops through membrane treatment technology to meet discharge standards, and reused it in production, thereby reducing phosphorus-containing wastewater discharge;• Reused overflow water from the electroplating intermediate frequency cold water tank and steam condensate back in the operation line, to reduce the use of fresh water;• Promoted the reclaimed water reuse project by recycling wastewater into the industrial water pipeline network, thereby reducing the use of fresh water.
Xingda Thailand	<ul style="list-style-type: none">• Purified waste phosphoric acid discharged from workshops through membrane treatment technology to meet discharge standards, and reused it in production, thereby reducing phosphorus-containing wastewater discharge;• Collected the primary acid from the acid mist purification tower and reused it in the operation line, thereby reducing the use of new acid and the discharge of acidic wastewater;• Reused overflow water from the electroplating intermediate frequency cold water tank and steam condensate back in the operation line, to reduce the use of fresh water.

Jiangsu Xingda's Phosphoric Acid Waste Liquid Recycling Project

Phosphorus-containing wastewater is generated from continuous rinsing procedures after the electroplating phosphating process. In response, Jiangsu Xingda built a phosphoric acid regeneration facility to remove heavy metal ions from wastewater using the membrane permeation technology, and recycle purified solution back into the main production process through concentration treatment, thereby reducing the use of phosphoric acid solution and the discharge of subsequent phosphorus-containing wastewater.

After the project came into operation, the Company achieved a phosphoric acid wastewater recovery rate of over 85%, with removal rates of both zinc ions and copper ions exceeding 90%. This not only improved resource utilization efficiency, but also ensured stable operation of subsequent wastewater treatment systems and compliant effluent quality.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Wastewater Management – Continued



Phosphoric acid regeneration facility

Wastewater Pollutant Discharge Performance Sheet

Indicators	Unit	2023	2024	2025
Industrial wastewater discharge	10,000 m ³	72.32	77.63	70.93
COD _{Cr} emissions	ton	15.45	15.44	12.12
BOD ₅ emissions	ton	0.06	0.05	0.12
NH ₃ -N emissions	ton	0.39	0.90	0.91

Waste Gas Management

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

In strict compliance with the requirements of laws and regulations, 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* (GB 16297-1996), the Group has established air pollutant emission targets. Additionally, it has strictly 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, ensuring that all operations are duly recorded and documented in management files to facilitate continuous improvement in waste gas emission management.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

Emission Targets of Air Pollutants of Manufacturing Bases

Manufacturing bases	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 on</i>	100
		NO _x	<i>Hazardous Waste Incineration</i>	300
		HCl	<i>(GB 18484-2020)</i>	60
		CO		100
		Non-Methane Total Hydrocarbons	<i>Emission Standard of Air Pollutants for</i>	50
Chemical plating coating for bead wire	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	
Shandong Base	Open fire furnace for electroplating	NO _x		100
		SO ₂		50
	Electroplating acid mist	HCl	<i>Emission Standard of Pollutants for</i> <i>Electroplating (GB 21900-2008)</i>	30
Continuous wire drawing acid mist	HCl	Table 5		
		<i>Integrated Emission Standard of Air</i> <i>Pollutants (GB 16297-1996)</i>	100	

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

Manufacturing bases	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

The Group conducts regular internal and external testing of air emissions to ensure the compliance of waste gas emissions. In terms of internal testing, the Group has installed online monitoring devices at hydrogen chloride tail gas vents for real-time data monitoring based on internal control indicators that are stricter than national standards. Once abnormal data is monitored, the big data platform immediately sends early warning messages and pushes them to relevant personnel to ensure timely response to abnormalities. In terms of external testing, the Group regularly commissions a third-party testing agency to conduct tests on various types of waste gas vents. In 2025, all internal and external testing results met the relevant emission standards.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – Continued

Waste Gas Generation Sources and External Monitoring Frequencies of Subsidiaries

Manufacturing

Bases	Sources	Monitoring Frequency
Jiangsu Base	Sintering waste gas from solid waste workshop	Engage a third-party testing agency to test the content of heavy metals monthly
	Unorganized waste gas in the plant area	Engage 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	Engage 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	Engage 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	Engage a third-party testing agency to conduct testing monthly (according to the self-monitoring frequency of the changed pollutant discharge permit)
	Waste gas from the sewage station	Engage a third-party testing agency to conduct testing semi-annually (according to the self-monitoring requirements of the pollutant discharge permit)
	Waste gas from pretreatment dust removal	Engage a third-party testing agency to conduct testing semi-annually
	Waste gas from temporary hazardous waste storage rooms	Engage a third-party testing agency to conduct testing semi-annually
Thailand Base	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
	Waste gas from steam boiler combustion	Engage a third-party testing agency to conduct testing semi-annually

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – *Continued*

Waste Gas Emission Reduction Measures of Subsidiaries

Company Abbreviations	Air Pollutant Reduction Measures
Jiangsu Xingda	<ul style="list-style-type: none">Continuously replaced hydrochloric acid pickling process with steel brush machines to upgrade a total of 59 production lines, and eliminate the use of hydrochloric acid in upgraded pretreatment production lines, thereby reducing hydrochloric acid mist emission;Promoted the straight wire drawing production process to shorten operation time of heat treatment lines, reduce consumption of hydrochloric acid and natural gas, and lower emissions of hydrochloric acid mist and waste gas from natural gas combustion;About to complete the construction of 10MW and 12MW distributed photovoltaic power generation projects to lower natural gas consumption and combustion waste gas emissions;Treated organic waste gas in bead wire production with regenerative thermal oxidation (RTO) technology to reduce VOCs 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 replaced and maintained activated carbon in waste gas treatment facilities at the Company's sewage station and temporary hazardous waste storage rooms to ensure waste gas treatment efficiency and compliance with emission standards;Increased pH control standard of the acid mist purification tower and dosage of liquid caustic soda, reduced HCl emission concentration and air pollutant emissions.
Xingda Jining	<ul style="list-style-type: none">Regularly calibrated the pH probes of the acid mist purification tower to ensure system accuracy and reduce HCl emission concentration;Implemented a three-stage treatment process for the acid mist purification tower to enhance regenerated acid recycling 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 reduce its concentration;Lowered the pressure of the secondary spray tower to ensure compliant emissions.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Gas Management – *Continued*

Jiangsu Xingda's Enclosed Ash Conveying Device

To effectively prevent air pollution, Jiangsu Xingda installed an enclosed ash conveying device, and put it into application. This device is a system designed for conveying and treating dust and fine particulate matters generated in industrial production. It conveys dust through enclosed pipelines to prevent dust from leaking into the environment during conveyance, thereby reducing environmental pollution and safeguarding workplace safety and hygiene.



Enclosed ash conveying device

Air Pollutant Emission Performance Sheet

Indicators	Unit	2023	2024	2025
Total waste gas emission	10,000 m ³	507,817.02	544,817.83	501,404.95
Particulate matter (PM) emissions ¹	ton	4.57	4.38	2.71
SO _x emissions	ton	4.86	4.54	6.60
NO _x emissions	ton	43.50	40.76	47.95

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

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Environmental Responsibility – CONTINUED

Waste Management

The general wastes generated by Xingda International in the production process include production wastes such as iron scraps, waste steel wires, waste packaging materials, and waste workwear, as well as domestic wastes generated from daily activities. The hazardous wastes include surface treatment sludge, waste hydrochloric acid, waste emulsion, waste machine oil, waste lead batteries, and waste activated carbon. The Group does not use persistent organic pollutants (POPs).

List of Applicable 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 Soil Contamination, Directory of National Hazardous Wastes (Version 2021), and Standard for Pollution Control on Hazardous Waste Storage, etc.</i>
Thailand	<i>Notification of the Industrial Estate Authority: Industrial Waste Management and Disposal, and Notification of the Industrial Estate Authority: 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.

The Group has formulated the *Solid Waste Management Process*, defining waste, departmental management responsibilities as well as disposal specifications. All operations are recorded as required and compiled into the *Solid Waste Temporary Storage and Disposal Form*. The Group strictly prohibits any illegal waste discharge to resolutely prevent potential risks to the environment and communities.

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

Additionally, the Group is committed to disposing of solid waste and has actively implemented effective measures across its subsidiaries, such as strengthening waste recycling, investing more in environmental protection facilities, and adopting advanced technologies to continually minimize solid waste generation.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

Solid Waste Reduction Measures of Subsidiaries in 2025

Company Abbreviations	Solid Waste Reduction Measures
Jiangsu Xingda	<ul style="list-style-type: none">• Upgraded the process of pickling sludge filter presses to reduce pickling sludge moisture content and solid waste generation;• Optimized the dosing system for electroplating phosphorus-containing wastewater, and reduce electroplating sludge generation through precise dosing control;• Upgraded lubricant centrifuges and copper adsorption devices to lower lubricant wastewater discharge and hazardous waste generation.
Taizhou Xingda	<ul style="list-style-type: none">• Improved the electroplating wastewater treatment process to reduce electroplating sludge generation;• Upgraded lubricant sludge drying facilities to reduce sludge moisture content and sludge generation.
Shandong Xingda	<ul style="list-style-type: none">• Optimized the dosing ratio of the sewage station to reduce sludge generation from wastewater treatment;• Upgraded waste lubricant sludge pretreatment centrifuges to lower sludge moisture content and hazardous waste generation.
Xingda Jining	<ul style="list-style-type: none">• Optimized the liquid concentration in tanks to reduce wastewater and sludge generation;• Regularly maintained the evaporator in the waste lubricant treatment system and replaced ineffective filter membranes in a timely manner to ensure concentration efficiency of facilities.
Xingda Thailand	<ul style="list-style-type: none">• Dried sludge to reduce its moisture content, thereby decreasing hazardous waste generation.

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 ensure the safety of hazardous chemicals in storage, transportation and disposal, strictly regulate the disposal process of hazardous waste. In accordance with its annual management plan, the Group files records with local ecological and environmental authorities, strengthens ledger management for temporary hazardous waste storage sites, improves labeling and signage, and strictly enforces the electronic voucher declaration and transfer management system, to ensure the safe and compliant disposal of hazardous waste.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – *Continued*

Safety Warning Signs for Hazardous Chemicals



Hazardous Waste Management Measures of Manufacturing Bases in 2025

Manufacturing Bases	Hazardous Waste Management Measures
Jiangsu Base	<ul style="list-style-type: none">• Leveraging Jiangsu Province’s hazardous waste lifecycle monitoring system, ensured standardized management of hazardous waste throughout the entire disposal process;• In accordance with the national <i>Standard for Pollution Control on Hazardous Waste Storage</i>, 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;• 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 Environmental Pollution by Solid Wastes</i>.
Shandong Base	<ul style="list-style-type: none">• Leveraging Shandong Province’s full-process digital regulatory platform for solid waste, formulated an annual hazardous waste management plan and filed it with the environmental protection authority;• Installed intelligent terminal devices for inbound and outbound management of hazardous waste at temporary hazardous waste storage rooms to strengthen the full-process information technology management of hazardous waste;• Conducted qualification checks on hazardous waste disposal organizations and regularly commissioned compliant entities to implement standardized disposal of hazardous waste;• Updated and improved the “one enterprise, one file” data for standardized assessment of hazardous waste, and applied for the municipal-level zero-waste factory certification.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Waste Management – Continued

Manufacturing Bases Hazardous Waste Management Measures

- Thailand Base
- Strictly monitored the entire process of hazardous waste generation, warehousing, storage, transfer, and disposal to ensure compliance;
 - Entrusted qualified entities with hazardous waste disposal and implemented the online voucher declaration and transfer system in accordance with the *Regulations on Waste Disposal* and the *Regulations on Hazardous Waste Transportation Voucher System* issued by the Ministry of Industry of Thailand.

Solid Waste Disposal Performance Sheet

Indicators	Unit	2023	2024	2025
Total amount of non-hazardous waste generated	ton	36,391.76	30,619.33	29,722.46
Disposal method: Recycling/reuse	ton	/	30,619.33	29,722.46
Non-hazardous waste generation density (By production volume) ¹	kg/ton of products	27.99	21.44	20.90
Total amount of hazardous waste generated	ton	27,368.25	35,336.58	34,711.87
Disposal method: Recycling/reuse	ton	/	/	33,267.94
Disposal method: Incineration with heat recovery	ton	/	697.57	99.60
Disposal method: Incineration without heat recovery	ton	/	51.61	309.29
Disposal method: Landfill	ton	/	1,290.00	1,035.04
Disposal method: Other	ton	/	33,297.41	0.00
Hazardous waste generation density (By production volume) ²	kg/ton of products	21.05	24.75	24.41

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

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – *CONTINUED*

Climate Change Mitigation and Adaptation

Governance

Xingda International places great emphasis on global climate change. The Board of Directors and the Sustainable Development Committee assume overall management and oversight responsibilities for climate change topics. They supervise the progress of climate-related targets, review identified climate risks and opportunities annually, and ensure that climate considerations are systematically integrated into the Group's strategic planning.

The Green Vanguard Team under the Sustainable Development Committee serves as the core management and promotion unit for climate change initiatives. This team is responsible for identifying risks and opportunities arising from climate change and continuously optimizing management measures based on analysis results to minimize the carbon footprint of operational activities. Relevant departments incorporate climate change mitigation and adaptation into their routine work priorities.

To strengthen management awareness and execution regarding climate responsibilities, the Group has implemented comprehensive incentive plans for management, linking rewards to overall operational key performance indicators. Assessment criteria include energy conservation and progress in greenhouse gas emission reduction. If relevant performance targets are not achieved, corresponding management incentives will be reduced in accordance with regulations. Moreover, the Group plans to provide climate change-related capability training, starting from 2026, for the Board of Directors and the Sustainable Development Committee to further enhance their supervision and management of climate change topics.

Strategy

Xingda International is committed to supporting the goal of limiting global warming to 1.5°C. To this end, the Group has established clear management strategies, implementing measures such as energy efficiency upgrades, increased use of clean energy, and routine information disclosure and communication. These initiatives aim to gradually phase out high-carbon energy sources, expand investment in and application of renewable energy, and proactively respond to the risks and opportunities posed by climate change.

In 2025, the Group employed scenario analysis to assess the business impacts under different climate pathways, ensuring that strategic planning remains adaptable to future climate trends and contributes to achieving the objectives of the *Paris Agreement*.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

List of Climate Risks and Opportunities

Referencing mainstream disclosure frameworks such as the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and *IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), in combination with its business realities and industry trends, Xingda International has conducted in-depth climate scenario analyses. This enables the systematic identification of climate risks and potential opportunities requiring priority attention, along with assessments of their materiality and financial impact. On this basis, the Group continuously refines strategies to address key climate risks.

List of Climate Risks and Opportunities

Risk/Opportunity Type	Main Category	Specific Risks/Opportunities
Physical risks	Acute risks	Floods Typhoons
	Chronic risks	Heatwaves
Transition risks	Policy and legal risks	Increased carbon price constraints
	Reputational risks	Insufficient disclosure
Transition opportunities	Market opportunities	Development of low-carbon products
	Technological development	Low-carbon production and smart manufacturing
	Resource efficiency	Energy efficiency improvement

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – *CONTINUED*

Climate Change Mitigation and Adaptation – *Continued*

Climate Scenario Analysis

To identify and assess the potential impact of climate-related risks on operations and business, Xingda International conducted scenario analysis for both physical and transition risks. The assessment scope covers Jiangsu Xingda, Taizhou Xingda, Shandong Xingda, and Xingda Thailand.

The Group referenced the Fifth and Sixth Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC), selected data from Shared Socioeconomic Pathways (SSP) scenarios, and integrated the Net Zero Emissions by 2050 Scenario from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) for the analysis.

This scenario analysis calculated the Physical Value-at-Risk (PVaR) and Carbon Value-at-Risk (CVaR) to quantify the risks to assets under specific climate scenarios. Both PVaR and CVaR are financial indicators of climate risk, used to estimate the percentage of asset gains or losses relative to enterprise value resulting from physical risks and transition risks primarily associated with carbon pricing, respectively.

In 2025, the Group conducted its first climate scenario analysis and established a scenario analysis reassessment mechanism. Should national carbon peaking and carbon neutrality policies, industry technical standards, or the Group's business structure undergo significant changes, a reassessment will be promptly initiated. The results of this scenario analysis have been incorporated into the Group's strategic planning and risk management framework, and relevant findings have been reported to the Board of Directors and the Sustainable Development Committee, serving as a key basis for setting climate-related targets.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Climate Scenario Analysis – Continued

Risk and Opportunity Scenario Analysis and Related Assumptions

Analysis Module	Issuing Body	Scenario Name	Scenario Description	Representative Temperature	Risk Analysis Process	Key Assumptions
Physical risks	IPCC	Shared Socioeconomic Pathways (SSP5-8.5)	A scenario of rapid fossil fuel-driven economic growth. Under this scenario, global greenhouse gas emissions and concentrations continue to rise, leading to a global average temperature increase of over 4°C above pre-industrial levels by the end of the century.	>4°C	<p>Analysis is conducted across three dimensions:</p> <ul style="list-style-type: none"> • Hazard: Mainly consider the severity of specific physical hazards at asset locations under the selected scenario. • Vulnerability: Mainly consider asset type characteristics and corresponding loss functions. • Exposure: Mainly consider total asset value. 	<ul style="list-style-type: none"> • Assume asset locations remain unchanged within the scenario analysis timeframe (i. e., up to 2050). • The analysis does not consider insurance or any measures to mitigate physical climate risks.
Transition risks	NGFS	Net Zero Emissions by 2050 Scenario (NZE 2050)	The NGFS NZE 2050 scenario assumes immediate implementation of effective climate policies globally, enabling an orderly transition to achieve net-zero emissions by 2050 and the Paris Agreement target of limiting global warming to 1.5°C by the end of the century.	<1.5°C	<ul style="list-style-type: none"> • Simulate subsidiaries' future carbon emission pathways based on historical three-year greenhouse gas emissions, clean energy usage, and carbon reduction targets. • Consider regional carbon reduction policies and pressure according to each subsidiary's location and industry to estimate carbon emission gaps of each subsidiary. • Calculate CVaR based on regional carbon prices under the NGFS NZE 2050 scenario. 	<ul style="list-style-type: none"> • Assume the Group successfully achieves its climate goals: 30% clean energy usage by 2025; Scope 1 and 2 GHG emissions reduced by 42% compared with 2021 by 2030; carbon neutrality by 2050. • Assume all subsidiaries follow the same emission reduction path and proportion, with clean energy usage reaching 50% by 2050. • Assume the Group offsets part of its greenhouse gas emissions through the purchase of carbon credits or participation in carbon sink projects.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Climate Scenario Analysis – Continued

The Group aligns with its development strategy by defining the time horizons for climate-related impacts as short-term (0-2 years), medium-term (3-5 years), and long-term (6 years and beyond). Response strategies are formulated for risks and opportunities across these different time horizons, enabling manageable short- and medium-term risks, effective conversion of opportunities, and long-term strategic transformation, thereby continuously enhancing business resilience and sustainable development capabilities.

Physical Risks

Based on a preliminary assessment of the material impacts of physical climate risks on the Group, this scenario analysis focuses on three types of physical risks: heatwaves, floods, and typhoons. The physical risk scenario analysis applies the IPCC SSP5-8.5 scenario to reflect potential risks under extreme climate change conditions. The Group uses PVaR¹ to estimate the proportion of asset value potentially lost due to physical climate risks.

^[1] PVaR = Climate disaster-related loss / Enterprise value. It represents the percentage of the Company's assets that are exposed to physical climate risks.

Results of Climate-related Physical Risk Scenario Analysis for Xingda International Subsidiaries (2050) ²

	Asset	Heatwaves	Floods	Typhoons
Jiangsu Base	Jiangsu Xingda Taizhou Xingda	Medium-low	Medium-high	Medium
Shandong Base	Shandong Xingda	Medium-low	Medium-low	Medium-low
Thailand Base	Xingda Thailand	Low	Low	Medium-low

^[2] Risk levels: Low (0%-1%), Medium-low (1%-5%), Medium (5%-10%), Medium-high (10%-30%), High (>30%).

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – *CONTINUED*

Climate Change Mitigation and Adaptation – *Continued*

Physical Risks – *Continued*

Risk Analysis Results:

- Under the SSP5-8.5 scenario, which assumes continuously intensifying climate hazards, flood and typhoon risks are relatively significant for the Jiangsu Base. Taizhou, Jiangsu, is low-lying with a dense river network, posing potential flood risks. The base is also located in a typhoon-prone region, where by 2050, maximum typhoon wind speeds could reach 31 m/s (equivalent to a Force 12 typhoon). Acute physical risks such as floods and typhoons may directly damage subsidiary assets and also cause direct impact on subsidiary production operations.
- For the Shandong and Thailand bases, the PVaR levels for all three physical risks fall within medium-low or lower, indicating that physical climate risks are relatively controllable. Among them, Shandong's heatwave and flood risks are slightly higher than those of the Thailand Base.
- Regarding heatwaves, although Thailand experiences longer summer days, its annual maximum daily temperature is lower than Shandong's. Therefore, during extreme heat events, Shandong's potential intensity and impact may be greater.
- For flood risk, despite Thailand having higher total annual precipitation and more rainy days than Shandong, Shandong experiences higher maximum daily rainfall, 5-day maximum rainfall, and more heavy rainfall days, indicating greater potential extreme precipitation intensity. Considering Shandong's overall lower precipitation relative to Thailand and its local adaptation capacity to intense rainfall, single extreme heavy rainfall events may more easily cause short-term impacts. The calculated PVaR for flood risk at the Shandong Base is slightly higher than that of the Thailand Base.

Analysis results indicate that under the SSP5-8.5 scenario, which assumes continuously intensifying climate hazards, the Group's Shandong and Thailand bases face relatively low levels of physical climate risks. In contrast, the Jiangsu Base, due to low-lying terrain, dense river network, and location in a typhoon-prone region, is exposed to certain levels of flood and typhoon risks.

In response to the identified key physical risks, the Group has initiated a comprehensive value chain impact assessment to systematically analyze risk transmission pathways and evaluate their potential impact on key financial indicators. At the same time, taking into account the Group's business characteristics, corresponding response measures have been identified and fully integrated into the Group's sustainability strategy and daily operational risk management system, thereby further strengthening overall operational resilience.

During the Reporting Period, the Group actively responded to physical climate risks. To enhance infrastructure resilience, the Group invested approximately RMB3.5 million in capital expenditures for plant seepage prevention and reinforcement, as well as the procurement of flood control equipment. In addition, the Group incurred approximately RMB1,043,200 in risk transfer costs through a portfolio of insurance policies, including coverage for fixed assets, inventories, and machinery damage. In addressing chronic physical risks, particularly extreme heat, the Group invested approximately RMB705,900 in operating expenditures for heat allowances and the procurement of heatstroke prevention supplies, effectively safeguarding employee health and production safety.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Physical Risks – Continued

Impact Analysis of Key Physical Risks and Response Measures

Risk Type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Floods	Short-, medium-, and long-term	<ul style="list-style-type: none"> Operational disruption: Flooding may inundate plants, workshops, and warehouses, causing equipment damage, production line shutdowns, power outages, and logistics disruptions, directly leading to reduced capacity and delivery delays. Supply chain disruption: Flooding may interrupt logistics, affecting raw material imports and finished goods transportation, potentially resulting in material shortages, delayed deliveries, and increased transportation costs, thereby impacting overall production planning. Personnel safety: Extreme weather threatens employee safety during commuting, transportation, and outdoor operations. 	Upstream, downstream, direct operations	Revenue ▼ Operating costs ▲ Fixed asset value ▼	<ul style="list-style-type: none"> Operational disruption: (1) Install flood barriers, waterproof gates, sandbags, and flood boards in key areas such as plants, workshops, and warehouses; (2) Establish backup plans for critical production lines to enable flexible capacity allocation; (3) Plan alternative logistics routes and emergency loading/unloading points during flood seasons to ensure smooth inbound and outbound flows of raw materials and finished products. Supply chain disruption: (1) Diversify suppliers to reduce reliance on single sources; (2) Establish safety stock and backup inventory mechanisms for key raw materials, to enhance short-term supply disruption buffering capacity. Personnel safety: (1) Develop flood emergency plans, specifying alert levels, work stoppage and production suspension conditions, and personnel evacuation procedures; (2) Enhance risk identification, emergency response and on-site handling capabilities of management and frontline employees.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Physical Risks – Continued

Risk Type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Typhoon	Short-, medium-, and long-term	<ul style="list-style-type: none"> Operational disruption: Strong winds accompanying typhoons can easily damage factory buildings, roofs, and enclosing structures, and may blow away or dislodge outdoor equipment and power facilities, leading to shutdowns and safety hazards; production suspension and evacuation may be required, resulting in disrupted capacity and delivery. Supply chain disruption: Highway closures, port shutdowns, railway suspensions, and logistics park closures during typhoons may disrupt raw material imports and product transportation, causing disruptions in the supply chain. Personnel safety: Extreme weather threatens employee safety during commuting, transportation, and outdoor operations. 	Upstream, downstream, direct operations	Revenue ▼ Operating costs ▲ Fixed asset value ▼	<ul style="list-style-type: none"> Operational disruption: (1) Reinforce outdoor equipment and power facilities with windproof and anti-detachment measures; (2) Deploy emergency generators to ensure power supply for safety systems, emergency lighting, and drainage systems; (3) Establish rapid post-typhoon equipment inspection, emergency repair, and production resumption procedures to minimize downtime. Supply chain disruption: (1) Establish multi-modal (road/rail/water) transport alternatives to avoid reliance on a single route; (2) Strengthen coordination mechanisms with suppliers and customers during typhoons, adjusting production and delivery schedules in advance. Personnel safety: (1) Develop typhoon emergency plans, specifying alert levels, work stoppage and production suspension conditions, and personnel evacuation procedures; (2) Enhance risk identification, emergency response and on-site handling capabilities of management and frontline employees.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Physical Risks – Continued

Risk Type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Heatwaves	Short-, medium-, and long-term	<ul style="list-style-type: none"> Reduced equipment operational stability: High temperatures may cause overheating, overloading, or failure of motors, automated production lines, and heat treatment equipment, increasing downtime risk and maintenance costs; cooling systems and refrigeration equipment face significantly increased loads. Increased energy consumption: Production cooling, workshop ventilation, and equipment cooling significantly increase electricity demand, which, combined with peak summer demand, may trigger power rationing, staggered production, or outages, directly causing production line interruptions. Personnel safety: Prolonged high temperatures increase workshop temperatures, leading to heat stress, fatigue, and reduced concentration among workers; shortened working hours and increased rotation may be required for occupational health, reducing productivity and effective working time. 	Upstream, downstream, direct operations	Revenue ▼ Operating costs ▲ Fixed asset value ▼	<ul style="list-style-type: none"> Reduced equipment stability: (1) Install or upgrade efficient heat dissipation systems and forced ventilation for key heat-generating equipment, and optimize equipment heat dissipation channels to reduce heat accumulation; (2) Upgrade cooling systems, air compressors, and refrigeration equipment with energy-efficient units. Increased energy consumption: (1) Promote energy-efficient cooling, ventilation, and lighting equipment, replacing high-energy-consuming, outdated equipment to reduce overall electricity load; (2) Monitor energy consumption in key electricity-intensive areas, such as production cooling and equipment cooling, establish an energy data analysis system, identify high-consumption points, and implement targeted energy-saving measures. Personnel safety: (1) Implement summer work scheduling systems with staggered shifts and rotation, and shorten continuous work hours during hot periods to prevent employees from working for extended periods in high-temperature environments; (2) Provide adequate heat protection supplies to frontline workers; (3) Strengthen heat safety training to improve employees' self-protection awareness and capabilities.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Transition Risks

The Group's transition risk analysis focuses on policy risks primarily driven by carbon pricing, adopting the Net Zero Emissions by 2050 Scenario issued by the NGFS, which reflects the risk profile under an orderly low-carbon transition. In this scenario, carbon prices represent the marginal abatement cost under various climate policies, providing a basis for the Group to quantitatively assess the potential impact of carbon costs on enterprise value.

Based on greenhouse gas emissions over the past three years and its emission reduction targets, the Group conducts baseline emission scenario simulations and calculates carbon emission gaps by incorporating regional and industry-specific policy requirements. On this basis, it references the China regional carbon price under the NGFS Net Zero 2050 scenario to calculate the CVaR¹ for each subsidiary, assessing the potential impact of rising carbon prices on asset values.

¹ CVaR = Total carbon cost/Enterprise value. Total carbon cost = Carbon emission gap × Carbon price. CVaR represents the percentage of assets potentially affected by climate-related transition risks.

Xingda International Climate-related Transition Risk Scenario Analysis Results (2050)

	Asset	Transition Risk Impact ²
Jiangsu Base	Jiangsu Xingda Taizhou Xingda	Medium
Shandong Base	Shandong Xingda	Low
Thailand Base	Xingda Thailand	Low

² Risk levels: Low (0%-1%), Medium-low (1%-5%), Medium (5%-10%), Medium-high (10%-30%), High (above 30%).

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – *Continued*

Transition Risks – *Continued*

Risk Analysis Results:

- Under the NGFS Net Zero 2050 scenario, climate transition policies in China are relatively stringent, and carbon prices show a sustained upward trend, reaching USD1,389.57/t CO₂ by 2050 (calculated in 2010 USD to adjust for purchasing power parity, excluding subsequent inflation for cross-period comparison). In Thailand, the corresponding carbon price is USD1,035.02/t CO₂.
- The potential carbon costs for Shandong and Thailand bases are relatively low, with CVaR values below 1%, indicating low transition risk.
- The Jiangsu Base faces certain transition risk, but it remains relatively manageable. This is because the base has high total production and relatively high baseline carbon emissions, resulting in a larger absolute carbon reduction requirement by 2050 and, consequently, higher potential carbon costs. Furthermore, the CVaR value depends on the ratio of total carbon cost to enterprise value. Compared with Shandong and Thailand bases, the Jiangsu Base has a higher ratio of carbon emissions to its enterprise value, indicating greater carbon intensity. When calculating the relative risk indicator, the larger numerator (total carbon cost) relative to the denominator (enterprise value) results in a higher CVaR.

Overall, the analysis indicates that, under the stringent NGFS Net Zero 2050 scenario, the Group's transition risk remains generally controllable. Considering its decarbonization targets and current reduction trends, transition risk is low for the Shandong and Thailand bases by 2050; the Jiangsu Base, while facing certain carbon costs due to its high baseline carbon emissions, still maintains a controllable transition risk.

The Group will continue to monitor climate policy developments, advance technological upgrades and optimizations, and explore multiple carbon reduction pathways to respond to the low-carbon transition.

During the Reporting Period, Xingda International actively responded to climate transition challenges and increased investment in green initiatives across multiple dimensions. In terms of energy saving and carbon reduction, the Group advanced energy-saving technological upgrades and photovoltaic system projects, with total investment of approximately RMB80 million. In governance, the Group continuously improved climate-related management systems and invested around RMB500,000 in ESG climate consulting and industry exchange activities.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Transition Risks – Continued

Impact Analysis of Key Transition Risks and Response Measures

Risk Type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Reputational risks	Medium-and long-term	<ul style="list-style-type: none"> As a company listed on the Hong Kong Stock Exchange, the Group is required to disclose GHG emissions data and mitigation measures. This information is publicly accessible to customers and investors. Underperformance relative to stakeholder expectations may negatively affect the Group's reputation. 	Direct operations, downstream	Revenue ▼ Credit risk ▲	<ul style="list-style-type: none"> Ensure GHG emissions data is calculated and disclosed in strict accordance with HKEX, ISSB, and other international standards to enhance data credibility and reporting quality. Guided by science-based carbon targets, develop a realistic and feasible emission reduction roadmap to align actual performance with public commitments, avoiding gaps between targets and outcomes. Proactively communicate progress, challenges, and improvement measures through ESG reports, results presentations, and investor engagement meetings, responding promptly to market concerns.
Policy and legal risks	Short-, medium-, and long-term	<ul style="list-style-type: none"> The Group's primary energy sources are natural gas, electricity, and diesel. With growing domestic and international focus on GHG emissions, relevant laws and regulations—such as China's Measures for the <i>Administration of Carbon Emissions Trading (Trial)</i> and the Amendment to Carbon Border Adjustment Mechanism (CBAM)—have been introduced. As a result, the Group may face higher energy and GHG emission costs. Changes in pollutant emission standards may also create compliance risks. 	Direct operations, downstream	Revenue ▼ Credit risk ▲	<ul style="list-style-type: none"> Continuously monitor domestic and international climate and environmental policy developments, with particular focus on the national carbon market, EU CBAM, and pollutant emission standards, and proactively formulate response plans to mitigate compliance risks from regulatory changes. Promote low-carbon transformation of energy consumption by increasing the share of clean electricity, expanding the use of renewable energy, and utilizing waste heat and pressure recovery to reduce GHG emissions and carbon cost pressures at the source. Enhance carbon footprint accounting and disclosure systems for export operations to meet international carbon compliance requirements. Establish a carbon cost calculation system, incorporating carbon pricing into business decision-making and considering internal carbon pricing mechanisms in the future.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Transition Opportunities

While assessing transition risks, Xingda International also places strong emphasis on the positive impacts arising from climate transition. Leveraging market trends, technological innovation, and improvements in resource efficiency, the Group is seizing new growth opportunities that can help reduce operating costs, enhance market competitiveness, and strengthen overall resilience. The Group has systematically mapped the impact pathways, relevant value chain segments, and potential financial implications of key transition opportunities, and has formulated targeted measures to convert climate opportunities into a driver of long-term growth.

During the Reporting Period, driven by growing demand for low-carbon products and green operations, 41.7% of the Group's sales came from green products and solutions, presenting tangible market opportunities for business expansion.

Impact Analysis of Key Transition Opportunities and Response Measures

Opportunity type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Market opportunities	Short-, medium-, and long-term	<ul style="list-style-type: none"> Respond to customer demands to increase the use of sustainable raw materials and reduce product carbon footprints, thereby promoting industry sustainability and enhancing the Company's competitiveness in providing differentiated products. 	Direct operations, downstream	Revenue ▲	<ul style="list-style-type: none"> Increase investment in green product R&D, optimize low-carbon product design and manufacturing processes, and continuously reduce the carbon footprint across the product lifecycle. Increase the proportion of green raw materials used and promote upstream supplier collaboration on carbon reduction. Actively engage downstream customers on carbon reduction needs, conducting joint innovation and low-carbon certification cooperation with key customers to consolidate partnerships through low-carbon products.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Transition Opportunities – Continued

Opportunity type	Time Horizon	Impact Pathways and Affected Business	Value Chain Impact	Financial Impact	Resilience Enhancement Measures
Technological development	Short-, medium-, and long-term	<ul style="list-style-type: none"> Technological advancement directly influences the Group's production transformation. On the business side, the Group actively promotes changes in energy consumption and production methods. In response to customer requirements, the Group develops low-carbon reinforcement materials and implements technology-enabled intelligent production to improve energy efficiency and reduce climate impacts. 	Direct operations, downstream	Revenue ▲ Operating costs ▼	<ul style="list-style-type: none"> Upgrade production lines with intelligent equipment, automated control, and digital management systems to achieve precise control of production parameters and optimize energy consumption, enhancing production and energy efficiency. Continuously pursue R&D on green products such as low-carbon reinforcement materials, leveraging in-house R&D outcomes to reduce emissions across products and production processes.
Resource efficiency	Short- and medium-term	<ul style="list-style-type: none"> Improve resource efficiency to reduce consumption of resources and energy—including natural gas, steam, water, and raw materials—effectively lowering operating costs. 	Direct operations	Operating costs ▼	<ul style="list-style-type: none"> Continuously upgrade production processes and energy-using equipment, promoting energy-saving technologies such as high-efficiency motors, waste heat recovery, and variable-frequency control. Establish real-time monitoring and data analysis platforms covering water, electricity, gas, steam, and major raw materials to accurately identify high-consumption nodes and continuously improve, enabling dynamic control and optimization of resource consumption.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Risk Management

Addressing climate-related risks is an integral part of the Group’s risk management system. Xingda International follows its overall risk management framework to identify, assess, and prioritize climate-related risks and opportunities, determine the key climate risks and opportunities relevant to its operations, and continuously optimize management measures, thereby minimizing the impact of its business activities on the climate and the environment. The climate risk management process remained consistent with that of the previous reporting period.

Management Process for Climate-Related Risks and Opportunities

Stage	Description
Identification	<ul style="list-style-type: none"> The Group refers to internationally recognized climate disclosure frameworks and, in light of its own business operations, identifies potential climate-related risks and opportunities. External authoritative climate risk assessment institutions and industry experts are engaged to systematically identify various climate-related risks and opportunities.
Assessment and prioritization	<ul style="list-style-type: none"> To assess climate-related risks, the Group establishes risk tolerance thresholds, with the likelihood of occurrence and potential impact as the primary considerations. Scenario analysis is applied to quantify the potential impact of different risks on the business, and risks exceeding the tolerance threshold are prioritized and subject to focused management.
Management	<ul style="list-style-type: none"> Climate-related risks and opportunities are integrated into existing management processes, covering strategic planning, day-to-day operational monitoring, and emergency response, thereby forming a comprehensive management system to effectively address such risks and opportunities. The Sustainable Development Committee oversees the monitoring of risks and opportunities, conducts regular assessments, and dynamically tracks their status, based on which it evaluates and adjusts the Group’s risk tolerance.

In 2025, the Group made significant progress in green and low-carbon operations. On the production side, the Group steadily advanced the construction of photovoltaic power generation systems, with annual solar power generation reaching 70,320.49 MWh. It also implemented energy-saving technological upgrades, including the commissioning of a waste heat recovery system for open-flame furnaces, the upgrade of high-efficiency motors, and energy-saving retrofits of wire drawing units with permanent magnet drive systems. In addition, through refined management measures such as optimizing air compressor operations and enabling automated start-stop of equipment, the Group significantly improved overall energy efficiency.

On the management side, Xingda International leveraged digital technologies to upgrade its carbon management capabilities. By establishing a carbon emissions management platform and refining carbon footprint accounting rules, it enhanced the accuracy of carbon data. During the Reporting Period, the Group completed the verification of its annual greenhouse gas emissions and obtained third-party carbon footprint verification for several core products, including steel cord for radial tires and bead wire.

On the ecosystem side, the Group actively established regular communication mechanisms with customers and suppliers to jointly advance the low-carbon transition. By integrating sustainability standards into supply chain management, Xingda International encouraged its partners to improve environmental performance and continuously strengthen efforts in energy conservation, waste reduction, and water resource management, thereby jointly building a green and low-carbon value chain ecosystem.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Indicators and Targets

Xingda International actively fulfills its responsibility to address climate change by setting greenhouse gas reduction targets aligned with the *Paris Agreement* 1.5°C goal. These targets are set using the absolute emission reduction approach rather than the sectoral decarbonization approach, and have been successfully validated by the Science Based Targets initiative (SBTi). In line with its operations, the Group has established specific targets for energy intensity, carbon emission intensity, and the proportion of clean energy use, continuously advancing its low-carbon transition and striving to achieve carbon neutrality by 2050.

Xingda International currently focuses on direct emission reduction measures, including improving energy efficiency, replacing conventional energy with clean energy, and collaborating across the value chain. Core emission sources still have significant reduction potential, and the Group has not yet relied on carbon credit purchases to offset emissions. To ensure achievement of its targets, the Group regularly monitors greenhouse gas emission indicators, quantitatively tracks progress, and provides timely feedback. Additionally, the Group participates annually in the CDP rating; in 2025, it received A- and B ratings in the Climate Change and Water Security questionnaires, respectively.

Climate Change Targets:

- By 2025, the Group aims to reduce carbon emissions per unit product by 18% compared with 2020;
- By 2025, the proportion of clean energy use is targeted to reach 30%;
- By 2030, the Group aims to reduce Scope 1 and Scope 2 absolute emissions by 42% compared with 2021, and Scope 3 absolute emissions by 25% compared with 2021;
- By 2050, the Group aims to achieve full carbon neutrality.

Progress toward Targets:

- In 2025, carbon emissions per unit product decreased by 35.74% compared with 2020;
- In 2025, the proportion of clean energy use reached 38.07%;
- In 2025, Scope 1 and Scope 2 absolute emissions decreased by 13.31% compared with 2021, and Scope 3 absolute emissions decreased by 39.10%.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Responsibility – CONTINUED

Climate Change Mitigation and Adaptation – Continued

Indicators and Targets – Continued

The Group's greenhouse gas emissions generated during its production and operations, by scope, are as follows:

Greenhouse Gas Emissions¹

Indicators	Unit	2023	2024	2025
Scope 1 GHG emissions ²	tCO ₂ e	186,907.39	216,150.43	199,614.68
Scope 2 GHG emissions ³	tCO ₂ e	1,270,989.02	1,214,980.66	1,141,584.32
Scope 3 GHG emissions ⁴	tCO ₂ e	8,686,752.60	6,649,958.17	5,715,362.85
Upstream Scope 3 GHG emissions	tCO ₂ e	6,324,363.63	4,085,822.39	3,735,200.26
Downstream Scope 3 GHG emissions	tCO ₂ e	2,362,388.97	2,564,135.78	1,980,162.59
Total GHG emissions (Scope 1 + 2 + 3)	tCO ₂ e	10,144,649.01	8,081,089.27	7,056,561.85
Total GHG emissions (Scope 1 + 2)	tCO ₂ e	1,457,896.41	1,431,131.10	1,341,199.00
Unit production volume GHG emission intensity (Scope 1 + Scope 2)	tCO ₂ e/ton of products	1.12	1.00	0.94

^[1] During the Reporting Period, the Group's GHG emissions include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

^[2] Scope 1 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*.

^[3] Scope 2 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 2023 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 0.5827 kg CO₂/kWh, and for the Shandong Base, it is 0.6191 kg CO₂/kWh. Based on the 2025 data of Thailand's carbon dioxide emission per electricity generation from the CEIC database, the power generation emission factor for Thailand is 0.383 kg CO₂/kWh.

^[4] The Scope 3 GHG emissions were calculated with reference to the *GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Upstream categories covered purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets. Downstream categories covered downstream transportation and distribution, processing of sold products, end-of-life treatment of sold products, downstream leased assets, and investments.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility

Product and Service Quality Management

As a professional supplier of rubber reinforcement materials, Xingda International provides products including steel cord, bead wire, and hose wire, serving well-known tire and hose manufacturers in both domestic and international markets. Upholding a customer-first philosophy, the Group strictly complies with applicable laws, regulations and industry standards to ensure its products and services consistently meet high-quality standards, while continuously enhancing customer engagement and strengthening partnerships, striving to remain a trusted long-term partner to its customers.

List of Applicable Laws and Regulations Related to Products and Services

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

The *Quality Manual* serves as the guiding document for the Group's quality management work. It defines the quality policy and the scope of application of the quality management system and provides the fundamental basis for Xingda International's external quality commitments. In addition, the Group has established and implemented a series of procedural documents, including the *Inspection Regulations*, the *Control of Nonconforming Products from Suppliers*, the *Control of Process and Final Non-conforming Products*, the *Internal Quality Audit*, and the *Product Recall Management System*. These documents standardize quality management throughout the entire process—from raw material procurement to finished product delivery—ensuring that quality control requirements extend across the full product lifecycle and continuously enhancing the effectiveness and compliance of the quality management system.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – *Continued*

In 2025, the Group systematically updated several policy documents, including the *Steel Cord Welding Quality Control Regulations*, the *8D Analysis Process and Regulations*, the *Product Protection Management Regulations*, the *Product Audit Management System*, the *Product Inspection Guidelines*, the *Auxiliary Material Inspection Plan*, and the *Logistics Management and Packaging Requirements*. These updates refined management requirements and reinforced implementation standards, thereby enabling more coordinated and efficient operation of the Group’s quality management system.

In 2025, all manufacturing bases in stable operation obtained certification under the IATF 16949: 2016 Automotive Quality Management System and the ISO 9001: 2015 Quality Management System. Building on these management system standards, the Group continues to optimize product quality inspection processes, improve relevant management mechanisms, and systematically strengthen quality control capabilities and product reliability, ensuring full compliance with industry standards and customer requirements.

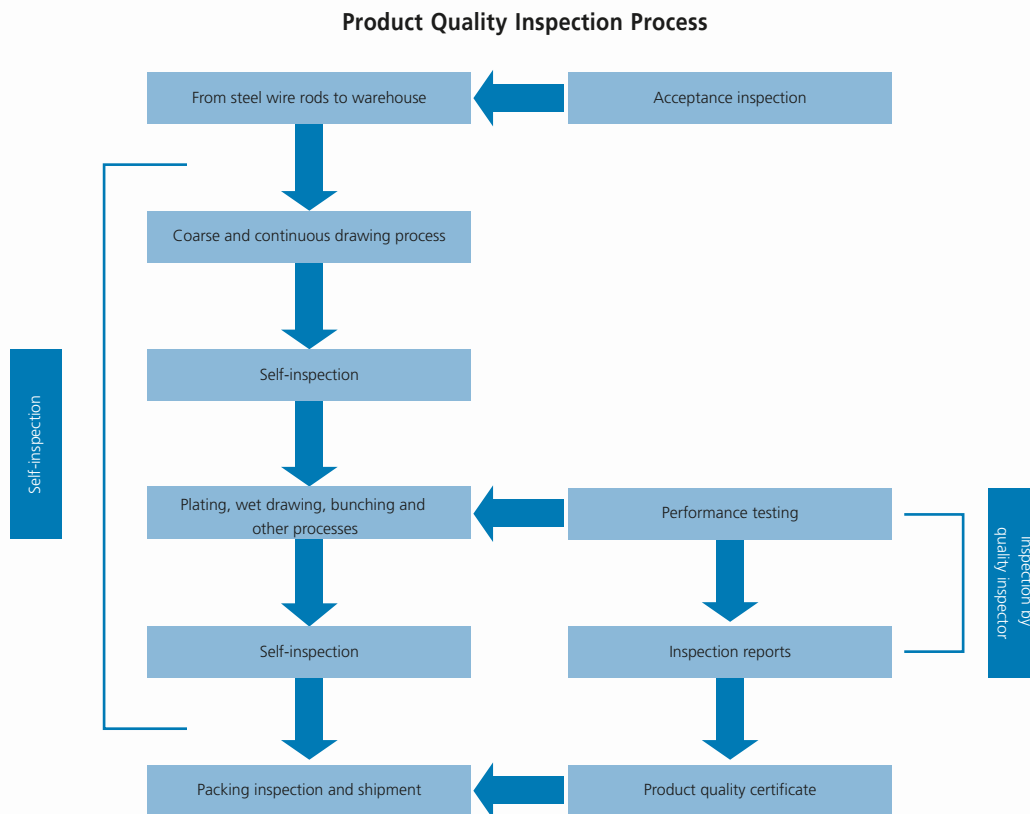
Quality Management System Certifications of Subsidiaries

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

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – Continued



All products are subject to self-inspection and sampling inspection by quality inspectors. Taking steel cord products as an example, from raw material warehousing to packaging and shipment, Jiangsu Xingda requires the production department to perform self-inspection after each process is completed; only products that pass self-inspection proceed to the next step. Quality inspectors then conduct sampling inspections upon completion of the later production stages, performing performance testing and recording inspection results. All inspection records are compiled into a daily product quality report, and a product quality certificate is issued and delivered alongside the products to customers.

In line with major domestic and international testing standards, Xingda International conducts systematic product quality and safety testing for steel cord, bead wire, hose wire, and galvanized wire products, with a focus on compliance with the Restriction of Hazardous Substances (RoHS) Directive and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation. All test results meet the relevant standards. In addition, Safety Data Sheets (SDS) are prepared and provided for steel cord, bead wire, and hose wire products to systematically prevent potential risks during use and disposal.

The Group has also led the revision of multiple 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* issued by the China Rubber Industry Association, which further standardize product performance and durability and drive continuous improvement of industry quality requirements.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Product and Service Quality Management – *Continued*

In 2025, to enhance employees' quality awareness, Xingda International organized a total of 176 quality training sessions covering quality management philosophy, management tools, and practical application skills, targeting technical, R&D, quality, and equipment departments. These included 170 internal sessions, 2 external sessions, and 4 customer-led training sessions. Training content focused on zero-defect management, total quality management methodologies, practical use of quality tools, and analysis of typical cases, with an emphasis on enhancing employees' capacity to address real-world issues using professional methods. For example, in the external training "AI-Enabled Quality Management and 8D Tool Application," participants systematically learned to integrate 8D methodology with quality tools to analyze and resolve quality problems scientifically, enhancing quality competitiveness and customer satisfaction in a digital environment.

In 2025, no product recalls occurred due to product non-conformity, and no health or safety violations were reported in relation to the products and services provided.

Product and Service Quality Management Performance Sheet

Indicators	Unit	2023	2024	2025
Percentage of products that must be recovered for safety and health reasons of the total products sold or shipped	%	0	0	0
Number of complaints received regarding products and services	case	43	38	45
Complaint handling rate	%	100	100	100

R&D Innovation

Xingda International adheres to an R&D innovation-driven approach, leveraging a high-level technical team to continuously advance process optimization and technological breakthroughs that align with market demand and enhance core competitiveness. The Group has established R&D management policies, including the *Sample Development Management System* and the *Advanced Quality Planning*, to continuously improve its research and development framework and actively foster an innovation-driven development mechanism, providing solid organizational and procedural support for sustained enterprise innovation.

List of Applicable Laws and Regulations Related to R&D Innovation

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

In 2025, Xingda International completed a total of 186 new product developments. Among them, the high-strength non-circular cross-section rectangular bead wire project was precisely positioned for the high-end heavy-duty tire market, achieving a technological breakthrough and further strengthening the Group's competitiveness in the high-end tire segment.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

R&D Innovation – Continued

The Group has also actively developed ultra-high-strength (UT) and extremely high-strength steel cord products for low rolling resistance, energy-efficient green tires. Fatigue-resistant carcass cords were successfully developed and commercialized, effectively extending tire service life, increasing retreadability, and further improving product durability and resource efficiency. In 2025, eight UT steel cord products underwent full-scale sample certification, achieving an annual UT production exceeding 54,000 tons.

Furthermore, in line with national policy guidance and industry trends, Xingda International has formulated a sustainable development action plan, identifying “green products and solutions” as a strategic priority. As a key link in the automotive industry chain, the Group actively promotes the use of low-carbon, environmentally friendly raw materials in its products and carries out research and development of green raw material products guided by circular use of resources. In 2025, the Group supplied prototype samples of 20 specifications of green raw materials to eight tire manufacturers and full-scale samples of 44 specifications to 14 tire manufacturers, striving to minimize the environmental impact of products throughout their lifecycle.

R&D Innovation Performance Sheet

Indicators	Unit	2023	2024	2025
R&D investment	RMB10,000	17,070	23,223	24,384
Proportion of R&D expenses in operating income	%	1.49	1.94	2.12
Number of R&D personnel	person	785	790	790
Proportion of R&D personnel ¹	%	11.10	9.23	9.54

⁽¹⁾ R&D personnel are primarily based at Jiangsu Xingda, and the statistical range of R&D personnel only includes Jiangsu Xingda.

R&D Innovation Targets and Progress in 2025

2025 Targets	Progress
Approval rate of steel cord prototype samples \geq 98.5%	Actual approval rate in 2025: 100%
Approval rate of new steel cord products (pilot and full-scale samples) \geq 93%	Actual approval rate in 2025: 98.11%
Proportion of sales from new steel cord products \geq 14.2%	Actual proportion in 2025: 14.29%
Continuous acceleration of UT steel cord development; new development target in 2025 \geq 5 products	In 2025, six new specifications of UT steel cords were developed; total annual UT product shipment exceeded 54,000 tons, representing a 21% year-on-year increase.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Intellectual Property Protection

Xingda International strictly adheres to internal policies such as the *Measures for the Management of Intellectual Property Rights*, the *Intellectual Property Procedure*, the *Intellectual Property Management System*, and the *Intellectual Property Manual*, continuously improving its intellectual property (IP) protection and management framework, strengthening IP compliance management, and enhancing 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</i> , <i>Trademark Law of the People's Republic of China</i> , and <i>Copyright Law of the People's Republic of China</i> , etc.
Thailand	<i>Patent Act B. E. 2522</i> , <i>Trademark Act B. E. 2534</i> , <i>Copyright Act B. E. 2537</i> , and <i>Industrial Design Act B. E. 2560</i> , etc.

While continuously promoting R&D innovation, Xingda International upholds the fundamental principle of not infringing upon others' intellectual property, safeguards its own IP rights, and attaches great importance to the protection of intangible assets such as technology innovations, trademarks, patents, and copyrights. Through a comprehensive IP management system and well-defined application and usage processes, the Group ensures that IP management, protection, and utilization are carried out in a compliant and orderly manner.

In 2025, Jiangsu Xingda successfully passed an independent third-party supervisory audit of its IP management system conducted in accordance with *GB/T 29490-2023: Enterprise Intellectual Property Compliance Management System — Requirements*. It also completed a Level 1 formal evaluation of its innovation and IP management capabilities under *ISO 56005: 2020: Innovation Management — Tools and Methods for Intellectual Property Management — Guidance*, gaining recognition for the operation of its IP management system.

In terms of information management and risk prevention, the Group focuses on key domestic and international customers, conducting multiple specialized patent searches and in-depth analyses. A total of 12 industry IP analysis reports were produced in 2025, providing robust support for deepening technological collaboration and mitigating IP risks.

To enhance employee capabilities, Xingda International organized specialized training for technical backbones of the Group and IP department personnel of Jiangsu Xingda, covering patent search strategies, patent applications, and other key areas. Two employees from Jiangsu Xingda's IP department successfully passed the online innovation manager examination and obtained the corresponding certification.

To incentivize innovation, Xingda International issued a total of RMB143,000 in patent rewards during the Reporting Period. Additionally, the Group completed two patent-intensive product filings, and one invention patent was awarded the "China Patent Excellence Award", reflecting industry recognition of its innovation achievements and patent quality.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Intellectual Property Protection – *Continued*

Intellectual Property Management Performance Sheet

Indicators	Unit	2023	2024	2025
New patent applications	pcs	59	60	47
New patent grants	pcs	50	44	39
Cumulative patent applications	pcs	1,046	1,106	1,153
Cumulative patent grants	pcs	544	532	571

Responsible Marketing

In strict compliance with national laws and regulations, Xingda International conducts sales and marketing activities in a compliant, honest, and responsible manner. It rigorously implements internal management policies, including the *Responsible Marketing Policy* and the *Identification and Traceability Management System*, and fully enforces product labeling requirements to ensure that all product label information is authentic, accurate, standardized, and traceable, thereby guaranteeing transparency and openness in product disclosure.

List of Applicable Laws and Regulations Related to Responsible Marketing

Region	Applicable Laws and Regulations
China	<i>Advertisement Law of the People's Republic of China</i> , etc.
Thailand	<i>Consumer Protection Act B. E. 2522 (1979)</i> , etc.

The Group conducts monthly market surveys to monitor customer purchasing and sales trends dynamically. A business intelligence (BI) database is maintained to regularly analyze customer and product data, providing a data-driven basis for market decisions and production planning. Refined management practices are applied for pricing adjustments and product specification changes, with early warnings issued for high-loss customers and product specifications. These measures improve operational efficiency and ensure that marketing activities are conducted in a standardized, stable, and sustainable manner.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Intellectual Property Protection – Continued

Responsible Marketing Commitments:

- Transparency and accuracy: Avoid false, exaggerated, or misleading information; do not fabricate product efficacy or conceal key terms (e. g., price).
- Consumer rights protection: Respect consumers' rights to information, choice, and privacy; avoid forced marketing or misuse of user data; provide clear channels for after-sales rights protection.
- Compliance with laws and regulations: Strictly adhere to relevant laws and regulations, including the *Advertisement Law of the People's Republic of China* and the *Law of the People's Republic of China Against Unfair Competition*, and refrain from illegal marketing (e. g., false advertising or unfair pricing).
- Social responsibility: Ensure marketing content does not violate public order or social ethics (e. g., avoid vulgar or discriminatory content); support sustainable development; do not exploit vulnerable groups in marketing.
- Fair competition: Do not disparage competitors or engage in monopolistic marketing; maintain a healthy market competition environment.

In 2025, Xingda International did not receive any penalties from regulatory authorities related to violations of product quality laws and regulations.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Data Security and Customer Privacy Protection – *Continued*

Xingda International places a high priority on data security and privacy protection, continuously enhancing its information security management capabilities to ensure that control measures are effective and compliant with established standards. In 2025, Jiangsu Xingda obtained ISO 27001: 2022 Information Security Management System certification, and all manufacturing bases of the Group adhered to the system requirements.

List of Applicable 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, and Cybersecurity Law of the People's Republic of China, etc.</i>
Thailand	<i>Personal Data Protection Act B. E. 2562, etc.</i>

Xingda International strictly implements internal policies, including the *Information Security Management System*, to prevent information security risks. Vulnerability scans are required before system launches, and employees can report security vulnerabilities or other related issues promptly through IT administrators or departmental channels. To prevent unexpected cybersecurity incidents, the Group performs periodic cybersecurity emergency drills that focus on scenarios susceptible to cyberattacks, simulating the full process—from incident occurrence and emergency response to post-event accountability—to ensure a comprehensive and effective response cycle.

The Group incorporates information security vulnerability audits into its annual audit program and engages third-party professional agencies to assess information security and system operation risks. These assessments include exposure analysis of corporate assets, providing a comprehensive overview of assets accessible via the internet. For assets improperly exposed online and the associated risks, the Information Security Department promptly takes corrective actions, closing unnecessary ports and remediating vulnerabilities. In addition, targeted scans are conducted on vulnerable assets to identify security weaknesses and weak passwords, ensuring timely remediation and strengthening password complexity management.

In terms of equipment security management, Xingda International enforces strict controls over all existing and newly deployed industrial control computers, fully installing antivirus software and integrating them into centralized bastion host management, thereby continuously strengthening system security protection. Meanwhile, the Group steadily upgrades the core cluster's aggregation and storage switches, further enhancing the operational performance and security of network devices. In addition, to ensure stable and efficient operation of the production environment, the Group continuously optimizes and upgrades the operating system of its production Kubernetes clusters, significantly improving cluster security and operational efficiency.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Data Security and Customer Privacy Protection – *Continued*

Information storage and access are tightly controlled. Physical documents containing confidential information are generally retained for no more than 10 years. For cloud-stored information, the Xingda Knowledge Base system has been deployed to enhance document traceability and control. All internal files are encrypted, and access is managed through a tiered permission system, restricting reading, editing, and downloading operations. Requests by unauthorized employees to access encrypted files are subject to approval through the system workflow.

In terms of customer privacy, the Group implements measures such as installing antivirus software on servers, deploying a security intelligence platform, and operating vulnerability scanning systems to prevent unauthorized access or disclosure of third-party data, thereby restricting both internal personnel and third parties from obtaining customer information in physical or digital form.

Xingda International also conducts targeted cybersecurity training to strengthen employees' protective capabilities, helping them identify and mitigate cybersecurity risks in daily operations and raising overall security awareness.

Key points of data and information security management and evaluation:

- Core services and network risks are continuously monitored by professionals via Sangfor Security Managed Services.
- Comprehensive quarterly inspections of security devices are conducted, with immediate remediation of identified risks.
- Information security training is organized annually.

In 2025, no significant violations related to data security or privacy protection were identified.

2025 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, 2025,

- Enterprise-level antivirus software was installed on 804 PCs and servers. Logs collected through vulnerability scanning systems and traffic probes were uploaded to the security intelligence platform, resulting in the detection of 229,400 cyberattack attempts, averaging approximately 19,100 per month.
- The Group handled 3,882 network risk incidents and 374 malware incidents.
- No network scanning detection incidents were reported.

Data Security and Customer Privacy Protection Management Performance Sheet

Indicators	Unit	2023	2024	2025
Number of confirmed information security incidents	count	0	0	0
The proportion of business premises certified by ISO 27001: 2022 among all workplaces	%	0	0	25
Percentage of workplaces that have undergone internal assessment or review for information security issues	%	0	0	20

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices

Employment

Xingda International consistently upholds the human resource management policy of “understanding human needs, respecting human values, developing human potential, encouraging creativity, and promoting common development of employees and the company.” It strictly complies with employment laws and regulations in China and Thailand, as well as relevant international labor conventions. Internal management policies have been established, 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*, to ensure standardization, fairness, and transparency throughout the entire process of employee recruitment, onboarding, and separation. Adhering to the principle of equal employment, the Group signs labor contracts with all employees in accordance with applicable laws to safeguard their legitimate rights and interests.

List of Applicable Laws and Regulations Related to Employment

Region	Applicable Laws and Regulations
China	<i>Labor Law of the People’s Republic of China</i> , and <i>Labor Contract Law of the People’s Republic of China</i> , etc.
Thailand	<i>Labor Protection Act B. E. 2541</i> , and <i>Revenue Code</i> , etc.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – *CONTINUED*

Employment and Labor Practices – *Continued*

Employment – Continued

The Group explicitly prohibits the employment of child labor under its recruitment management system and conducts strict verification of applicants' identity information during the recruitment process to prevent any child labor incidents. In cases where underage workers are mistakenly hired, the Human Resources Center conducts spot checks when an employee's age is in question or when relevant reports are received. Clear remedial measures have also been established to safeguard the legitimate rights and interests of affected individuals.

Remedial Measures for Child Labor:

- Immediately cease the individual's work duties;
- Arrange health examinations and provide medical assistance where abnormal results are identified;
- Escort the individual home or arrange for pickup by a legal guardian, with the guardian signing a receipt of acceptance;
- Cover all costs associated with returning the individual to their place of residence and, where appropriate, provide support to facilitate continued schooling until they reach the legal working age;
- Arrange medical treatment for any illness or injury occurring prior to the individual's return home and cover all related medical and living expenses during the treatment period;
- Irresponsible dismissal of child labor is strictly prohibited. Departments or individuals responsible for injury, disability, or death involving a child laborer are subject to administrative penalties imposed by labor authorities at or above the district level. Where a criminal offense is constituted, criminal liability will be pursued in accordance with the law.

In addition, Xingda International strictly prohibits any form of forced labor and maintains a zero-tolerance stance toward such practices. If such an incident occurs, a comprehensive remediation and response process will be immediately initiated. Any coercive restrictions will be promptly lifted, employees' identification documents will be returned, and their personal freedom and right to resign voluntarily will be fully protected. Retaliation against affected employees is strictly prohibited. The Group will provide full payment of outstanding wages, overtime compensation, and all statutory entitlements, as well as necessary medical treatment, psychological counseling, and support for resettlement, in order to safeguard the legitimate rights and interests of affected employees in accordance with the law. At the same time, responsible personnel will be subject to strict disciplinary action. Where violations of laws or regulations are suspected, the matter will be promptly reported to the relevant industry authorities and regulatory bodies, and accountability will be pursued in accordance with applicable laws and regulations.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – *Continued*

Employment – Continued

Through regular on-site inspections and employee forums, the Group actively monitors employees' working conditions and listens to their reasonable concerns. Employees are clearly informed that any actual or suspected violations—including forced labor, child labor, discrimination or harassment, excessive working hours, or compensation-related issues—may be reported through channels such as suggestion boxes, email, WeChat public account, and the OA system. Complaints may be submitted to management, the Party committee, the labor union, or the Human Resources Department and other relevant departments. The Group will investigate and address such reports in accordance with established procedures, and serious misconduct will be dealt with rigorously. Where necessary, cases will be transferred to public security authorities in accordance with the law.

Reporting Channels:

- Email: compliance@xingda.com.cn

- Hotline: +86 523 80956588

Xingda International adheres to the principles of “equality, openness, competition, and merit-based selection, ” as well as “internal priority, ” and has established the *Management Regulations on Anti-Discrimination, Anti-Harassment, and Anti-Abuse* to foster an equal and inclusive workplace. During recruitment and employment, all forms of discrimination based on age, gender, race, marital status, place of origin, personal interests, physical characteristics, or educational background are strictly prohibited. A fair and standardized employment and promotion system is in place, under which recruitment, appointment, and promotion decisions are based on individual capability, job performance, and overall merit rather than personal attributes. The principle of equal pay for equal work is strictly implemented to ensure fairness, transparency, and impartiality throughout the recruitment and promotion process.

In 2025, Xingda International further expanded recruitment channels and standardized recruitment procedures. Newly recruited employees came from multiple provinces and municipalities across China and represented diverse ethnic groups. During job assignment, employees' individual strengths and interests were fully respected to ensure appropriate allocation of roles. Meanwhile, the Group continued to optimize its workforce structure, increasing the proportion of female employees in positions such as frontline management and quality supervision, thereby promoting a more diverse workplace. In 2025, female employees accounted for 28.41% of the workforce and ethnic minority employees accounted for 1.00%. No violations of employment-related laws or regulations were reported throughout the year.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employment – Continued

Employment Performance Sheet

Indicators	Unit	2023	2024	2025
Number of employees				
Total number of employees	person	8,750	8,557	8,278
Male employees	person	6,284	6,177	5,926
Female employees	person	2,466	2,380	2,352
Full-time employees under labor contracts	person	8,750	8,557	8,178
Full-time employees under labor dispatch	person	0	0	100
Part-time employees	person	0	0	0
Employees under 30	person	1,496	1,294	1,402
Employees aged 30-50	person	6,654	6,622	6,229
Employees over 50	person	600	641	647
Employees working in the Chinese Mainland	person	7,943	7,787	7,531
Employees working in Hong Kong, Macao, Taiwan and overseas	person	807	770	747
Frontline employees	person	8,579	8,382	8,022
Middle managers	person	157	158	226
Senior managers	person	14	17	30
Ethnic minority employees ¹	person	97	91	83
Proportion of ethnic minority employees	%	1.11	1.06	1.00
Employee turnover rate²				
Employee turnover rate	%	22.36	23.49	21.96
Male employee turnover rate	%	22.09	23.42	21.47
Female employee turnover rate	%	23.03	23.67	23.19
Turnover rate of employees under 30	%	28.93	32.81	34.58
Turnover rate of employees aged 30-50	%	20.16	20.95	18.47
Turnover rate of employees over 50	%	27.80	27.24	21.58
Employee turnover rate in the Chinese Mainland	%	21.13	22.03	19.88
Employee turnover rate in Hong Kong, Macao, Taiwan and overseas	%	32.69	35.67	38.16
Percentage of employees who have received training on anti-discrimination and anti-harassment	%	/	/	97.85
Proportion of employees covered by formally elected employee representatives or collective agreements	%	100	100	100
Proportion of workplaces subject to human rights review or human rights impact assessment	%	40	40	40

^[1] Ethnic minority is not considered for employees in Thailand.

^[2] Employee turnover rate = Number of employees who left / (Number of employees who left + Total number of employees) * 100%.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – Continued

Employee Rights and Benefits

Xingda International consistently regards the protection of fundamental employee rights and interests as the cornerstone of talent management, strictly complying with applicable national laws and regulations as well as international labor conventions. The Group is committed to providing comprehensive, standardized rights protection and welfare support to all employees.

List of Applicable Laws and Regulations Related to Employee Rights and Benefits

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

The Group attaches great importance to employee concerns and feedback. It has established and improved labor union and employee congress systems. Labor unions have been set up at Jiangsu Xingda, Taizhou Xingda and Shandong Xingda, where regular meetings are held to maintain a routine communication mechanism between employees and management. At the Thailand Base, employee representatives are elected democratically to safeguard employees' rights to participate in corporate governance and express their concerns. In 2025, employee representatives in the Chinese Mainland accounted for 3.7% of the total workforce in the region, and collective contracts covered 100% of employees in the Chinese Mainland.

Furthermore, the Group implements diverse communication mechanisms at all manufacturing bases in stable operation, assigning personnel to collect employee opinions and suggestions on a monthly basis. Regular democratic meetings and welfare committee meetings are convened, where employee representatives and management jointly review and address employee concerns. Employees providing reasonable suggestions are appropriately rewarded in accordance with established policies.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Employment and Labor Practices – *Continued*

Employee Rights and Benefits – Continued

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

Employee consultation and compensation **Collective contract:** Xingda International signs collective contracts with all employees, covering compensation, working hours, rest and leave, occupational health and safety, professional training, and insurance and welfare benefits;

Compensation: Xingda International has established the *Employee Compensation Management System*, and adopts a “position-based salary, competence-based grading, and performance-based reward” approach;

Overtime compensation: Employees working overtime are compensated in strict compliance with the *Labor Law of the People's Republic of China*.

Working hours and leave **Working hours:** A comprehensive working hours system is implemented;

Overtime: An overtime approval system is in place. When required for production and operations, overtime may be arranged only after consultation with employees and management approval. The Group also seeks to control employees' working and overtime hours as far as possible to ensure a healthy work-life balance;

Leave: Policies such as the *Implementation Measures for Employee Career Planning and Management* and the *Leave Management System for Employees* ensure that employees are entitled to statutory holidays, as well as maternity, marriage, and bereavement leave.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – *CONTINUED*

Employment and Labor Practices – *Continued*

Employee Rights and Benefits – Continued

Employee communication **Communication channels:** Email, telephone, suggestion boxes, and WeChat public account;

Communication methods: Regular forums, discussion sessions, and face-to-face meetings between management and employees.

Employee welfare

Social insurance: Full coverage for all employees, including medical, maternity, social pension, unemployment, and work injury insurance, as well as housing provident fund contributions;

Employee welfare: The Group provides employees with commercial insurance and dormitory accommodations. Employees' children are given priority admission to Xingda International Bilingual Kindergarten, along with tuition fee reductions;

Employee activities: Recreational facilities and cultural and sports activities are provided to promote a healthy work-life balance.

In 2025, the Group conducted quarterly employee satisfaction surveys, randomly sampling approximately 1,100 responses per survey. The annual average satisfaction score was approximately 88.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety

Work Safety

Valuing safety management during production and operations, Xingda International strictly abides by work safety-related laws and regulations, and has formulated internal policies including the *Work Safety Responsibility System*, the “*Five Simultaneities*” *Work 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 a comprehensive safety management framework to ensure the effective supervision and implementation of various work safety policies.

List of Applicable Laws and Regulations Related to Work Safety

Region	Applicable Laws and Regulations
China	<i>Law of the People’s Republic of China on Work Safety, Fire Protection Law of the People’s Republic of China, Special Equipment Safety Law of the People’s Republic of China, Emergency Response Law of the People’s Republic of China, Law of the People’s Republic of China on the Safety of Hazardous Chemicals, General Rules for Designing the Production Facilities in Accordance with Safety and Health Requirements, Safety Management Systems — Requirements, and Provisions on Fine Penalties for Work Safety Accidents, etc.</i>
Thailand	<i>Occupational Safety, Health and Environment Act B. E. 2554, Factory Act B. E. 2535, and Industrial Estate Authority of Thailand Act B. E. 2522, etc.</i>

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – *Continued*

Work Safety – Continued

Work Safety Management Organizational Structure and Responsibilities

Work Safety Management Organization

Main Responsibilities

- | | |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Work Safety Leading Group (all manufacturing bases in the Chinese Mainland) | <ul style="list-style-type: none">• Ensure compliance with laws, regulations, and policies related to work safety, occupational health, and fire protection;• Develop safety management systems and emergency plans, and conduct safety education, training, and emergency drills;• Oversee the implementation of corrective actions and promote safety standardization;• Correct non-compliant work practices and supervise proper management and use of personal protective equipment. |
| 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 safety hazard investigations. |
| Safety Committee of Thailand Base | <ul style="list-style-type: none">• Establish a comprehensive occupational health and safety system for the factory;• Supervise daily safety inspections. |

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – *Continued*

Work Safety – Continued

Primary Work Safety Management Goals



To further strengthen work safety management, Xingda International systematically advances risk identification, safety facility deployment, equipment safety management, and safety awareness initiatives. These efforts continuously improve overall safety management and minimize the occurrence of work safety incidents. In 2025, no major safety incidents occurred, and all safety objectives were achieved.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Work Safety – Continued

2025 Safety Management Measures at Xingda International

Dimension	Main Measures
Risk identification & inspection	<ul style="list-style-type: none">• Conducted hazard identification and risk assessments for all operational areas according to the <i>General Guidelines for Establishing a Dual-Prevention Mechanism for Enterprise Work Safety and the Group's Hazard Identification, Risk Assessment, and Control Procedures</i>, and determined risk levels;• Implemented corresponding management levels based on the classification of hazard sources;• Regularly submitted work safety risk reports and conducted on-site safety management self-inspections;• Regularly carried out hazard inspections in multiple forms: major safety inspections, and monthly, daily, night, pre-holiday, and special safety inspections to eliminate accident risks.
Safety facility deployment	<ul style="list-style-type: none">• Posted emergency evacuation routes in production and office areas;• Set up safety warning signs, with critical areas equipped with early warning and protection facilities;• Provided sufficient fire-fighting equipment, including hydrants, fire extinguishers, and alarms, and implemented a mechanism encompassing monthly inspections, regular maintenance, and replacement upon failure to ensure that equipment remained in a safe and functional condition at all times;• To mitigate the risk of repetitive strain injuries from repetitive motions, poor posture, or sustained static loads, provided ergonomically designed office equipment, such as adjustable chairs, and appropriate tools and assistive devices for heavy lifting positions to reduce manual handling demands.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Work Safety – Continued

Dimension

Main Measures

Equipment safety management

- Conducted regular spot checks and patrol inspections on production equipment, and performed immediate maintenance or repairs upon identification of any safety hazards;
- Registered newly added special equipment in 2025 and commissioned professional agencies for annual inspection of special equipment at all manufacturing bases;
- Installed various types of safety isolation and protection devices on production and auxiliary equipment, and conducted regular testing, inspection, and maintenance of these safety isolation and protection devices.

Operational safety management

- Posted concise and easy-to-understand work instructions and standard operating procedures in prominent locations at worksites and equipment, ensuring employees could consult them at any time, with particular emphasis on standard emergency response procedures;
- Used workshop safety bulletin boards to display dynamic information on job risk factors, control measures, PPE wearing standards, and occupational hazard testing results.

Emergency preparedness

- Organized regular emergency drills, including evacuations and initial fire attack exercises, to enhance emergency response capabilities of each department;
- Collaborated with the local Red Cross for basic first-aid certification training to enhance employee emergency response capabilities.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Work Safety – Continued

Dimension

Safety awareness & skills enhancement

Main Measures

- Conducted pre-job training for new employees, including safety education, process workflows, and 5S management; employment was offered only after successful completion of the training assessment;
- Provided ongoing safety skill training for current employees, covering specialized skills in fire safety, electrical safety, and traffic safety;
- Ensured that 100% of special operators received certification training organized by competent authorities and passed the required certification prior to assuming their positions;
- Provided subcontractor personnel with *Safety Notifications* and training to enhance their safety compliance.

Safety culture

- Established team-level emergency response groups and defined emergency response measures for various incidents; conducted continuous safety communication and safety awareness education through safety incident notifications and public display of team safety activity records;
- Established a company-wide safety responsibility incentive system. Through initiatives such as the “safety whistleblower” program, strengthened awareness of position-specific safety responsibilities and encouraged employees to actively participate in work safety risk prevention.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health

Across Xingda International's manufacturing bases, key positions with occupational health risks include roles involving exposure to dust, chemical substances, and physical factors, as well as electricians, pressure vessel operators, work at heights, and motor vehicle drivers. The primary occupational health hazards include dust, noise, and acid mist.

The Group attaches great importance to employees' occupational health and safety and strictly complies with relevant laws and regulations. It has continuously improved internal management policies such as 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*, thereby establishing a comprehensive occupational health and safety management framework. In 2025, all manufacturing bases in stable operation had obtained ISO 45001: 2018 Occupational Health and Safety Management System certification.

List of Applicable Laws and Regulations Related to 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, Measures for Administration of Occupational Health Examination, and Technical Specifications for Occupational Health Surveillance, etc.</i>
Thailand	<i>Occupational Safety, Health and Environment Act B. E. 2554, etc.</i>

The Group always regards employees' occupational health and safety as a top priority. At the same time, it conducts qualification reviews and pre-entry safety training for contractors to safeguard the health and related rights of dispatched workers, part-time employees, and contractors. In 2025, Xingda International continued to advance the monitoring and assessment of occupational hazard factors. Potential risks identified were promptly rectified, and protective measures were implemented based on monitoring results. These measures include providing employees with personal protective equipment (PPE), first-aid kits, and other necessary resources to effectively safeguard employee health.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

Occupational Hazard Management Measures at Xingda

Manufacturing Base	Occupational Hazard	Management Measures
Jiangsu Base, Taizhou Base, Shandong Base	Dust	• Equip ventilation and exhaust systems in dust-generating production processes;
		• Post occupational hazard warning notices;
		• Provide dust masks, goggles, and other protective equipment to employees in relevant positions;
	• Offer occupational health examinations to employees exposed to occupational hazards;	
	• Conduct annual testing of occupational hazards in the workplace and inform employees of the results;	
	• Continuously optimize processes to reduce dust.	
	Noise	• Install automated equipment in areas with concentrated noise generation to minimize personnel exposure;
		• Post occupational hazard warning notices;
		• Provide earplugs, earmuffs, and other protective equipment to employees in relevant positions;
• Offer occupational health examinations to employees exposed to occupational hazards;		
• Conduct annual testing of occupational hazards in the workplace and inform employees of the results;		
• Continuously optimize processes to reduce noise.		
Acid mist	• Equip ventilation and exhaust systems in acid mist-generating production processes;	
	• Perform daily maintenance and spot checks on acid mist purification towers to ensure normal operation;	
	• Post occupational hazard warning notices;	
	• Provide protective masks, protective clothing, gloves, goggles, and other protective equipment to employees in relevant positions;	
	• Offer occupational health examinations to employees exposed to occupational hazards;	
• Conduct annual testing of occupational hazards in the workplace and inform employees of the results.		

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

Manufacturing Base	Occupational Hazard	Management Measures
Thailand Base	Dust	<ul style="list-style-type: none"> Equip ventilation and exhaust systems in dust-generating production processes; Post occupational hazard warning notices; Provide dust masks, goggles, and other protective equipment to employees in relevant positions; Offer occupational health examinations to employees exposed to occupational hazards.
	Noise	<ul style="list-style-type: none"> Post occupational hazard warning notices; Provide earplugs, earmuffs, and other protective equipment to employees in relevant positions; Offer occupational health examinations to employees exposed to occupational hazards..
	Acid mist	<ul style="list-style-type: none"> Equip ventilation and exhaust systems in acid mist-generating production processes; Install acid mist isolation, adsorption, and purification equipment in areas involving acid mist; implement routine maintenance mechanisms to ensure normal operation and minimize personnel exposure; Post occupational hazard warning notices; Provide protective masks, protective clothing, gloves, goggles, and other protective equipment to employees in relevant positions; Offer occupational health examinations to employees exposed to occupational hazards.

If employees identify occupational health or safety issues, they may report them to their department supervisor. The relevant department completes a *Safety Incident Investigation Form*, recording details such as the time, location, circumstances, injuries, and economic losses of the incident, and submits it to the Emergency Management Department. Upon receiving the report, the Emergency Management Department investigates the root cause, identifies responsible parties, formulates, reviews and implements corrective and preventive measures, and circulates incident or accident reports to prevent recurrence.

Reporting Channels:

- Hotline: +86 523 80956813
- Address: Office of the Work Safety Leading Group, No.88 West Renmin Road, Dainan Town, Xinghua City, Jiangsu Province, China

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Occupational Health and Safety – Continued

Occupational Health – Continued

The Group strictly enforces the system of pre-employment, in-service, and pre-departure occupational health examinations for employees exposed to occupational hazards. Examination results are communicated to employees in a timely manner; employees identified with occupational contraindications are promptly reassigned to suitable roles; and the “one employee, one file” occupational health record system is continuously improved. In 2025, the Group organized annual occupational health examinations for all employees exposed to occupational hazard factors. No occupational diseases or occupational contraindications were identified.

Occupational Health and Safety Performance Sheet

Indicators	Unit	2023	2024	2025
Employee deaths due to work-related injuries	person	0	0	0
Employee death rate due to work-related injuries	%	0	0	0
Lost workdays due to work-related injuries	day	39	30	595
Lost Time Injury Frequency Rate (LTIFR) of direct workforce ¹	%	0.0405	0.0235	0.7869
Lost Time Injury Severity Rate (LTISR) of direct workforce ²	%	0.0016	0.0007	0.0360
Special equipment inspection rate	%	100	100	100
Special operator certification rate	%	100	100	100
Safety training and education coverage rate	%	100	100	100
Percentage of workplaces that have conducted employee health and safety risk assessments out of the total number of workplaces	%	100	100	100
The proportion of business premises certified by ISO 45001: 2018 among all workplaces	%	100	100	100

^[1] Lost Time Injury Frequency Rate (LTIFR) for direct workforce = Total lost-time injury cases × (1,000,000/Total hours worked)

^[2] Lost Time Injury Severity Rate (LTISR) for direct workforce = Lost workdays due to work-related injury × (1,000 / Total hours worked)

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

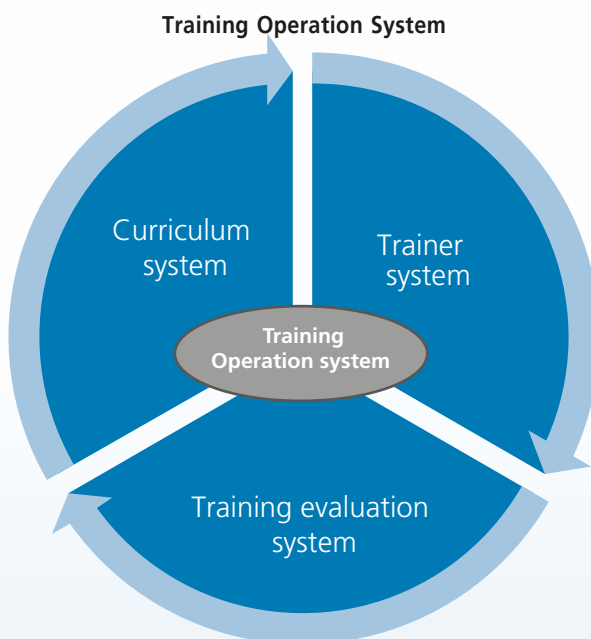
Development and Training

Employee Training

Embracing the concept of “serving the development and employee growth,” Xingda International has developed management policies such as the *Xingda’s Staff Training Management Regulations* and the *Human Resources Training Management Manual*. Based on employee competency evaluation and professional behavior assessment, the Group has built a three-dimensional training system covering training policy management, training resource management, and training operation management. In addition, based on performance feedback, the Group formulates multi-level capability development plans across dimensions such as knowledge, skills, and professional competencies. Through Individual Development Plans (IDPs), clear development paths and timelines are established to support continuous employee growth.

Xingda International’s Training Management System

Training Management System	Details
Training policy management	<ul style="list-style-type: none"> • Training demand investigation rules • Training plan implementation rules • Training budget rules • Training evaluation rules
Training resource management	<ul style="list-style-type: none"> • Training management rules • Trainer management rules • Labor dispatch management rules
Training operation management	<ul style="list-style-type: none"> • Training organization and implementation • Training logistics • Training effectiveness feedback



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

In 2025, the Group's training initiatives focused on academic advancement and professional skill development for employees. Training programs covered a wide range of areas including general management, professional technologies, equipment maintenance, quality awareness, system certification, and vocational skill certification. Training participants included frontline employees, engineering and technical personnel, managers at all levels, production support staff, and operational personnel. During the year, a total of 1,111 training programs were conducted, with 125,000 participant attendances and 171,300 training hours, averaging 20.70 hours per participant.

Employee Training Programs in 2025' (Selected)

Training Category	Main Content and Objectives
Academic advancement programs	<ul style="list-style-type: none">Xingda College continued to strengthen cooperation with institutions such as Nanjing University and Taizhou Polytechnic College to provide academic advancement programs for employees. At the associate degree level, Xingda College focuses on science and engineering programs such as mechatronics, electrical engineering, and electrical automation, aligning course offerings with the Group's operational needs. At the bachelor's degree level, in addition to science and engineering majors, management programs have been introduced to balance employees' technical skill requirements with their professional development;In 2025, Xingda College trained a total of 1,977 employees, with 661 currently enrolled and 1,316 having graduated.
Professional skills training	<ul style="list-style-type: none">Systematic training programs were provided for personnel in technology, R&D, quality, and equipment functions. Courses included CAXA drafting, measuring instrument calibration, equipment management systems, tire structure knowledge, Siemens TIA Portal software applications, heat treatment and metallographic analysis, AEO advanced certification standards, policy compliance, information security, and energy conservation and consumption reduction management.
Onboarding training	<ul style="list-style-type: none">Training for newly hired general employees covers company introduction, pre-job training, product technology and processes, prohibition of forced labor, anti-harassment and anti-discrimination, helping employees familiarize themselves with the corporate culture, clarify their job responsibilities, and quickly adapt to and excel in their roles;Training for newly hired college graduates covers a wide range of topics, including company introduction, <i>Employee Handbook</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>, 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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

Training Category	Main Content and Objectives
Modern apprenticeship system training	<ul style="list-style-type: none">• Xingda College, in partnership with Xinghua Secondary Vocational School of Jiangsu Province, selected a total of 124 employees to participate in training for the Intermediate-level Steel Wire Rope Manufacturing Technician certification, strengthening the Group’s skilled workforce development;• In 2025, 98 employees passed the examination and obtained nationally recognized Intermediate-level Steel Wire Rope Manufacturing Technician certificate.
Management training	<ul style="list-style-type: none">• A systematic management capability development program was conducted for 7 managers and 17 management trainees of the Group. Through new management methods and theories, participants gained insights into the development and production management practices of other manufacturing plants, thereby enhancing their overall management capabilities.
Order-based talent training	<ul style="list-style-type: none">• Xingda International established a long-term strategic partnership with Taizhou Polytechnic College to launch an order-based training class, enabling targeted talent development through a school-enterprise collaboration model. The Group selects trainers to deliver specialized training on campus, helping students build career awareness and clarify their career paths. Subsequently, through practical learning and mutual selection, students will be provided with corresponding employment opportunities;• In 2025, 41 students from the 2024 cohort were enrolled, majoring in numerical control technology, industrial robotics, mechanical design, and automation.

⁽¹⁾ The statistical scope includes Jiangsu Xingda, Shandong Xingda, and Xingda Thailand.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Training – Continued

In addition, Jiangsu Xingda has developed a seven-year training plan for skilled personnel based on employee development needs and job skill requirements. External trainers are invited to provide theoretical instruction, practical training, and case study discussions to enhance employees' professional and comprehensive capabilities. It also actively conducts vocational skill certification programs, covering occupations such as steel wire rope manufacturing technicians, lifting and handling operators, and fitters. In 2025, Jiangsu Xingda trained 198 senior-level steel wire rope manufacturing technicians, and 147 second-level lifting and handling operators.

Employee Training and Development Performance Sheet

Indicators	Unit	2023	2024	2025
Employee training coverage				
Employee training coverage	%	99.44	99.39	99.61
Proportion of male employees covered by training	%	100.00	99.84	99.66
Proportion of female employees covered by training	%	98.01	98.24	99.49
Proportion of frontline employees covered by training	%	99.56	99.52	99.60
Proportion of middle management covered by training	%	99.36	98.73	100.00
Proportion of senior management covered by training ¹	%	35.71	41.18	100.00
Average training hours per employee²				
Average training hours per employee	hour	18.34	26.44	20.70
Average training hours for male employees	hour	17.41	26.27	20.88
Average training hours for female employees	hour	20.71	26.89	20.24
Average training hours for frontline employees	hour	16.48	24.60	19.47
Average training hours for middle management	hour	120.69	124.86	66.14
Average training hours for senior management	hour	12.64	18.26	7.66

^[1] The Group continuously enhances training for senior management staff, deepening their expertise annually through participation in corporate summit forums, executive executive training programs, and high-level exchanges with enterprises across various industries.

^[2] Average training hours per employee category = Total training hours for all employee categories/Number of employees at the end of the period for each category. Average training hours per employee = Total training duration per employee/Number of employees.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Promotion

Xingda International attaches great importance to employees' career development. It has established a series of management policies, including the *Performance Management Manual*, the *Performance Appraisal Management System*, the *Employee Transfer Training Management System*, and the *Position Change Management System*, to standardize procedures for employee promotion, job transfer, and position change, continuously optimize the talent development system, and improve the person-job fit efficiency.

Meanwhile, the Group has established a dual-track career development pathway that combines vertical promotion with horizontal internal mobility. Employees can flexibly plan their career paths based on their individual characteristics and professional strengths. By clarifying career development pathways and building a job competency-oriented transfer training system, the Group provides diverse development opportunities for different types of talent and continuously enhances overall organizational efficiency.

To ensure the effective implementation of the career development system, Xingda International and its subsidiaries have established performance appraisal indicators and scoring standards for different job levels and positions, with monthly evaluations and regular feedback. In parallel, a multi-dimensional career development system centered on competencies, professional expertise, and management capability has been established. Structured assessments are conducted by level and category, and the results are fully incorporated into performance appraisal, continuously motivating employees' growth and expanding their career development opportunities.

Talent Development Management System of Xingda International

Management System	Details
Assessment tools	<ul style="list-style-type: none">• General assessment tools: Personality assessment tools such as IQ/EQ tests, the Enneagram, and EPQ are periodically used to support self-awareness and development;• Assessment tools for functional personnel: Behavioral style assessment tools such as MBTI and DISC are considered;• Assessment tools for sales personnel: Capability and competency assessments aligned with job requirements are conducted based on personality-job fit;• Assessment tools for internal promotion: Typically conducted in combination with performance appraisal results.
Performance feedback and improvement	<ul style="list-style-type: none">• Through performance feedback and improvement mechanisms, gaps in employees' career development are identified and timely coaching is provided to support their career growth.
Responsibilities of department heads	<ul style="list-style-type: none">• Managers at all levels are required to assume primary responsibility for employee career development. A certain weight is incorporated into department heads' performance appraisals to emphasize the importance of this responsibility.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Development and Training – Continued

Employee Promotion – Continued

The Group conducts surveys and interviews to understand employees' career aspirations and strengths. Based on strategic objectives, it clarifies position development pathways and sets personalized targets following the SMART (Specific, Measurable, Achievable, Relevant, Time-bound) principle. Through tools such as the Balanced Scorecard (BSC) and Key Performance Indicators (KPIs), organizational goals are effectively cascaded to the individual level. Targeted talent development plans are formulated at different levels to address specific capability gaps, and internal training, practical exercises, and Individual Development Plans (IDPs) are implemented to ensure alignment between individual growth and corporate development.

In terms of performance appraisal, the Group conducts evaluations based on the principles of "openness, quantification, objectivity, communication, and development," aiming to deepen employees' understanding of their responsibilities and work objectives while fostering a striving and enterprising work environment. Based on departmental responsibilities and work division, key performance indicators and scoring standards are established across four dimensions: financial indicators, customer indicators, internal operation indicators, and learning and growth indicators. Comprehensive performance evaluations and feedback are conducted for all employees on a monthly basis.

Xingda International has also established a comprehensive Compensation Management System. Personal pay slips are distributed monthly via the OA system, clearly displaying the composition of each employee's compensation, all itemized deductions, and any changes. This ensures that the pay structure and salary adjustment procedures are clearly communicated to employees, motivating the team through a fair and transparent compensation system. In addition, the Group has implemented an employee equity incentive scheme to promote shared growth between the Group and its employees.

Employees Regular Performance and Career Development Review Performance Sheet

Indicators	Unit	2023	2024	2025
Number of employees receiving regular performance and career development reviews	person	8,750	8,557	8,278
Percentage of employees receiving regular performance and career development reviews	%	100	100	100

Supply Chain Management

Sustainable Supply Chain

Xingda International's suppliers mainly include those providing raw and auxiliary materials, equipment, and spare parts. To mitigate supply chain risks and build a sustainable supply chain, the Group has established management policies such as the *Sustainable Procurement Policy*, the *Supplier Management Regulations*, and the *Code of Conduct for Suppliers*, together with sustainable procurement targets. Dedicated management procedures have been developed for different types of suppliers. Meanwhile, the Group integrates requirements related to business ethics, environmental protection, labor practices, and human rights into its supplier management system, continuously strengthening supply chain compliance and sustainability.



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – *CONTINUED*

Supply Chain Management – *Continued*

Sustainable Supply Chain – Continued

Sustainable Procurement Targets:

- To reduce risks associated with ESG factors in the supply chain, including reputational and supply chain risks;
- To reduce the Company's environmental and social impacts through sustainable procurement practices;
- To provide sustainable procurement-related training for procurement personnel, covering 100% of procurement personnel;
- To conduct environmental and social assessment on all key suppliers of the Company;
- To ensure no procurement and use of conflict minerals.

Xingda International implements rigorous end-to-end management for all suppliers of raw and auxiliary materials, equipment, and spare parts, including strict screening and evaluation procedures, to ensure that their products and services meet requirements. In supplier selection, the Group adheres to the principles of fairness and impartiality, strictly prohibiting any form of discrimination and ensuring that both domestic and overseas suppliers participate in cooperation assessments on equal terms. In 2025, the Group continued to optimize its supply chain cooperation structure. While further strengthening partnerships with large overseas suppliers, it actively enhanced collaboration with domestic micro and small enterprises as well as local suppliers, building a diversified and inclusive supply chain partnership ecosystem.

Supplier management focuses primarily on supplier admission reviews and the ongoing monitoring of existing suppliers. Subsidiaries implement supplier management in accordance with the Group's requirements to ensure the stability and compliance of the supply chain.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – *Continued*

Sustainable Supply Chain – Continued

Supplier Management Measures

Management Stage Management Content

Admission

Supplier review and evaluation

- Review supplier documents such as supplier questionnaires, RFQs, product drawings, and technical specifications. Joint evaluations are conducted by the Technology Center, Quality Center, and Procurement Department.

Compliance and system requirements

- After confirming that the products, processes, and services provided by suppliers comply with national laws and regulations, the Group incorporates additional requirements related to environmental management and employee management into the evaluation system. Key suppliers are required to complete the Xingda Supplier Environmental, Social and Governance (ESG) Risk Analysis Form to ensure that no major ESG-related adverse events have occurred;
- Carry out process validation for supplier samples, and develop a sample trial approval report.

Audit

Supplier evaluation

- Strengthen the management of raw and auxiliary material suppliers: Require raw material suppliers to provide a Production Part Approval Process (PPAP) documentation checklist; strengthen the management of indirect suppliers to ensure clear correspondence between agents and manufacturers and ensure traceability;
- Conduct on-site supplier assessments; based on the results, suppliers are classified into four grades (A, B, C, and D) and managed accordingly.

Routine supplier management

- Regularly verify suppliers' quality management system certifications;
- Regularly require suppliers to sign assurance agreements and other relevant commitments;
- Require suppliers to sign the *Code of Conduct for Suppliers*.

Supplier ESG evaluation

- Conduct ESG evaluation of key suppliers. The Group has established a *Supplier ESG Evaluation Indicator System* covering 17 topics and 69 indicators, and has developed a supply chain ESG evaluation system to enhance suppliers' ESG management awareness and performance through digital empowerment.

Improvement

Supplier supervision and improvement

- For issues identified during evaluations, corrective actions are required from suppliers in a timely manner, and the progress of rectification and delivery performance are tracked.

Exit

Supplier exit

- Suppliers rated D that refuse to implement corrective actions or fail to meet rectification requirements will have their supply qualification revoked and will be placed under potential supplier management;
- Suppliers under potential supplier management must undergo re-certification if they wish to resume supply.

2025 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 address potential risks, and carries out at least one annual assessment of major raw and auxiliary material suppliers. In 2025, Jiangsu Xingda conducted audits of key suppliers, covering aspects such as licenses and qualifications, equipment conditions, production processes, raw materials, and product quality. Based on the *Supplier ESG Evaluation Indicator System* and the *Environmental Management Questionnaire*, it also assessed suppliers' ESG performance in areas including environmental practices, compliant employment, and business ethics. All suppliers evaluated demonstrated satisfactory performance.

Xingda International attaches great importance to suppliers' ESG performance. Through its *Code of Conduct for Suppliers*, the Group requires all suppliers to pay attention to business ethics, labor and human rights, health and safety, and environmental management, while encouraging the adoption of environmentally friendly products and services. In addition, major raw and auxiliary material suppliers are required to sign the *Anti-Bribery Pledge for Suppliers* to prevent commercial bribery and safeguard the legitimate rights and interests of both parties. In 2025, 100% of Jiangsu Xingda's major 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. Internally, it provides sustainable procurement training for procurement and warehouse personnel and incorporates sustainable procurement into the performance appraisal of procurement staff, ensuring 100% training coverage. In supplier management, the Group has established a closed-loop management mechanism of "supplier training – supplier self-assessment – supplier audit – continuous improvement." All key suppliers have been included in the audit plan and have completed online training on sustainable management.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – *Continued*

Sustainable Supply Chain – Continued

Responsible Supply Chain Management Aspects

Focus Areas	Excerpts from the Code of Conduct for Suppliers
Business ethics	
<ul style="list-style-type: none">• Anti-corruption• Integrity in business• Declaration on non-use of conflict minerals	<ul style="list-style-type: none">• Do not engage in 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 metals contained in products supplied to the Company do not originate from conflict minerals or their derivatives that directly or indirectly finance or benefit armed groups
Environment	
<ul style="list-style-type: none">• Environmental management system• Environmental compliance• Waste emissions and resource use	<ul style="list-style-type: none">• Comply with all applicable environmental laws, and identify and manage environmental risks• Control or reduce harmful emissions and improve resource efficiency• Conserve natural resources, 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• Follow principles of equality, diversity, and anti-discrimination• Ensure fair treatment and compliance with legal requirements on employee compensation
Health and safety	
<ul style="list-style-type: none">• Employee safety protection• Product hazard information• Emergency preparedness and response	<ul style="list-style-type: none">• Protect employees from workplace injuries• Provide information on hazardous substances in products• Conduct emergency preparedness for potential workplace risks

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – *Continued*

Sustainable Supply Chain – Continued

Eliminating Discrimination and Harassment, Strengthening Supplier Social Responsibility Management

Xingda International highlights the presence of discrimination and harassment risks as a key assessment item in the *Supplier Social Responsibility Assessment Form*. Suppliers are required to establish corresponding management policies and preventive mechanisms to ensure that no discrimination occurs in the workplace based on gender, ethnicity, religion, age, or any other grounds. The Group monitors whether suppliers have clear policies to protect employees from corporal punishment, physical harm, and verbal or psychological intimidation, abuse, or harassment, and incorporates this as a core indicator in the supplier evaluation system.

Social responsibility assessments form an important basis for supplier evaluation. For suppliers rated D that refuse to implement corrective actions or fail to meet rectification requirements, the Group will revoke their supply qualification and manage them as potential suppliers. This approach continuously promotes responsible and compliant practices throughout the supply chain.

Responsible Minerals Management

In the production of certain products, Xingda International involves the use of small amounts of tin (Sn). The Group follows the Responsible Business Alliance (RBA) Code of Conduct and has established the *Declaration on Non-use of Conflict Minerals of Xingda International* and the *Responsible Minerals Management System* to implement responsible minerals management.

Pledge for Non-use of Conflict Minerals

- All tin contained in the products does not originate from conflict-affected and high-risk areas;
- The Group commits to ensuring that no conflict minerals are used in its supply chain.

The Group requires its suppliers to ensure that the metals in their products do not originate from conflict minerals or their derivatives that directly or indirectly finance or benefit armed groups. Suppliers are required to provide a *Commitment of Non-use of Conflict Minerals* to enable traceability of metals such as gold (Au), tantalum (Ta), tin (Sn), cobalt (Co), and tungsten (W) contained in the products, ensuring that they are not sourced from conflict-affected and high-risk areas.

At the same time, the Group incorporates conflict minerals clauses as well as social and environmental requirements into supplier purchase and sales contracts, explicitly requiring that metals used in or contained in all delivered products must not originate from “conflict minerals” sourced from the Democratic Republic of the Congo (DRC) or its neighbouring countries.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Supply Chain Management – Continued

Responsible Minerals Management – Continued

Xingda International has established a clear reporting and response mechanism for conflict minerals risks. Once a potential conflict minerals risk is identified in a supplier, or when a supplier refuses to cooperate with the Group's conflict minerals investigation after multiple contact attempts, the Procurement Department will immediately initiate an internal reporting procedure and report the potential supply chain risks to management. The Group will issue a formal warning to the supplier and set a final deadline for response. If the supplier fails to provide an effective response or compliance evidence within the specified time frame, the supplier will be deemed unable to meet the Group's compliance requirements. To mitigate supply chain risks, the Group will formally initiate the procedure to terminate the business relationship and remove the supplier from the approved supplier list.

In 2025, the Group did not identify any suppliers in violation of the *Declaration on Non-use of Conflict Minerals*.

Supply Chain Management Performance Sheet

Indicators	Unit	2023	2024	2025
Total number of suppliers	–	261	238	578
Number of domestic suppliers	–	257	236	538
Number of suppliers from Hong Kong, Macao, Taiwan and overseas	–	4	2	40
Number of suppliers assessed for environmental, labor, and ethical aspects	–	31	30	90
Percentage of target suppliers that have passed corporate social responsibility assessment	%	100	100	100
Percentage of target suppliers that have passed on-site corporate social responsibility audits	%	100	100	100
Number of suppliers identified as having actual or potential significant negative social or environmental impacts	–	0	0	0
Percentage of audited or evaluated suppliers participating in improvement initiatives or capacity-building	%	100	100	100
Percentage of suppliers that have signed the <i>Code of Conduct for Suppliers</i>	%	100	100	100
Percentage of suppliers who have signed contracts with environmental, labor, and human rights requirements clauses	%	100	100	100
Percentage of purchasers trained in sustainable procurement	%	100	100	100



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – *CONTINUED*

Community Development Support

Xingda International consistently upholds the corporate social responsibility philosophy of “green, harmonious, honest, and responsible”, actively fulfilling its social responsibilities while promoting high-quality corporate development in tandem with responsible business practices. Each manufacturing base maintains a regular communication mechanism with the community where it operates, keeping close contact, accurately identifying community needs, and providing effective support to help build a harmonious, inclusive, and mutually beneficial community ecosystem.

In terms of community care and outreach, from 2019 to 2025, the Group has continuously visited and expressed appreciation to frontline sanitation workers at the Dainan Town Sanitation Office, providing necessary supplies and demonstrating genuine care for grassroots workers and their well-being. The Group also actively carries out elderly care initiatives by regularly visiting nursing homes to express concern for elderly individuals living alone, delivering warmth and compassion through concrete actions while fulfilling its social responsibilities.

In terms of community talent development, the Group has sponsored the “Future Craftsman” Industrial Robot Programming and Operation Skills Competition for university students in Taizhou for three consecutive years. Through this initiative, Xingda International supports youth talent development and technological innovation while contributing to the cultivation of local talent and the improvement of industrial skills.

In terms of workforce development, the Group has organized the Xinghua City “Top Ten Job Skills Competition” for fifteen consecutive years, including competitions for wet drawing and stranding operators. The Group also provides vocational qualification certification services for relevant positions to enterprises in Xinghua and surrounding areas, continuously supporting the development of local vocational education and the cultivation of highly skilled talent.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility – CONTINUED

Philanthropy and Volunteerism

In 2025, Xingda International actively organized employees to participate in public welfare and volunteer activities. More than 100 employee volunteers participated in voluntary blood donation activities, contributing nearly 40,000 milliliters of blood in total. The blood donation campaign was recognized by the Xinghua Blood Station with a commemorative banner in appreciation of the Group's contributions to public welfare initiatives.

Philanthropy and Volunteerism Performance Sheet

Indicators	Unit	2023	2024	2025
Charitable donations	RMB10,000	1.07	1.00	0.95
Community public welfare investment	RMB10,000	28.07	11.15	15.95
Community public welfare investment (education support)	RMB10,000	0.65	0.21	3.24
Community public welfare investment (environmental protection)	RMB10,000	7.00	7.17	12.00
Community public welfare investment (workforce development)	RMB10,000	0.04	0.02	0.27
Community public welfare investment (healthcare)	RMB10,000	20.14	0.49	0.02
Community public welfare investment (culture and sports)	RMB10,000	0.24	3.26	0.42
Community public welfare investment (other areas)	RMB10,000	0.00	0.00	0.00
Total employee volunteer service hours	hour	132	123	376
Employee volunteer service attendance	person-time	135	127	150

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HKEX ESG Reporting Code Content Index

Part B: Mandatory Disclosure Requirements

Mandatory Disclosure Item	Report Section
Governance Structure	ESG Management Mechanism
Reporting Principles	Description of the Report
Reporting Boundary	Description of the Report

Part C: "Comply or explain" Provisions

Aspects, General Disclosures and KPIs	Report Section	Aspects, General Disclosures and KPIs	Report Section
A. Environmental			
A1. Emissions	Wastewater Management	B3.1	Development and Training
	Waste Gas Management	B3.2	Development and Training
	Waste Management		
	Climate Change Mitigation and Adaptation		
A1.1	Wastewater Management	B4. Labor Standards	Employment and Labor Practices
	Waste Gas Management		
A1.3	Waste Management	B4.1	Employment and Labor Practices
A1.4	Waste Management	B4.2	Employment and Labor Practices
A1.5	Waste Water Management	Operating Practices	
	Waste Gas Management		
	Climate Change Mitigation and Adaptation		
A1.6	Waste Management	B5. Supply Chain Management	Supply Chain Management

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HKEX ESG Reporting Code Content Index – *Continued*

Aspects, General		Aspects, General	
Disclosures and KPIs	Report Section	Disclosures and KPIs	Report Section
A2. Use of Resources	Energy Management	B5.1	Supply Chain Management
	Water Resources Management		
	Raw Material and Packaging Management		
A2.1	Energy Management	B5.2	Supply Chain Management
A2.2	Water Resources Management	B5.3	Supply Chain Management
A2.3	Energy Management	B5.4	Supply Chain Management
A2.4	Water Resources Management	B6. Product Responsibility	Product and Service Quality Management
A2.5	Raw Material and Packaging Management	B6.1	Product and Service Quality Management
A3. The Environment and Natural Resources	Environmental Management System	B6.2	Product and Service Quality Management
A3.1	Environmental Management System	B6.3	Intellectual Property Protection
B. Social		B6.4	Product and Service Quality Management
Employment and Labor Practices		B6.5	Data Security and Customer Privacy Protection
B1. Employment	Employment and Labor Practices	B7. Anti-corruption	Anti-corruption and Anti-bribery
B1.1	Employment and Labor Practices	B7.1	Anti-corruption and Anti-bribery
B1.2	Employment and Labor Practices	B7.2	Anti-corruption and Anti-bribery
B2. Health and Safety	Occupational Health and Safety	B7.3	Anti-corruption and Anti-bribery
B2.1	Occupational Health and Safety	Community	
B2.2	Occupational Health and Safety	B8. Community Investment	Community Development Support
			Philanthropy and Volunteerism
B2.3	Occupational Health and Safety	B8.1	Community Development Support
B3. Development and Training	Development and Training	B8.2	Philanthropy and Volunteerism

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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GRI Standards 2021 Index

Statement of Use	Xingda International has reported in accordance with the GRI Standards from January 1,2025, to December 31,2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard (s)	No Sector Standard (s) applicable

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
General Disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	Description of the Report ESG Management		
	2-2 Entities included in the organization's sustainability reporting	Description of the Report		
	2-3 Reporting period, frequency and contact point	Description of the Report		
	2-4 Restatements of information	Description of the Report Performance Tables		
	2-5 External assurance	Independent Verification Statement		
	2-6 Activities, value chain and other business relationships	Product and Service Quality Management Supply Chain Management		
	2-7 Employees	Employment and Labor Practices Development and Training		
	2-8 Workers who are not employees	Performance Table		
	2-9 Governance structure and composition	ESG Management Mechanism		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
	2-10 Nomination and selection of the highest governance body		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	2-11 Chair of the highest governance body		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management Mechanism		
	2-13 Delegation of responsibility for managing impacts	ESG Management Mechanism		
	2-14 Role of the highest governance body in sustainability reporting	ESG Management Mechanism Materiality Analysis		
	2-15 Conflicts of interest	Anti-corruption and Anti-bribery		
	2-16 Communication of critical concerns	Stakeholder Communication Materiality Analysis		
	2-17 Collective knowledge of the highest governance body	ESG Management Mechanism		
	2-18 Evaluation of the performance of the highest governance body		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission
				Explanation
	2-19 Remuneration policies		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	2-20 Process to determine remuneration		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	2-21 Annual total compensation ratio		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	2-22 Statement on sustainable development strategy	ESG Philosophy and Strategy		
	2-23 Policy commitments	Anti-corruption and Anti-bribery Employment and Labor Practices Environmental Management System		
	2-24 Embedding policy commitments	Anti-corruption and Anti-bribery Supply Chain Management		
	2-25 Processes to remediate negative impacts	Anti-corruption and Anti-bribery Employment and Labor Practices		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
	2-26 Mechanisms for seeking advice and raising concerns	Anti-corruption and Anti-bribery Employment and Labor Practices		
	2-27 Compliance with laws and regulations	For details, please refer to the relevant sections of the report		
	2-28 Membership associations		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
	2-29 Approach to stakeholder engagement	Stakeholder Communication Materiality Analysis		
	2-30 Collective bargaining agreements	Employment and Labor Practices		
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis		
	3-2 List of material topics	Materiality Analysis		
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Climate Change Mitigation and Adaptation		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.

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GRI Standards 2021 Index – Continued

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Mitigation and Adaptation		
	201-3 Defined benefit plan obligations and other retirement plans		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	201-4 Financial assistance received from government		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
Market Presence				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Development and Training		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
	202-2 Proportion of senior management hired from the local community		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	203-2 Significant indirect economic impacts		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Supply Chain Management		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Anti-corruption and Anti-bribery		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption and Anti-bribery		
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption and Anti-bribery		
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption and Anti-bribery		

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GRI Standards 2021 Index – Continued

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
Tax				
GRI 3: Material Topics 2021	3-3 Management of material topics		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
GRI 207: Tax 2019	207-1 Approach to tax		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	207-2 Tax governance, control, and risk management		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	207-3 Stakeholder engagement and management of concerns related to tax		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.
	207-4 Country-by-country reporting		Not Applicable	The relevant information has been disclosed in the Annual Report. This Report does not repeat it.

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Raw Material and Packaging Management		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Raw Material and Packaging Management		
	301-2 Recycled input materials used	Raw Material and Packaging Management		
	301-3 Reclaimed products and their packaging materials	Raw Material and Packaging Management		
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Energy Management		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management		
	302-2 Energy consumption outside of the organization		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
	302-3 Energy intensity	Energy Management		
	302-4 Reduction of energy consumption	Energy Management		
	302-5 Reductions in energy requirements of products and services	R&D Innovation		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Water Resources Management Wastewater Management		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resources Management		
	303-2 Management of water discharge-related impacts	Wastewater Management		
	303-3 Water withdrawal	Water Resources Management		
	303-4 Water discharge	Wastewater Management		
	303-5 Water consumption	Water Resources Management		
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Climate Change Mitigation and Adaptation		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Change Mitigation and Adaptation		
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Mitigation and Adaptation		
	305-3 Other indirect (Scope 3) GHG emissions	Climate Change Mitigation and Adaptation		
	305-4 GHG emissions intensity	Climate Change Mitigation and Adaptation		
	305-5 Reduction of GHG emissions	Climate Change Mitigation and Adaptation		
	305-6 Emissions of ozone-depleting substances (ODS)		Not applicable	Production does not involve the use of ozone-depleting substances, with no related emissions.
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Waste Gas Management		
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Waste Management		

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GRI Standards 2021 Index – Continued

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management		
	306-2 Management of significant waste-related impacts	Waste Management		
	306-3 Waste generated	Waste Management		
	306-4 Waste diverted from disposal	Waste Management		
	306-5 Waste directed to disposal	Waste Management		
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Supply Chain Management		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management		
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management		
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment and Labor Practices		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Labor Practices		
	401-3 Parental leave	Employment and Labor Practices		
Labor/management relations				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety		
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety		
	403-3 Occupational health services	Occupational Health and Safety		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Employment and Labor Practices		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission	Explanation
	403-5 Worker training on occupational health and safety	Occupational Health and Safety			
	403-6 Promotion of worker health	Occupational Health and Safety Employment and Labor Practices			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety			
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety			
	403-9 Work-related injuries	Occupational Health and Safety			
	403-10 Work-related ill health	Occupational Health and Safety			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics		Materiality Analysis Development and Training		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Development and Training		
	404-2 Programs for upgrading employee skills and transition assistance programs	Development and Training		
	404-3 Percentage of employees receiving regular performance and career development reviews	Development and Training		
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employment and Labor Practices		
	405-2 Ratio of basic salary and remuneration of women to men		Information unavailable/incomplete	No relevant data has been collected and will not be disclosed.
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employment and Labor Practices		
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		

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GRI Standards 2021 Index – Continued

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employment and Labor Practices		
Child labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employment and Labor Practices		
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employment and Labor Practices		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employment and Labor Practices		
Security practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis		
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Development and Training		
Rights of indigenous peoples				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Community Development Support		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Community Development Support		
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Community Development Support		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Development Support		
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Development Support		
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Supply Chain Management		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management		
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Reason	Omission Explanation
Public policy				
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Xingda International's Code of Business Conduct is clearly defined, so there is no monetary contribution to political campaigns or organizations, lobbyists and other tax-exempt groups whose role is to influence political campaigns or legislation. During the Report Period, the Group's related monetary contributions were 0.
GRI 415: Public Policy 2016	415-1 Political contributions		Not applicable	
Customer health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis		
		Product and Service Quality Management		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product and Service Quality Management		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Quality Management		

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GRI Standards 2021 Index – *Continued*

GRI Standard/Other Sources	Disclosure	Location	Omission	
			Reason	Explanation
Marketing and labeling				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Responsible Marketing		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Marketing		
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing		
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Marketing		
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Data Security and Customer Privacy Protection		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Customer Privacy Protection		

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SASB Index

Topic	Metric	Code	Chapter
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	RT-IG-130a.1	Energy Management
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	RT-IG-320a.1	Occupational Health and Safety
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	Energy Management Waste Gas Management
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	Energy Management
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	Energy Management
	Sales-weighted emissions of (1) nitrogen oxides (NO _x) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	RT-IG-410a.4	Waste Gas Management
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Raw Material and Packaging Management Supply Chain Management
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	R&D Innovation

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Appendix

ESG Performance Data and Notes by Subsidiaries

Anti-corruption and Anti-bribery Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period	count	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Number of reports generated through the business ethics reporting procedure	count	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Number of employees involved in anti-corruption related training	person	2023	1,360	/	/	/	/
		2024	1,654	/	/	/	/
		2025	1,360	59	301	40	171
Percentage of employees involved in anti-corruption related training	%	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	23.40	23.23	23.37	22.47	22.89
Total number of hours of anti-corruption training received by employees	hour	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	3,264.00	33.04	721.00	99.00	401.00
Percentage of operating locations that have undergone internal audits/risk assessments targeting business ethics issues to the total number of operating locations	%	2023	100	0	0	/	0
		2024	100	0	0	/	0
		2025	100	0	0	0	0

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Environmental Management System Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Percentage of employees who have received (internal or external) training on environmental issues	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	24	100
Percentage of work places where environmental risk assessments have been conducted	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100
Percentage of work places that have passed ISO 14001:2015 certification	%	2023	100	/	/	/	100
		2024	100	100	100	/	100
		2025	100	100	100	/	100
Amount of penalty due to violation of environmental protection laws and regulations	RMB10,000	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Number of incidents punished due to violation of environmental protection laws and regulations	count	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Energy Use Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Total direct energy consumption	MWh	2023	881,096.45		90,138.04		32,324.44
		2024	953,691.43		123,677.48		43,344.34
		2025	863,349.30	48,778.16	114,035.69	9,847.21	40,410.77
Total natural gas consumption	Million m ³	2023	54.15		8.06		2.95
		2024	56.05		10.72		3.99
		2025	44.76	4.51	9.81	0.91	3.70
Total liquefied natural gas consumption	ton	2023	19,182.46		0.00		0.00
		2024	21,520.92		0.00		0.00
		2025	21,931.78	0.00	0.00	0.00	0.00
Total diesel fuel consumption	ton	2023	393.28		30.58		30.88
		2024	406.33		47.19		16.30
		2025	234.83	0.00	30.41	3.39	33.25
Total gasoline consumption	ton	2023	0.00		0.00		1.05
		2024	0.00		0.46		0.89
		2025	0.00	0.00	0.37	0.00	0.79
Total solar power generation	MWh	2023	16,211.00		2,592.41		0.00
		2024	34,566.69		7,102.79		0.00
		2025	62,764.09	0.00	7,556.40	0.00	0.00
Total indirect energy consumption	MWh	2023	1,449,154.75		280,142.72		90,944.40
		2024	1,548,836.88		389,795.73		110,267.20
		2025	1,323,083.14	129,000.73	389,482.18	41,190.31	89,557.80
Total amount of purchased electricity	MWh	2023	1,449,150.00		277,680.00		90,940.00
		2024	1,548,840.00		369,430.00		110,270.00
		2025	1,323,083.14	129,000.73	368,550.00	37,423.48	89,557.80
Including total amount of purchased green electricity	MWh	2023	0.00		0.00		0.00
		2024	48,470.00		0.00		0.00
		2025	87,943.00	0.00	0.00	0.00	0.00
Total amount of purchased steam	GJ	2023	0.00		8,850.67		0.00
		2024	0.00		73,310.78		0.00
		2025	0.00	0.00	75,355.79	13,560.58	0.00
Total comprehensive energy consumption	MWh	2023	2,330,251.20		370,280.76		123,268.84
		2024	2,502,528.31		513,473.21		153,611.54
		2025	2,186,432.44	177,778.89	503,517.87	51,037.52	129,968.57
Energy consumption intensity (by production volume)	MWh/ton of products	2023	/		/		/
		2024	2.24		2.10		2.26
		2025	2.26	1.55	2.01	2.61	1.87
Use ratio of clean energy	%	2023	37.61		24.25		25.92
		2024	37.92		23.98		28.08
		2025	43.38	27.44	22.57	19.21	30.78

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Water Use Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu Xingda	Shandong	Xingda	Xingda
			Taizhou Xingda	Xingda	Jining	Thailand
Total water consumption	m ³	2023	1,662,780	541,006		151,567
		2024	1,607,696	671,716		196,067
		2025	1,486,759	623,040	68,189	179,597
Including municipal water supply	m ³	2023	0	46,300		129,467
		2024	0	48,805		182,236
		2025	0	42,752	68,189	158,495
Including underground water	m ³	2023	132,749	0		0
		2024	136,757	0		0
		2025	126,117	0	0	0
Including surface water	m ³	2023	1,530,031	494,706		0
		2024	1,470,939	622,911		0
		2025	1,360,642	580,288	0	0
Including rainwater directly collected and stored by the enterprise	m ³	2023	0	0		22,100
		2024	0	0		13,831
		2025	0	0	0	21,102
Total recycled water consumption	m ³	2023	113,652,040	16,463,078		5,328,607
		2024	120,775,014	18,573,727		9,502,511
		2025	122,672,669	18,762,645	5,012,406	7,447,082
Water recycling rate ¹	%	2023	98.56	96.82		97.23
		2024	98.69	96.51		97.98
		2025	98.80	96.79	98.66	97.65
Water consumption density (by production volume)	m ³ /ton of products	2023	/	/		/
		2024	1.44	2.75		2.89
		2025	1.37	2.49	3.49	2.58

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

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Raw Material and Packaging Material Management Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu Xingda	Shandong	Xingda	Xingda
			Taizhou Xingda	Xingda	Jining	Thailand
Total amount of packaging materials used for finished products	ton	2023	7,457.31	1,110.67		639.66
		2024	7,425.89	1,845.36		1,255.07
		2025	7,054.52	1,256.37	240.80	1,047.85
Density of packaging material consumption (by production volume)	kg/ton of products	2023	/	/		/
		2024	/	/		/
		2025	6.51	5.02	12.32	15.08

Wastewater Pollutant Discharge Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Industrial wastewater discharge	10,000 m ³	2023	60.23	6.71	2.88	/	2.50
		2024	63.39	6.36	4.91	/	2.96
		2025	56.65	4.43	5.82	1.21	2.82
COD _{Cr} emissions	ton	2023	11.72	2.38	0.70	/	0.65
		2024	11.70	1.87	1.26	/	0.61
		2025	9.62	0.66	1.29	0.27	0.28
BOD ₅ emissions	ton	2023	0.00	0.00	0.00	/	0.06
		2024	0.00	0.00	0.00	/	0.05
		2025	0.00	0.00	0.00	0.09	0.03
NH ₃ -N emissions ¹	ton	2023	0.32	0.06	0.01	/	/
		2024	0.70	0.07	0.13	/	/
		2025	0.82	0.06	0.03	0.00	/

^[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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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – *Continued*

Air Pollutant Emission Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Total waste gas emission	10,000 m ³	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
		2025	359,998.00	54,385.00	17,571.28	26,816.59	42,634.08
Particulate matter (PM) emissions	ton	2023	2.04	0.58	1.18	/	0.78
		2024	2.37	0.72	0.54	/	0.75
		2025	1.02	0.56	0.45	0.30	0.39
SO _x emissions	ton	2023	3.99	0.58	0.19	/	0.10
		2024	4.20	0.07	0.18	/	0.10
		2025	6.14	0.08	0.24	0.10	0.05
NO _x emissions	ton	2023	28.27	5.77	6.83	/	2.64
		2024	30.37	4.32	4.16	/	1.91
		2025	36.63	4.22	5.22	0.76	1.13

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Solid Waste Disposal Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Total amount of non-hazardous waste generated	ton	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
		2025	24,706.00	1,692.00	2,745.32	400.30	178.84
Disposal method: Recycling/reuse	ton	2023	/	/	/	/	/
		2024	25,351.00	1,673.00	2,573.49	/	1,021.84
		2025	24,706.00	1,692.00	2,745.32	400.30	178.84
Non-hazardous waste generation density (By production volume)	kg/ton of products	2023	/	/	/	/	/
		2024	25.51	13.70	10.54	/	15.04
		2025	25.52	14.74	10.97	20.49	2.57
Total amount of hazardous waste generated	ton	2023	24,163.22	208.86	1,211.10	/	1,785.07
		2024	30,948.00	42.71	1,853.56	/	2,492.31
		2025	28,080.00	11.76	2,290.25	652.55	3,677.31
Disposal method: Recycling/reuse	ton	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	28,027.40	11.76	1,685.83	552.95	2,990.00
Disposal method: Incineration with heat recovery	ton	2023	/	/	/	/	/
		2024	0.00	0.00	0.00	0.00	697.57
		2025	0.00	0.00	0.00	99.60	0.00
Disposal method: Incineration without heat recovery	ton	2023	/	/	/	/	/
		2024	40.54	0.00	11.07	0.00	0.00
		2025	52.60	0.00	13.54	0.00	243.15
Disposal method: Landfill	ton	2023	/	/	/	/	/
		2024	0.00	0.00	646.89	0.00	643.11
		2025	0.00	0.00	590.88	0.00	444.16
Disposal method: Other ¹	ton	2023	/	/	/	/	/
		2024	30,907.46	42.71	1,195.61	/	1,151.63
		2025	0.00	0.00	0.00	0.00	0.00
Hazardous waste generation density (By production volume)	kg/ton of products	2023	/	/	/	/	/
		2024	31.14	0.35	7.59	/	36.69
		2025	29.00	0.10	9.15	33.40	52.91

⁽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.

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

GHG Emissions Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Scope 1 GHG emissions	tCO ₂ e	2023	162,909.94		17,514.90		6,482.54
		2024	183,574.47		23,788.67		8,787.29
		2025	155,982.67	10,082.58	22,585.88	2,068.92	8,894.63
Scope 2 GHG emissions	tCO ₂ e	2023	989,627.78		246,529.53		34,831.71
		2024	925,894.70		244,868.82		44,217.15
		2025	770,960.55	75,168.73	236,488.45	24,665.95	34,300.64
Scope 3 GHG emissions	tCO ₂ e	2023	/		/		/
		2024	5,258,034.44		1,110,582.48		281,341.25
		2025	3,913,047.30	462,367.02	992,812.43	89,707.81	257,428.29
Upstream Scope 3 GHG emissions	tCO ₂ e	2023	/		/		/
		2024	/		/		/
		2025	2,551,239.06	305,173.57	659,320.15	63,831.47	155,636.01
Downstream Scope 3 GHG emissions	tCO ₂ e	2023	/		/		/
		2024	/		/		/
		2025	1,361,808.24	157,193.45	333,492.28	25,876.34	101,792.28
Total GHG emissions (Scope 1 + 2 + 3)	tCO ₂ e	2023	/		/		/
		2024	6,367,503.61		1,379,239.97		334,345.69
		2025	4,839,990.52	547,618.33	1,251,886.76	116,442.68	300,623.56
Total GHG emissions (Scope 1 + 2)	tCO ₂ e	2023	1,152,537.72		264,044.44		41,314.25
		2024	1,109,469.17		268,657.49		53,004.44
		2025	926,943.22	85,251.31	259,074.33	26,734.87	43,195.27
Unit production volume GHG emission intensity (Scope 1 + Scope 2)	tCO ₂ e/ton of products	2023	/		/		/
		2024	0.99		1.10		0.78
		2025	0.96	0.74	1.04	1.37	0.62

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ESG Performance Data and Notes by Subsidiaries – Continued

Product and Service Quality Management Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Percentage of products that must be recovered for safety and health reasons of the total products sold or shipped	%	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	0	0	0	0	0
Number of complaints received regarding products and services	case	2023	31	2	5	/	6
		2024	25	6	6	/	1
		2025	29	3	7	4	2
Complaint handling rate	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100

Data Security and Customer Privacy Protection Management Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Number of confirmed information security incidents	count	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0
The proportion of business premises certified by ISO 27001: 2022 among all workplaces	%	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	100	0	0	/	0
Percentage of workplaces that have undergone internal assessment or review for information security issues	%	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	100	0	0	0	0

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Employment Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Xingda	Taizhou	Shandong	Xingda
			Xingda	Thailand	Xingda	Xingda	Jining
Number of employees							
Total number of employees	person	2023	7,111		301	1,338	/
		2024	6,761		265	1,531	/
		2025	5,811	747	254	1,288	178
Male employees	person	2023	5,044		252	988	/
		2024	4,808		222	1,147	/
		2025	4,164	454	215	954	139
Female employees	person	2023	2,067		49	350	/
		2024	1,953		43	384	/
		2025	1,647	293	39	334	39
Full-time employees under labor contracts	person	2023	7,111		301	1,338	/
		2024	6,761		265	1,531	/
		2025	5,811	747	254	1,188	178
Full-time employees under labor dispatch	person	2023	0		0	0	/
		2024	0		0	0	/
		2025	0	0	0	100	0
Part-time employees	person	2023	0		0	0	/
		2024	0		0	0	/
		2025	0	0	0	0	0
Employees under 30	person	2023	1,264		61	171	/
		2024	1,026		52	216	/
		2025	800	352	46	164	40
Employees aged 30-50	person	2023	5,360		211	1,083	/
		2024	5,208		186	1,228	/
		2025	4,480	387	183	1,044	135
Employees over 50	person	2023	487		29	84	/
		2024	527		27	87	/
		2025	531	8	25	80	3

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ESG Performance Data and Notes by Subsidiaries – *Continued*

Indicators	Unit	Year	Jiangsu	Xingda	Taizhou	Shandong	Xingda
			Xingda	Thailand	Xingda	Xingda	Xingda Jining
Employees working in the Chinese Mainland	person	2023	6,304		301	1,338	/
		2024	5,991		265	1,531	/
		2025	5,811	0	254	1,288	178
Employees working in Hong Kong, Macao, Taiwan and overseas	person	2023	807		0	0	/
		2024	770		0	0	/
		2025	0	747	0	0	0
Frontline employees	person	2023	6,958		292	1,329	/
		2024	6,611		256	1,515	/
		2025	5,669	657	247	1,277	172
Middle managers	person	2023	141		8	8	/
		2024	137		8	13	/
		2025	128	77	7	10	4
Senior managers	person	2023	12		1	1	/
		2024	13		1	3	/
		2025	14	13	0	1	2
Ethnic minority employees	person	2023	68		6	23	/
		2024	63		4	24	/
		2025	57	5	3	17	1
Proportion of ethnic minority employees	%	2023	0.96		1.99	1.72	/
		2024	0.93		1.51	1.57	/
		2025	0.98	0.67	1.18	1.32	0.56
Employee turnover rate							
Employee turnover rate	%	2023	19.74		33.11	31.73	/
		2024	21.11		27.00	31.99	/
		2025	17.23	38.16	15.61	25.38	49.43
Male employee turnover rate	%	2023	19.53		31.89	30.81	/
		2024	21.23		24.49	31.24	/
		2025	17.00	37.03	14.00	25.41	50.18
Female employee turnover rate	%	2023	20.25		38.75	34.21	/
		2024	20.80		37.68	34.13	/
		2025	17.81	39.84	23.53	25.28	46.58
Turnover rate of employees under 30	%	2023	24.08		48.74	46.73	/
		2024	28.80		40.23	45.73	/
		2025	25.44	43.41	25.81	42.25	60.78

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Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – *Continued*

Indicators	Unit	Year	Jiangsu	Xingda	Taizhou	Shandong	Xingda
			Xingda	Thailand	Xingda	Xingda	Xingda Jining
Turnover rate of employees aged 30-50	%	2023	17.63		28.72	29.26	/
		2024	18.55		23.77	29.38	/
		2025	14.96	32.93	13.27	21.91	45.34
Turnover rate of employees over 50	%	2023	29.22		17.14	22.22	/
		2024	28.30		15.63	23.68	/
		2025	21.91	11.11	10.71	23.81	0.00
Employee turnover rate in the Chinese Mainland	%	2023	17.71		33.11	31.73	/
		2024	18.74		27.00	31.99	/
		2025	17.23	/	15.61	25.38	49.43
Employee turnover rate in Hong Kong, Macao, Taiwan and overseas	%	2023	32.69		/	/	/
		2024	35.67		/	/	/
		2025	/	38.16	/	/	/
Percentage of employees who have received training on anti-discrimination and anti-harassment	%	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	100	100	100	100	0
Proportion of employees covered by formally elected employee representatives or collective agreements	%	2023	100	100	100	100	/
		2024	100	100	100	100	/
		2025	100	100	100	100	100
Proportion of workplaces subject to human rights review or human rights impact assessment	%	2023	100	0	100	0	/
		2024	100	0	100	0	/
		2025	100	0	100	0	0

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Occupational Health and Safety Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Taizhou	Shandong	Xingda	Xingda
			Xingda	Xingda	Xingda	Jining	Thailand
Employee deaths due to work-related injuries	person	2023	0	0	/	/	/
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Employee death rate due to work-related injuries	%	2023	0	0	/	/	/
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Lost workdays due to work-related injuries	day	2023	39	0	/	/	/
		2024	30	0	0	/	0
		2025	30	0	565	0	0
Lost Time Injury Frequency Rate (LTIFR) of direct workforce	%	2023	0.0418	0.0000	/	/	/
		2024	0.0281	0.0000	0.0000	/	0.0000
		2025	0.0752	0.0000	53.5447	0.0000	0.0000
Lost Time Injury Severity Rate (LTISR) of direct workforce	%	2023	0.0016	0.0000	/	/	/
		2024	0.0008	0.0000	0.0000	/	0.0000
		2025	0.0023	0.0000	2.5211	0.0000	0.0000
Percentage of workplaces that have conducted employee health and safety risk assessments out of the total number of workplaces	%	2023	100	100	/	/	/
		2024	100	100	100	/	100
		2025	100	100	100	100	100
The proportion of business premises certified by ISO 45001:2018 among all workplaces	%	2023	100	/	/	/	100
		2024	100	100	100	/	100
		2025	100	100	100	/	100

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Employee Training and Development Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu Xingda	Xingda Thailand	Taizhou Xingda	Shandong Xingda	Xingda Jining
Employee training coverage							
Employee training coverage	%	2023	99.31		100.00	100.00	/
		2024	99.23		100.00	100.00	/
		2025	99.45	100.00	100.00	100.00	100.00
Proportion of male employees covered by training	%	2023	100.00		100.00	100.00	/
		2024	99.79		100.00	100.00	/
		2025	99.52	100.00	100.00	100.00	100.00
Proportion of female employees covered by training	%	2023	97.63		100.00	100.00	/
		2024	97.85		100.00	100.00	/
		2025	99.27	100.00	100.00	100.00	100.00
Proportion of frontline employees covered by training	%	2023	99.45		100.00	100.00	/
		2024	99.39		100.00	100.00	/
		2025	99.44	100.00	100.00	100.00	100.00
Proportion of middle management covered by training	%	2023	99.29		100.00	100.00	/
		2024	98.54		100.00	100.00	/
		2025	100.00	100.00	100.00	100.00	100.00
Proportion of senior management covered by training	%	2023	25.00		100.00	100.00	/
		2024	23.08		100.00	100.00	/
		2025	100.00	100.00	/	100.00	100.00
Average training hours per employee							
Average training hours per employee	hour	2023	21.88		16.37	21.47	/
		2024	24.86		19.23	34.69	/
		2025	20.05	8.00	17.50	31.18	23.94
Average training hours for male employees	hour	2023	21.00		13.89	21.50	/
		2024	24.70		17.66	34.52	/
		2025	20.06	8.00	16.32	31.18	23.91
Average training hours for female employees	hour	2023	24.02		29.10	21.40	/
		2024	25.25		27.31	35.19	/
		2025	20.01	8.00	24.00	31.18	24.03

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – *Continued*

Indicators	Unit	Year	Jiangsu	Xingda	Taizhou	Shandong	Xingda
			Xingda	Thailand	Xingda	Xingda	Jining
Average training hours for frontline employees	hour	2023	19.62		16.63	21.45	/
		2024	22.48		19.61	34.71	/
		2025	18.00	8.85	17.66	31.18	24.03
Average training hours for middle management	hour	2023	134.04		6.00	23.00	/
		2024	140.60		6.13	23.00	/
		2025	111.90	1.87	12.00	31.18	21.30
Average training hours for senior management	hour	2023	12.83		23.00	36.00	/
		2024	14.04		25.00	34.33	/
		2025	10.00	1.23	/	31.18	21.31

Employees Regular Performance and Career Development Review Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu	Xingda	Taizhou	Shandong	Xingda
			Xingda	Thailand	Xingda	Xingda	Jining
Number of employees receiving regular performance and career development reviews	person	2023	7,111		301	1,338	/
		2024	6,761		265	1,531	/
		2025	5,811	747	254	1,288	178
Percentage of employees receiving regular performance and career development reviews	%	2023	100		100	100	/
		2024	100		100	100	/
		2025	100	100	100	100	100

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – Continued

Supply Chain Management Performance Sheet of Each Subsidiary

Indicators	Unit	Year	Jiangsu Xingda	Taizhou Xingda	Shandong Xingda	Xingda Jining	Xingda Thailand
Total number of suppliers	–	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	214	110	114	91	49
Number of domestic suppliers	–	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	213	110	114	91	10
Number of suppliers from Hong Kong, Macao, Taiwan and overseas	–	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	1	0	0	0	39
Number of suppliers assessed for environmental, labor, and ethical aspects	–	2023	/	/	/	/	/
		2024	/	/	/	/	/
		2025	31	16	16	14	13
Percentage of target suppliers that have passed corporate social responsibility assessment	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100
Percentage of target suppliers that have passed on-site corporate social responsibility audits	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100
Number of suppliers identified as having actual or potential significant negative social or environmental impacts	–	2023	0	0	0	/	0
		2024	0	0	0	/	0
		2025	0	0	0	0	0
Percentage of audited or evaluated suppliers participating in improvement initiatives or capacity-building	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100
Percentage of suppliers that have signed the Code of Conduct for Suppliers	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – CONTINUED

ESG Performance Data and Notes by Subsidiaries – *Continued*

Indicators	Unit	Year	Jiangsu Xingda	Taizhou Xingda	Shandong Xingda	Xingda Jining	Xingda Thailand
Percentage of suppliers who have signed contracts with environmental, labor, and human rights requirements clauses	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100
Percentage of purchasers trained in sustainable procurement	%	2023	100	100	100	/	100
		2024	100	100	100	/	100
		2025	100	100	100	100	100

Independent Verification Statement

To the management and stakeholders of Xingda International Holdings Limited,

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 its Xingda International Holdings Limited 2025 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 all the data and information collected by Xingda International and provided to TÜV SÜD. The scope of verification is limited to the given data and information. Xingda International shall be held accountable for the 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 01/01/2025 to 31/12/2025 including environmental, social and governance data and information, methods for management of material issues, actions/measures and the Company’s sustainability performance during the reporting period.

2025 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.

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 data and information are beyond the scope of this verification:

- Any relevant data and information beyond the reporting period;
- The data and information of Xingda International's suppliers, partners and other third parties; and
- The financial data and information disclosed in the 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. 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 01/01/2025 are beyond the scope of this verification.
- The 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 any guarantee of the credibility or status of the subject of verification.

Verification Methodology

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

- AA1000 Assurance Standard v3, Type 1, Moderate Assurance
- Sustainability Report Verification Operation Rule (CCB_EIV_GR_002E Rev04)

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

- Preliminary investigation of the relevant information before on-site verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site verification 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; and held interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

2025 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 and can be used by stakeholders.

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

- Inclusivity** Xingda International has identified the internal and external stakeholders, such as shareholders, customers, suppliers and partners, employees, government units, etc., and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
- Materiality** Xingda International has established the identification and prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, and disclosed the governance structure, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
- Responsiveness** Xingda International has disclosed the management approach and performance of high material topics that stakeholders concern, such as green products, circular economy, sustainable procurement, compliance and business ethics, and community and human capital development, etc., and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.
- Impact** Xingda International has established Sustainable and High-Quality Development Strategy Committee to monitor and guide the Company's efforts in the areas of environmental, social and governance. The Company has implemented a process of material topics impact assessment, based on a comprehensive and balanced understanding, measuring the impact on stakeholders and the organization itself, and disclosing the relevant impact.

Recommendations on Continuous Improvement

- The verification team has passed the improvement proposal to the management of Xingda International during the on-site verification process.

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 28,000 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.

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Independent Verification Statement – CONTINUED

Statement on Independence and Verification Capability – Continued

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.

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 this Independent Verification Statement.

Signature:

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



Wenjun Zhu

TÜV SÜD Certification and Testing (China) Co., Ltd. Technical Certifier

Shanghai, China, 27/03/2026

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement" of this verification statement shall prevail, while the traditional Chinese and English translation are 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 206 to 291, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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 RMB7,556,765,000 for the year ended 31 December 2025, representing 65.82% 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 HKSAAs 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 HKSAAs, 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 (practising certificate number: P07856).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTES	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Revenue	6	11,480,328	11,940,423
Cost of sales		<u>(9,347,366)</u>	<u>(9,746,104)</u>
Gross profit		2,132,962	2,194,319
Other income	7	229,846	208,262
Government grants	8	40,657	26,024
Other gains and losses, net	9	78,460	44,557
Impairment (losses) gains under expected credit loss model ("ECL")	38b	(9,675)	918
Other expense		(2,293)	(5,137)
Distribution and selling expenses		(1,030,529)	(1,080,032)
Administrative expenses		(370,736)	(413,834)
Research and development expenditure		(243,837)	(232,232)
Finance costs	10	<u>(202,329)</u>	<u>(220,707)</u>
Profit before tax		622,526	522,138
Income tax expense	11	<u>(150,343)</u>	<u>(134,304)</u>
Profit for the year	12	<u>472,183</u>	<u>387,834</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>30,880</u>	<u>17,928</u>
Total comprehensive income for the year		<u>503,063</u>	<u>405,762</u>
Profit for the year attributable to:			
Owners of the Company		340,408	269,045
Non-controlling interests		<u>131,775</u>	<u>118,789</u>
		<u>472,183</u>	<u>387,834</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		361,569	281,613
Non-controlling interests		<u>141,494</u>	<u>124,149</u>
		<u>503,063</u>	<u>405,762</u>
Earnings per share			
Basic (RMB cents)	15	<u>17.75</u>	<u>14.23</u>
Diluted (RMB cents)		<u>17.63</u>	<u>14.14</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTES	31/12/2025 RMB'000	31/12/2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	8,080,406	8,013,342
Right-of-use assets	17	641,305	605,082
Freehold land	18	190,433	181,978
Investment properties	19	97,000	107,300
Term deposits	24	759,199	748,460
Deferred tax assets	20	150,349	156,645
Prepayments for acquisition of property, plant and equipment		34,578	155,062
Prepayments		9,707	12,901
		9,962,977	9,980,770
CURRENT ASSETS			
Inventories	21	1,316,066	1,423,150
Financial assets at fair value through profit or loss ("FVTPL")	22	106,332	123,148
Trade, bills and other receivables	23	7,590,471	7,999,040
Tax recoverable		3,876	4,204
Term deposits	24	1,058,740	2,015,618
Bank balances and cash	24	1,155,232	835,591
		11,230,717	12,400,751
CURRENT LIABILITIES			
Trade and other payables	25	4,432,789	5,175,964
Contract liabilities	26	50,627	93,711
Tax liabilities		75,187	79,667
Dividend payable		23,226	3
Borrowings – due within one year	27	5,892,198	6,815,194
Lease liabilities	29	270	271
Obligations arising from repurchase of shares	30	–	229,111
		10,474,297	12,393,921
NET CURRENT ASSETS		756,420	6,830
TOTAL ASSETS LESS CURRENT LIABILITIES		10,719,397	9,987,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTES	31/12/2025 RMB'000	31/12/2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	81,071	62,259
Borrowings – due after one year	27	1,528,635	970,420
Deferred income	28	241,644	268,281
Lease liabilities	29	125	395
		<u>1,851,475</u>	<u>1,301,355</u>
NET ASSETS		<u>8,867,922</u>	<u>8,686,245</u>
CAPITAL AND RESERVES			
Share capital	31	186,603	186,603
Share premium and other reserves		<u>6,460,457</u>	<u>6,281,126</u>
Equity attributable to owners of the Company		6,647,060	6,467,729
Non-controlling interests	40(ii)	<u>2,220,862</u>	<u>2,218,516</u>
TOTAL EQUITY		<u>8,867,922</u>	<u>8,686,245</u>

The consolidated financial statements on pages 206 to 291 were approved and authorised for issue by the Board of Directors on 30 March 2026 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 2025

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 2024	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	186,603	282,961	434,179	(130,150)	1,080,501	9,700	(33,681)	4,634,100	(3,540)	7,056	6,467,729	2,218,516	8,686,245
Profit for the year	-	-	-	-	-	-	-	340,408	-	-	340,408	131,775	472,183
Other comprehensive income for the year	-	-	-	-	-	-	21,161	-	-	-	21,161	9,719	30,880
Total comprehensive income for the year	-	-	-	-	-	-	21,161	340,408	-	-	361,569	141,494	503,063
Appropriations	-	-	-	-	46,179	-	-	(46,179)	-	-	-	-	-
Dividend recognised as distribution (note 14)	-	-	-	-	-	-	-	(265,136)	-	-	(265,136)	-	(265,136)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(114,923)	(114,923)
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	-	-	-	2,190	2,190	-	2,190
Repurchase of non-controlling interests shares (note iv)	-	-	3,803	-	-	-	-	-	-	-	3,803	(187,320)	(183,517)
Effect of exercise of put option (note 30)	-	-	76,905	-	-	-	-	-	-	-	76,905	(76,905)	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	240,000	240,000
At 31 December 2025	186,603	282,961	514,887	(130,150)	1,126,680	9,700	(12,520)	4,663,193	(3,540)	9,246	6,647,060	2,220,862	8,867,922

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Notes:

- (i) Special reserve of RMB514,887,000 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) (Jiaying Jianxin Chenyue Equity Investment Enterprise (Limited Partnership)*) (“Jiaying 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 investors’ exercise of put option with 0.44% equity interest in Jiangsu Xingda in 2023 and 2025 amounting to RMB81,803,000; (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.
- (iv) In June 2025, another non-controlling shareholder 東營融聚投資中心(有限合夥) (Dongying Rongju Investment Center (Limited Partnership)*) of Jiangsu Xingda entered into an agreement with Jiangsu Xingda for the repurchase of all its 2.386% equity interest in Jiangsu Xingda by way of capital reduction at a consideration of RMB183,517,000. Following the capital reduction, the Group’s shareholding in Jiangsu Xingda increased to 74.25%. The difference between the consideration of RMB183,517,000 and the carrying amount of the proportionate net assets of the Jiangsu Xingda subgroup of RMB187,320,000, amounting to RMB3,803,000, was debited to special reserve.

* For identification only

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
OPERATING ACTIVITIES		
Profit before tax	622,526	522,138
Adjustments for		
Depreciation and amortisation	960,507	819,802
Interest income	(86,872)	(124,210)
Loss on fair value changes of investment properties	10,300	10,000
Dividend income from financial assets at FVTPL	(8,250)	(7,442)
Loss on disposal and written-off of property, plant and equipment	3,391	2,232
Recognition (reversal) of impairment losses under expected credit loss model	9,675	(918)
Recognition of equity-settled share-based payments	2,190	1,054
Finance costs	202,329	220,707
Change in fair value of financial assets at FVTPL	(4,904)	(4,158)
Amortisation of deferred income	(26,637)	(20,272)
Unrealised exchange gain	(17,501)	(22,259)
Operating cash flows before movements in working capital	1,666,754	1,396,674
Decrease (increase) in inventories	107,084	(519,507)
Decrease (increase) in trade, bills and other receivables	204,483	(140,050)
Decrease in prepayments	3,194	2,062
Increase in trade and other payables	163,133	148,460
(Decrease) increase in contract liabilities	(43,084)	42,870
Cash generated from operations	2,101,564	930,509
Income taxes paid	(129,387)	(112,917)
NET CASH FROM OPERATING ACTIVITIES	1,972,177	817,592

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,337,461)	(1,308,165)
Placement of term deposits	(682,015)	(323,339)
Payment for acquiring financial assets at FVTPL	–	(49,542)
Proceeds from disposal of financial assets at FVTPL	20,670	–
Payments for leasehold lands	(1,552)	(462)
Advance to a shareholder	(100,410)	–
Withdrawal of term deposits	1,574,297	397,061
Interest received	141,195	27,808
Receipts of assets-related government grants	–	5,500
Proceeds on disposal of property, plant and equipment	7,919	7,623
Dividend received from financial assets at FVTPL	8,250	6,947
NET CASH USED IN INVESTING ACTIVITIES	(369,107)	(1,236,569)
FINANCING ACTIVITIES		
New bank borrowings raised	8,049,644	7,578,999
Proceeds from issue of shares	–	306,346
Proceeds from issue of shares from a non-controlling interests of subsidiary	38,856	–
Repayments of bank borrowings	(8,395,966)	(6,576,856)
Interest paid	(196,297)	(207,105)
Dividends paid	(265,136)	(226,207)
Dividends paid to non-controlling interests of subsidiaries	(91,700)	(185,888)
Repayments to obligation from repurchase of shares	(12,500)	(10,833)
Repayments of lease liabilities	(295)	(292)
Consideration paid to settle the obligations arising from repurchase of shares	(223,944)	–
Repurchase shares of a subsidiary from non-controlling interests	(183,517)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,280,855)	678,164
NET INCREASE IN CASH AND CASH EQUIVALENTS	322,215	259,187
CASH AND CASH EQUIVALENTS AT 1 JANUARY	835,591	570,801
Effect of foreign exchange rates changes	(2,574)	5,603
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER,		
Cash and cash equivalents	1,155,232	835,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 STANDARDS

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 as 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 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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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 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS – 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 ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 IFRS Accounting Standards – Volume 11 ²
IFRS18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

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 2026.

³ 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 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. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 as 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 component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the 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 2025

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 amounts of the initial measurement of the lease liabilities. 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 2025

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 – CONTINUED

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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

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 2025

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 2025

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

Share awards granted to employees and others providing similar services

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 2025

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

Share awards granted to employees and others providing similar services – 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 2025

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 2025

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 2025

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 2025

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 2025

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 2025

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 2025

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 2025

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 ECL model on financial assets (including trade, bills and other receivables, term deposits, and bank balances and cash) 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 past events and current conditions at the reporting date as well as the forecast of future economic 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025

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 2025

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 2025

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 2025

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 liabilities and equity – 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 2025

4. 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 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – CONTINUED

Key sources of estimation uncertainty – CONTINUED

Estimated impairment of property, plant and equipment – CONTINUED

In view of the recoverable amounts being higher than the carrying amounts of property, plant and equipment, no impairment loss has been recognised during the year ended 31 December 2025. As at 31 December 2025, the carrying amount of property, plant and equipment is RMB1,165,965,000 (2024: RMB1,161,348,000).

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 2025

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 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Sale of products		
Radial tire cords		
– For trucks	6,523,781	6,705,213
– For passenger cars	3,491,192	3,538,542
Bead wires and other wires	1,465,355	1,696,668
Total	<u>11,480,328</u>	<u>11,940,423</u>
Timing of revenue recognition		
A point in time	<u>11,480,328</u>	<u>11,940,423</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 2025

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:

	31/12/2025	31/12/2024
	RMB'000	RMB'000
The PRC	7,693,702	7,802,236
Thailand	1,359,727	1,273,429
	<u>9,053,429</u>	<u>9,075,665</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
The PRC (country of domicile)	7,608,875	8,070,924
India	556,222	554,658
Thailand	475,897	502,238
Brazil	371,161	341,514
United States of America	451,624	329,002
Slovakia	244,996	213,614
Romania	185,498	182,288
Others	1,586,055	1,746,185
	<u>11,480,328</u>	<u>11,940,423</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 2025 and 2024.

7. OTHER INCOME

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Bank interest income	86,872	124,210
Sales of scrap materials	50,316	64,406
Rental income from investment properties	3,069	2,741
VAT additional deduction income	74,707	–
Sundry income	14,882	16,905
	<u>229,846</u>	<u>208,262</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. GOVERNMENT GRANTS

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Unconditional government grants (<i>note</i>)	14,020	5,752
Released from deferred income (<i>note 28</i>)	26,637	20,272
	<u>40,657</u>	<u>26,024</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 2025 and 2024.

9. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Net foreign exchange gains	78,997	45,189
Change in fair value of financial assets at FVTPL	4,904	4,158
Dividend income from financial assets at FVTPL	8,250	7,442
Loss on disposal and written-off of property, plant and equipment	(3,391)	(2,232)
Loss on fair value changes of investment properties	(10,300)	(10,000)
	<u>78,460</u>	<u>44,557</u>

10. FINANCE COSTS

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Interests on bank borrowings	192,004	200,587
Imputed interest on obligations arising from repurchase of shares (<i>note 30</i>)	7,333	16,000
Bills receivable discounted	2,968	4,090
Interests on lease liabilities	24	30
	<u>202,329</u>	<u>220,707</u>

No borrowing costs were capitalised during 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. INCOME TAX EXPENSE

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Current tax	106,803	100,216
Overprovision in prior years	(12,585)	(9,509)
Withholding tax paid	31,017	26,910
Deferred tax (note 20)	25,108	16,687
	<u>150,343</u>	<u>134,304</u>

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 years ended 31 December 2025 and 2024.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is operating in certain jurisdictions (i.e., Thailand, Luxembourg and Hong Kong) where the Pillar Two Rules are in effect. However, based on management's best estimate and after considering certain adjustments required under the Pillar Two Rules, the Group's estimated effective tax rate in Hong Kong exceeds 15%. In addition, the group entities in Thailand and Luxembourg with effective tax rates below 15% are non-material constituent entities to which the safe harbour provisions apply. Accordingly, the management of the Group considers that the Group is not liable to top-up tax under the Pillar Two Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Profit before tax	<u>622,526</u>	<u>522,138</u>
Tax at the PRC tax rate of 25%	155,632	130,535
Tax effect of expenses not deductible for tax purposes	18,483	16,625
Tax effect of income not taxable for tax purposes	(4,835)	(6,492)
Tax effect of tax losses not recognised	10,797	10,841
Utilisation of tax losses previously not recognised	(18,581)	(18,815)
Tax effect of deductible temporary differences not recognised	6,204	15,880
Tax effect of preferential tax rate	(52,448)	(49,488)
Change in opening deferred tax resulting from increase in applicable tax rate	(3,468)	13,791
Overprovision in prior years	(12,585)	(9,509)
Withholding tax (<i>note</i>)	<u>51,144</u>	<u>30,936</u>
Income tax expense for the year	<u><u>150,343</u></u>	<u><u>134,304</u></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 2025, one of the PRC subsidiaries (2024: one), has distributed dividends of RMB301,915,000 (2024: RMB261,660,000) to Faith Maple, a wholly-owned subsidiary of the Company established in the British Virgin Islands.

Other than RMB503,193,000 (2024: RMB301,915,000) 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 RMB2,785,578,000 (2024: RMB2,856,856,000), 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 2025

12. PROFIT FOR THE YEAR

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration (note 13)		
Salaries, wages and other benefits	1,087,239	1,141,346
Retirement benefit scheme contributions	82,207	94,459
Share-based payments	2,190	1,054
	<u>1,171,636</u>	<u>1,236,859</u>
Total staff costs		
Audit service	2,351	2,351
Non-audit services	1,274	1,505
	<u>3,625</u>	<u>3,856</u>
Total auditor's remuneration		
Cost of inventories recognised as an expense	9,202,414	9,630,746
Depreciation and amortisation		
– Property, plant and equipment	944,311	804,080
– Right-of-use assets	16,196	15,722
	<u>960,507</u>	<u>819,802</u>
Total depreciation and amortisation		
Gross rental income from investment properties	(3,069)	(3,138)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	696	731
	<u>(2,373)</u>	<u>(2,407)</u>
Rental income from investment properties, net		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors

The emoluments paid or payables to eight (2024: ten) directors were as follows:

	Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Fees	710	716
Salaries and other allowances	11,213	9,476
Performance related incentive bonus (<i>note</i>)	12,072	13,632
Retirement benefit scheme contributions	171	304
Share-based payments	1,267	754
	<u>25,433</u>	<u>24,882</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 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors – CONTINUED

Details of emoluments of individual directors, disclosed pursuant to the applicable Listing Rules and the Companies Ordinance, are set out as follows:

Year ended 31 December 2025

	Fees	Salaries and other allowances	Performance related incentive bonus	Retirement benefit scheme contributions	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(note)</i>			
Executive Directors						
LIU Jinlan	-	4,626	4,200	-	602	9,428
LIU Xiang	-	3,145	3,600	76	301	7,122
HANG Youming	-	2,112	2,952	24	301	5,389
WANG Jin	-	880	1,320	24	38	2,262
WANG Yu	-	450	-	47	-	497
Independent Non-executive Directors						
KOO Foo Sun, Louis	355	-	-	-	25	380
XU Chunhua	355	-	-	-	-	355
ZHANG Guoyun	-	-	-	-	-	-
	<u>710</u>	<u>11,213</u>	<u>12,072</u>	<u>171</u>	<u>1,267</u>	<u>25,433</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Directors – CONTINUED

Year ended 31 December 2024

	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	–	359	7,359
LIU Xiang	–	2,640	3,600	98	179	6,517
HANG Youming <i>(note i)</i>	–	2,116	2,952	46	179	5,293
WANG Jin <i>(note i)</i>	–	720	1,080	23	22	1,845
WANG Yu <i>(note i)</i>	–	1,200	1,800	137	–	3,137
ZHANG Yuxiao <i>(note ii)</i>	–	–	–	–	–	–
Independent Non-executive Directors						
KOO Foo Sun, Louis	358	–	–	–	15	373
XU Chunhua	358	–	–	–	–	358
ZHANG Guoyun <i>(note iii)</i>	–	–	–	–	–	–
LUO Tiejun <i>(note iv)</i>	–	–	–	–	–	–
	<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 as an executive director of the Company on 28 May 2024.
- (iii) Ms. ZHANG Guoyun was appointed as an independent non-executive director of the Company on 6 September 2024.
- (iv) Mr. LUO Tiejun resigned as an independent non-executive director of the Company on 3 April 2024.

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 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – CONTINUED

Five highest paid employees

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

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Salaries and other allowances	2,480	3,004
Retirement benefit scheme contributions	95	135
Performance related incentive bonus (<i>note</i>)	3,720	1,800
Share-based payments	138	–
	6,433	4,939

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 following bands:

	Year ended 31/12/2025	Year ended 31/12/2024
Hong Kong dollars (“HK\$”) 2,500,001 – HK\$3,500,000	1	1
HK\$3,500,001 – HK\$4,500,000	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
HK\$7,500,001 – HK\$8,500,000	1	1
HK\$9,500,001 – HK\$10,500,000	1	–

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 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. DIVIDEND

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend in respect of the year ended 31 December 2024 – nil HK cents per share (2024: final dividend in respect of the year ended 31 December 2023 – 13.0 HK cents per share)	<u>–</u>	<u>226,207</u>
Special dividend paid, 15.0 HK cents per share (<i>note i</i>)	<u>265,136</u>	<u>–</u>
Special dividend declared, 25.0 HK cents per share (<i>note ii</i>)	<u>430,948</u>	<u>–</u>

Notes:

- (i) During the current year, a one-off special dividend of 15.0 HK cents (2024: a final dividend of 13.0 HK cents) per ordinary share in an aggregate amount of RMB265,136,000 (2024: RMB226,207,000 in respect of the year ended 31 December 2023) was approved at the extraordinary general meeting of the Company held on 27 January 2025 (2024: at the annual general meeting of the Company held on 29 May 2024).
- (ii) Subsequent to the end of the reporting period, a one-off special dividend of 25.0 HK cents per ordinary share in an aggregate amount of approximately RMB430,948,000 has been approved at the extraordinary general meeting held on 20 January 2026.

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 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
Profit for the year attributable to owners of the Company		
Earnings for the purpose of basic and diluted earnings per share	<u>340,408</u>	<u>269,045</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15. EARNINGS PER SHARE – CONTINUED

	Year ended 31/12/2025 '000	Year ended 31/12/2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,917,986	1,891,232
Effect of dilutive potential ordinary shares in respect of outstanding share awards	12,516	11,007
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,930,502</u>	<u>1,902,239</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 2025

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 2024	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
Additions	72,863	-	25,905	2,466	256	870,013	971,503
Reclassifications	494,736	24,375	673,981	15,280	1,497	(1,209,869)	-
Disposals and written-off	-	-	(46,966)	(1,072)	(483)	-	(48,521)
Exchange realignment	36,667	272	23,801	211	354	14,107	75,412
At 31 December 2025	5,395,053	59,567	9,584,350	245,019	99,190	724,267	16,107,446
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	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
Provided for the year	259,798	6,447	657,286	13,198	7,582	-	944,311
Eliminated on disposals and written-off	-	-	(35,736)	(1,016)	(459)	-	(37,211)
Exchange realignment	9,515	230	9,565	170	300	-	19,780
At 31 December 2025	1,945,092	16,608	5,683,833	199,180	82,112	-	7,926,825
IMPAIRMENT							
At 1 January 2024	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
Reclassifications	-	-	359	-	-	(359)	-
Exchange realignment	2,700	9	1,586	8	11	136	4,450
At 31 December 2025	60,808	198	35,935	184	250	2,840	100,215
CARRYING VALUES							
At 31 December 2025	3,389,153	42,761	3,864,582	45,655	16,828	721,427	8,080,406
At 31 December 2024	3,056,900	24,800	3,820,921	41,130	22,638	1,046,953	8,013,342



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Construction in progress as at 31 December 2025 and 2024 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 lands in the PRC and Thailand.

No further impairment loss needed to be recognised during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025			
Carrying amount	640,957	348	641,305
At 31 December 2024			
Carrying amount	604,479	603	605,082
For the year ended 31 December 2025			
Amortisation	15,941	255	16,196
Additions to right-of-use assets	52,419	–	52,419
For the year ended 31 December 2024			
Amortisation	15,469	253	15,722
Additions to right-of-use assets	<u>462</u>	<u>–</u>	<u>462</u>
		Year ended 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Expense relating to short-term leases		48	79
Total cash outflow for leases		<u>1,895</u>	<u>832</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.

The Group regularly entered into short-term leases for its office premises. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17. RIGHT-OF-USE ASSETS – CONTINUED

In addition, lease liabilities of RMB395,000 are recognised with related right-of-use assets of RMB348,000 as at 31 December 2025 (2024: lease liabilities of RMB666,000 are recognised with related right-of-use assets of RMB603,000). 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 2024	69,532
Addition	110,676
Exchange realignment	<u>1,770</u>
At 31 December 2024	181,978
Exchange realignment	<u>8,455</u>
At 31 December 2025	<u><u>190,433</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 2024	117,300
Loss on fair value changes recognised in profit or loss	<u>(10,000)</u>
At 31 December 2024	107,300
Loss on fair value changes recognised in profit or loss	<u>(10,300)</u>
At 31 December 2025	<u><u>97,000</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 on 31 December 2025 and 2024 have been arrived at based on 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 considering 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 5.06% (2024: 4.67%) and rental ranging from RMB131.1 to RMB146.6 per square meter per month (2024: RMB137 to RMB148 per square meter per month). A slight increase in market yield would lead to a significant decrease in the fair value of investment properties, while a slight increase in rental income would result in a significant increase; the opposite effects apply vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2025 and 2024 are as follows:

	Level 3	
	31/12/2025	31/12/2024
	RMB'000	RMB'000
Office premises located in Shanghai	<u>97,000</u>	<u>107,300</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 2025

20. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	150,349	156,645
Deferred tax liabilities	(81,071)	(62,259)
	<u>69,278</u>	<u>94,386</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
	<i>RMB'000</i>	<i>RMB'000</i> <i>(note)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	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	<u>(2,404)</u>	<u>5,878</u>	<u>(3,397)</u>	<u>(427)</u>	<u>(187)</u>	<u>1,522</u>	<u>145</u>	<u>(4,026)</u>	<u>(2,896)</u>
At 31 December 2024	15,921	66,488	61,993	(9,119)	12,243	(19,925)	(3,023)	(30,192)	94,386
Effect of change in tax rate recognised in profit or loss	-	929	2,539	-	-	-	-	-	3,468
(Charge) credit to profit or loss	<u>(1,723)</u>	<u>(2,899)</u>	<u>(6,393)</u>	<u>(427)</u>	<u>1,251</u>	<u>1,597</u>	<u>145</u>	<u>(20,127)</u>	<u>(28,576)</u>
At 31 December 2025	<u>14,198</u>	<u>64,518</u>	<u>58,139</u>	<u>(9,546)</u>	<u>13,494</u>	<u>(18,328)</u>	<u>(2,878)</u>	<u>(50,319)</u>	<u>69,278</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 2025

20. DEFERRED TAXATION – CONTINUED

As at 31 December 2025, the Group has not recognised deferred tax asset on deductible temporary differences amounting to RMB137,248,000 (2024: RMB112,433,000), 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 RMB164,290,000 (2024: RMB195,424,000) 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.

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Tax losses from group entities incorporated in the PRC and Thailand		
2026	(8,091)	(8,091)
2027	(31,110)	(31,362)
2028	(37,451)	(110,142)
2029	(30,861)	(30,861)
2030	(43,189)	–
	(150,702)	(180,456)
Tax losses from group entities in other jurisdictions		
2041	(11,122)	(12,502)
Carried forward indefinitely	(2,466)	(2,466)
	(13,588)	(14,968)
Total unrecognised tax losses	(164,290)	(195,424)

During the year ended 31 December 2025, no unrecognised tax losses is expired (for the year ended 31 December 2024: RMB16,358,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

21. INVENTORIES

	31/12/2025 RMB'000	31/12/2024 RMB'000
Raw materials	485,180	515,570
Work in progress	194,115	200,100
Finished goods	636,771	707,480
	<u>1,316,066</u>	<u>1,423,150</u>

22. FINANCIAL ASSETS AT FVTPL

	31/12/2025 RMB'000	31/12/2024 RMB'000
Listed securities held for trading:		
– Equity securities listed in Hong Kong (<i>note i</i>)	<u>106,332</u>	<u>123,148</u>

Note:

- i. The fair value measurement of such investments is classified as Level 1 fair value measurement which are based on the quoted price published on the Hong Kong Stock Exchange. During the year ended 31 December 2025, the Group has sold 3,000,000 shares at HK\$7.60 per share, with total proceeds of approximately HK\$22.72 million after deducting expenses. During the year ended 31 December 2025, the Group has recognised a fair value gain of RMB4,904,000 (for the year ended 31 December 2024: a fair value gain of RMB4,158,000) in respect of these listed securities.

23. TRADE, BILLS AND OTHER RECEIVABLES

	31/12/2025 RMB'000	31/12/2024 RMB'000
Trade receivables – goods	4,349,288	4,198,221
Less: Allowance for credit losses	(76,129)	(68,031)
	<u>4,273,159</u>	4,130,190
Bills receivable	2,921,337	3,270,094
Less: Allowance for credit losses	(1,950)	(1,950)
	<u>2,919,387</u>	3,268,144
	<u>7,192,546</u>	7,398,334
Advances to suppliers of raw materials	33,968	365,515
Prepayments for spool	19,125	15,955
Value-added tax recoverable	203,454	180,720
Other prepayments	12,872	20,489
Other receivables	33,347	23,289
Less: Allowance for credit losses on other receivables	(5,262)	(5,262)
Amount due from a shareholder (<i>note</i>)	100,421	–
	<u>397,925</u>	600,706
	<u>7,590,471</u>	<u>7,999,040</u>

Note: On 13 November 2025, Great Trade Limited, one of the controlling shareholders of the Group, entered into a loan agreement with the Group, pursuant to which Great Trade Limited borrowed HK\$110 million from the Group. The loan is unsecured, has a term of one year and bears interest at 8% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. TRADE, BILLS AND OTHER RECEIVABLES – CONTINUED

As at 1 January 2024, trade receivables from contracts with customers and bills receivable, net of allowance for credit losses, amounted to RMB4,134,629,000 and RMB3,393,096,000, 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:

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Trade receivables		
0 – 90 days	2,796,567	2,658,476
91 – 120 days	446,873	379,573
121 – 180 days	315,408	406,366
181 – 360 days	580,629	571,053
Over 360 days	133,682	114,722
	4,273,159	4,130,190
Bills receivable		
0 – 90 days	268,263	310,642
91 – 180 days	1,339,037	1,406,600
181 – 360 days	1,291,220	1,541,117
Over 360 days	20,867	9,785
	2,919,387	3,268,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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	
	31/12/2025	RMB	31/12/2024	RMB
	'000	'000	'000	'000
United States Dollar ("USD")	88,425	621,520	90,290	649,041
EURO ("EUR")	11,539	95,026	13,900	104,607
RMB	<u>208</u>	<u>208</u>	<u>470</u>	<u>470</u>

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 2025 and 2024 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 2025

	Bills receivable endorsed/ discounted to suppliers/banks with full recourse RMB'000
Carrying amount of transferred assets	3,075,124
Carrying amount of associated assets/liabilities	
– Advances to suppliers of raw materials	371,140
– Trade payables	2,445,665
– Payables for purchase of property, plant and equipment	6,711
– Bank borrowings	251,608
Net position	<u><u>–</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. TRADE, BILLS AND OTHER RECEIVABLES – CONTINUED

Note: Transfers of financial assets – CONTINUED

As at 31 December 2024

	Bills receivable endorsed/discounted to suppliers/banks with full recourse <i>RMB'000</i>
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	<u><u>–</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 0.15% (2024: 0.00%* to 0.35%) per annum.

* less than 0.01%

Term deposits

	31/12/2025	31/12/2024
	RMB'000	RMB'000
<i>Non-current</i>		
Pledged term deposits	252,432	587,258
Other non-current term deposits	506,767	161,202
	759,199	748,460
<i>Current</i>		
Pledged term deposits	384,473	1,170,253
Restricted term deposits	37,534	36,872
Other current term deposits	636,733	808,493
	1,058,740	2,015,618
	1,817,939	2,764,078

At 31 December 2025, deposits maturing within one year are presented as current assets whilst deposits with a maturity of more than one year 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 RMB339,287,000 term deposits with original maturity from 2026 to 2027 (the "Term Deposits"), 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. As at 31 December 2025, the directors of the Company consider that the Group will not early withdraw the term deposits before maturity.

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 Deposit, other than the term deposit expected to be early withdrawn by the managements, carry fixed interest rates ranging from 0.95% to 3.80% per annum (2024: from 1.60% to 3.80% per annum). 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 2025

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	
	31/12/2025	RMB	31/12/2024	RMB
	'000	'000	'000	'000
HK\$	30,054	27,146	10,915	10,105
USD	38,949	273,625	43,802	314,595
EUR	2,763	22,732	632	4,357
RMB	<u>40,880</u>	<u>40,880</u>	<u>7,063</u>	<u>7,063</u>

25. TRADE AND OTHER PAYABLES

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Trade payables	2,708,701	2,966,246
Bills payables (note i)	<u>486,900</u>	<u>306,900</u>
	3,195,601	3,273,146
Value-added tax payables and other tax payables	36,284	26,557
Accrued staff costs	276,327	272,762
Payables for purchase of property, plant and equipment	753,618	1,375,595
Amount due to a related party (note 36(i))	9,622	11,671
Accrued interest expenses	6,573	7,898
Accrued expenses	99,364	128,654
Other payable to a non-controlling shareholder (note ii)	20	20,000
Others	<u>55,380</u>	<u>59,681</u>
	1,237,188	1,902,818
	4,432,789	5,175,964

Notes:

- 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 2025

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 2025 and 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:

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Trade payables		
0 – 90 days	1,809,357	1,512,488
91 – 180 days	827,113	1,017,814
181 – 360 days	3,804	379,137
Over 360 days	68,427	56,807
	<u>2,708,701</u>	<u>2,966,246</u>
	31/12/2025	31/12/2024
	RMB'000	RMB'000
Bills payables		
91 – 180 days	302,405	225,548
181 – 360 days	184,495	81,352
	<u>486,900</u>	<u>306,900</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.

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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	
	31/12/2025	RMB	31/12/2024	RMB
	'000	'000	'000	'000
USD	16,216	113,740	13,611	97,849
EUR	1,819	14,980	2,180	16,405
RMB	<u>29,348</u>	<u>29,348</u>	<u>345,137</u>	<u>345,137</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 2025, contract liabilities amounted to RMB93,711,000 (2024: RMB50,841,000), all of which has been recognised as the Group's revenue during the year ended 31 December 2025.

27. BORROWINGS

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Bank borrowings	<u>7,420,833</u>	<u>7,785,614</u>
Secured (<i>note</i>)	991,614	2,393,781
Unsecured	<u>6,429,219</u>	<u>5,391,833</u>
	<u>7,420,833</u>	<u>7,785,614</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. BORROWINGS – CONTINUED

The Group's bank borrowings are repayable as follows:

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount repayable (based on scheduled repayment terms)		
Within one year	5,892,198	6,815,194
More than one year but not exceeding two years	1,528,635	970,420
	7,420,833	7,785,614
Less: Amounts due within one year shown under current liabilities	(5,892,198)	(6,815,194)
Amounts shown under non-current liabilities	1,528,635	970,420

Note: These borrowings secured by pledged term deposits and bills receivable amounting to RMB740,006,000 and RMB251,608,000, respectively (2024: secured by pledged term deposits, bills receivable and trade receivables amounting to RMB1,757,511,000, RMB301,465,000 and RMB49,608,000, respectively), details of which are set out in notes 23 and 24.

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings comprise:		
Fixed-rate borrowings	4,649,209	4,875,057
Variable-rate borrowings	2,771,624	2,910,557
	7,420,833	7,785,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. BORROWINGS – CONTINUED

The Group's variable-rate bank borrowings carry interests ranging from 0.96% below 1-year Loan Prime Rate, which are reset every six months, to 0.2825% above 1-year Loan Prime Rate, which are reset yearly (2024: 0.2825% 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:

	31/12/2025	31/12/2024
Effective interest rates:		
Fixed-rate borrowings	0.55% – 3.00%	0.57% – 3.50%
Variable-rate borrowings	<u>2.04% – 3.55%</u>	<u>2.28% – 3.80%</u>

28. DEFERRED INCOME

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income – non-current liability	<u>241,644</u>	<u>268,281</u>

During the year ended 31 December 2025, the Group did not receive government grant (2024: RMB5,500,000) to support the Group's industrial projects. The received amounts had been accounted for as deferred income and released to income over the useful lives of the relevant assets. As at 31 December 2025, balance of RMB241,644,000 (2024: RMB268,281,000) remains to be amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. LEASE LIABILITIES

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities payable:		
Within one year	270	271
Within a period of more than one year but not more than two years	125	270
Within a period of more than two years but not more than five years	–	125
	<u>395</u>	<u>666</u>
Less: Amount due to settlement with 12 months shown under current liabilities	<u>(270)</u>	<u>(271)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>125</u>	<u>395</u>

The weighted average incremental borrowing rates applied to lease liabilities is 4.35% for both years.

30. OBLIGATIONS ARISING FROM REPURCHASE OF SHARES

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Obligations arising from repurchase of shares – current liability	<u>–</u>	<u>229,111</u>

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.

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FOR THE YEAR ENDED 31 DECEMBER 2025

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.

The imputed interest of 8% per annum charged to profit or loss under finance costs during the year ended 31 December 2025 amounted to RMB7,333,000 (2024: RMB16,000,000) and dividends received from Jiangsu Xingda amounted to RMB12,500,000 (2024: RMB10,833,000), which was deducted from the obligations arising from repurchase of shares.

In June 2025, Faith Maple and Jiangsu Xingda entered into agreements with Chengshan Group, Sailun Group, Triangle Tyre and Linglong Tire as settlement of the put options, pursuant to which approximately RMB83,333,000 of the registered capital of Jiangsu Xingda will be reduced with consideration of RMB223,944,000, 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. After the capital reduction, the obligation arising from repurchases of shares are derecognised since then.

31. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 RMB'000	2024 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>1,920,125</u>	1,662,445	<u>186,603</u>	163,218
Issuance of shares	<u>–</u>	<u>257,680</u>	<u>–</u>	<u>23,385</u>
At end of year	<u>1,920,125</u>	<u>1,920,125</u>	<u>186,603</u>	<u>186,603</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 2025, included the issued and fully paid ordinary shares, 2,139,665 shares are held by trustee under share-award scheme (2024: 2,139,665 shares).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 and 2024. As at 31 December 2025 and 2024, 2,139,665 treasury shares were held by the trustee.

During the year ended 31 December 2025, no awarded shares vested during the year and no awarded shares were forfeited resulting from the resignation of the director of the Company during the year (for the year ended 31 December 2024: 2,675,000 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 2025

32. SHARE-BASED PAYMENTS – CONTINUED

SHARE-AWARD SCHEME – CONTINUED

Movements in the number of awarded shares outstanding during the year are as follows:

2025

Categories of awardees	Date of grant	Fair value per share HK\$	Number of awarded shares				Outstanding at 31 December 2025	Vesting period
			Outstanding at 1 January 2025	Reclassification during the year (note)	Vested during the year	Forfeited during the year		
Directors of the Company	22 August 2019	1.365	1,666,500	-	-	-	1,666,500	22 August 2019 to 31 March 2023
Directors of the Company	22 August 2019	1.253	1,666,500	-	-	-	1,666,500	22 August 2019 to 31 March 2024
Employees	22 August 2019	1.474	833,333	-	-	-	833,333	22 August 2019 to 31 March 2023
Employees	22 August 2019	1.443	833,334	-	-	-	833,334	22 August 2019 to 31 March 2024
Directors of the Company	30 November 2021	1.147	2,650,000	-	-	-	2,650,000	30 November 2021 to 31 March 2025
Directors of the Company	30 November 2021	1.065	2,650,000	-	-	-	2,650,000	30 November 2021 to 31 March 2026
Directors of the Company	30 November 2021	1.000	2,650,000	-	-	-	2,650,000	30 November 2021 to 31 March 2027
Employees	30 November 2021	1.189	1,050,000	-	-	-	1,050,000	30 November 2021 to 31 March 2025
Employees	30 November 2021	1.163	1,050,000	-	-	-	1,050,000	30 November 2021 to 31 March 2026
Employees	30 November 2021	1.153	1,050,000	-	-	-	1,050,000	30 November 2021 to 31 March 2027
			<u>16,099,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,099,667</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. SHARE-BASED PAYMENTS – CONTINUED

SHARE-AWARD SCHEME – CONTINUED

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)	1,666,500	22 August 2019 to 31 March 2023
Directors of the Company	22 August 2019	1.253	1,616,500	450,000	-	(400,000)	1,666,500	22 August 2019 to 31 March 2024
Employees	22 August 2019	1.474	1,283,333	(450,000)	-	-	833,333	22 August 2019 to 31 March 2023
Employees	22 August 2019	1.443	1,283,334	(450,000)	-	-	833,334	22 August 2019 to 31 March 2024
Directors of the Company	30 November 2021	1.147	2,575,000	700,000	-	(625,000)	2,650,000	30 November 2021 to 31 March 2025
Directors of the Company	30 November 2021	1.065	2,575,000	700,000	-	(625,000)	2,650,000	30 November 2021 to 31 March 2026
Directors of the Company	30 November 2021	1.000	2,575,000	700,000	-	(625,000)	2,650,000	30 November 2021 to 31 March 2027
Employees	30 November 2021	1.189	1,750,000	(700,000)	-	-	1,050,000	30 November 2021 to 31 March 2025
Employees	30 November 2021	1.163	1,750,000	(700,000)	-	-	1,050,000	30 November 2021 to 31 March 2026
Employees	30 November 2021	1.153	1,750,000	(700,000)	-	-	1,050,000	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.

Pursuant to a resolution of the Remuneration and Management Development Committee of the Company dated 13 March 2026, the vesting dates of the outstanding awarded shares granted under the Scheme have been extended to on or before 31 March 2027, 31 March 2028, 31 March 2029 and 31 March 2030, respectively.

The awarded shares granted in 2019 would be vested in tranches annually since the year of 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. SHARE-BASED PAYMENTS – CONTINUED

SHARE-AWARD SCHEME – CONTINUED

The awarded shares granted in 2021 would be vested in tranches annually since the year of 2025.

The awarded shares forfeited during the last year are resulting from the retirement/resignation of the directors of the Company.

The Group recognised the total expenses of RMB2,190,000 for the year ended 31 December 2025 (for the year ended 31 December 2024: RMB1,054,000) in relation to shares granted under the Scheme by the Company.

33. OPERATING LEASES ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was RMB3,069,000 (2024: RMB2,741,000). All the properties held have committed tenants for the next four years (2024: five years).

At 31 December 2025 and 2024, the Group had contracted with tenants for the following future minimum lease payments:

	31/12/2025	31/12/2024
	RMB'000	RMB'000
Within one year	2,415	2,511
In the second year	2,293	1,662
In the third year	1,135	1,561
In the fourth year	315	638
In the fifth year	–	315
	6,158	6,687

34. CAPITAL COMMITMENTS

	31/12/2025	31/12/2024
	RMB'000	RMB'000
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	72,485	134,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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% (2024: 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 RMB82,207,000 (2024: RMB94,459,000) for the year ended 31 December 2025.

36. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions and balances with related parties during the reporting period:

Name of related parties	Nature of balances/transactions	Year ended	Year ended
		31/12/2025	31/12/2024
		RMB'000	RMB'000
Xingda Xiu Yuan (<i>note i</i>)	Services fee for hotel and catering services	18,127	23,238
	Provision of utilities	231	294
	Dividend declared and paid	2,325	1,625
Great Trade Limited (<i>note ii</i>)	Interest income	<u>1,067</u>	<u>–</u>

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) Great Trade Limited is one of the controlling shareholders of the Company, holding 46.38% of shares in issue with other concert parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 31/12/2025 <i>RMB'000</i>	Year ended 31/12/2024 <i>RMB'000</i>
Short-term benefits	40,880	41,988
Post-employment benefits	545	866
Share-based payments	2,190	1,054
	<u>43,615</u>	<u>43,908</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 2025

	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 2025	7,785,614	7,898	3	666	229,111	8,023,292
Financing cash flows	(346,322)	(196,297)	(356,836)	(295)	(236,444)	(1,136,194)
Settlement by discounted bills	(301,465)	-	-	-	-	(301,465)
Dividend declared	-	-	380,059	-	-	380,059
Interest expenses	-	194,972	-	24	7,333	202,329
Effect of put options of shares of a subsidiary	-	-	-	-	-	-
Direct settlement of utilities by bank	283,006	-	-	-	-	283,006
As at 31 December 2025	<u>7,420,833</u>	<u>6,573</u>	<u>23,226</u>	<u>395</u>	<u>-</u>	<u>7,451,027</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES – CONTINUED

As at 31 December 2024

	Bank borrowings	Accrued interest expenses	Dividend payable	Lease liabilities	Obligations arising from repurchase of shares	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<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 2025

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Amortised cost	10,193,802	11,016,030
FVTPL	106,332	123,148
Financial liabilities		
Amortised cost	11,464,873	12,762,719

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 33.7% (2024: 32.4%) of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale, whilst 4.4% (2024: 5.2%) 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 2025

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% (2024: 5%) increase and decrease in RMB against USD, HK\$ and EUR and Thailand Baht ("THB") against RMB, USD and EUR. 5% (2024: 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% (2024: 5%) change in foreign currency rates. A positive number below indicates an increase in before tax profit for the year where RMB strengthens 5% (2024: 5%) against USD, HK\$ and EUR and THB against RMB, USD and EUR, and vice versa.

	Year ended 31/12/2025 RMB'000	Year ended 31/12/2024 RMB'000
RMB against USD	(25,237)	(31,305)
RMB against HK\$	(1,357)	(505)
RMB against EUR	(3,851)	(3,818)
THB against RMB	(587)	16,888
THB against USD	(9,178)	(7,616)
THB against EUR	(608)	(137)
EUR against USD	(149)	–

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 2025

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 (2024: 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 before tax profit for the year ended 31 December 2025 would increase/decrease by approximately RMB1,155,000 (2024: increase/decrease by approximately RMB1,156,000).

For financial liabilities, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's before tax profit for the year ended 31 December 2025 would decrease/increase by approximately RMB13,858,000 (2024: RMB14,553,000).

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 2025

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 2025 would increase/decrease by RMB5,317,000 (2024: RMB6,157,000) 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 2025.

Credit risk and impairment assessment

As at 31 December 2025 and 2024, 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 75.8% (2024: 75.4%) of the total trade receivables as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025

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:

2025	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)	4,333,250
			Loss	Lifetime ECL (credit-impaired)	16,038
					<u>4,349,288</u>
Bills receivable	23	Baa3 – A1	Low risk	12-month ECL	2,919,387
			Loss	Lifetime ECL (credit-impaired)	1,950
					<u>2,921,337</u>
Other receivables	23	N/A	Low risk	12-month ECL	28,085
			Loss	Lifetime ECL (credit-impaired)	5,262
					<u>33,347</u>
Bank balances	24	Baa2 – A1	Low risk	12-month ECL	1,154,228
Term deposits	24	Baa2 – A1	Low risk	12-month ECL	1,817,939
					<u>10,276,139</u>

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FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – CONTINUED

Credit risk and impairment assessment – CONTINUED

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
					4,198,221
Bills receivable	23	Baa3 – A1	Low risk	12-month ECL	3,268,144
			Loss	Lifetime ECL (credit-impaired)	1,950
					3,270,094
Other receivables	23	N/A	Low risk	12-month ECL	18,027
			Loss	Lifetime ECL (credit-impaired)	5,262
					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
					11,090,303

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 2025 within lifetime ECL (not credit-impaired). Credit-impaired debtors included in trade receivables with gross carrying amount of RMB16,038,000 (2024: of RMB16,195,000) as at 31 December 2025 were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – CONTINUED

Credit risk and impairment assessment – CONTINUED

At 31 December 2025

	Weighted- average expected credit loss rate %	Total gross carrying amount RMB'000	Lifetime ECL RMB'000
Customers of auto-related industry	1.392	4,095,907	57,022
Customers in chemicals, plastics and rubber industries	1.249	222,855	2,784
Others	1.967	14,488	285
Total		<u>4,333,250</u>	<u>60,091</u>

At 31 December 2024

	Weighted-average expected credit loss rate %	Total gross carrying amount RMB'000	Lifetime ECL RMB'000
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>

During the year ended 31 December 2025, the Group recorded a net recognition of impairment losses under ECL model of RMB8,255,000 (2024: a net reversal of impairment losses under ECL model of RMB618,000) for trade receivables, based on the collective basis. Net reversal of impairment losses under ECL model of RMB157,000 (2024: net reversal of impairment losses under ECL model of RMB300,000) were recognised on credit-impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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) <i>RMB'000</i>	Lifetime ECL (credit- impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	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
Impairment loss recognised	18,452	–	18,452
Impairment loss reversed	(10,197)	(157)	(10,354)
	<hr/>	<hr/>	<hr/>
As at 31 December 2025	<u>60,091</u>	<u>16,038</u>	<u>76,129</u>

During the year ended 31 December 2025, the Group recognised impairment loss and writes off other receivables of gross carrying amount of RMB1,577,000 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, 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 2025

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 2025

	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	-	4,020,814	-	-	-	4,020,814	4,020,814
Dividend payable	-	23,226	-	-	-	23,226	23,226
Borrowings							
– variable rate	2.38	2,005,299	901,430	-	-	2,906,729	2,771,624
– fixed rate	2.17	4,029,024	680,196	-	-	4,709,220	4,649,209
Lease liabilities	4.35	282	136	-	-	418	395
		<u>10,078,645</u>	<u>1,581,762</u>	<u>-</u>	<u>-</u>	<u>11,660,407</u>	<u>11,465,268</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL INSTRUMENTS – CONTINUED

b. Financial risk management objectives and policies – CONTINUED

Liquidity risk – CONTINUED

Liquidity risk tables – CONTINUED

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>

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 2025

38. FINANCIAL INSTRUMENTS – CONTINUED

c. Fair value – CONTINUED

Fair value of the Group's financial assets that are measured at fair value on a recurring basis – CONTINUED

Financial assets

	Fair value as at			Valuation technique and key inputs	Relationship of unobservable inputs to fair value
	31 December	31 December	Fair value		
	2025	2024	hierarchy		
	RMB'000	RMB'000			
Financial assets at FVTPL (note 22)	106,332	123,148	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 RMB301,465,000 (2024: RMB173,984,000) 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 2025 and 2024 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
		2025	2024	2025	2024	
		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	RMB2,710,639,995	RMB2,862,262,865	74.25%	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	74.25%	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 2025

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

- (i) Details of the Company's principal subsidiaries as at 31 December 2025 and 2024 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
		2025	2024	2025	2024	
Shanghai Xingda 上海興達鋼簾線有限公司 (note ii)	PRC	RMB2,000,000	RMB2,000,000	74.25%	70.32%	Trading of radial tire cords and bead wires
Xingda International (Shanghai) 興達國際(上海)特種簾線有限公司 (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	THB6,736,117,000	THB5,686,339,000	74.25%	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 2025

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	
		2025	2024	2025	2024	2025	2024
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Jiangsu Xingda 江蘇興達鋼簾線股份有限公司	PRC	25.75	29.68	131,775	118,789	2,220,862	2,418,516
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>-</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.

	2025	2024
	RMB'000	RMB'000
Current assets	10,740,807	11,941,679
Non-current assets	9,396,567	9,429,074
Current liabilities	(10,384,303)	(12,060,660)
Non-current liabilities	(1,773,281)	(1,242,055)
	<u>7,979,790</u>	<u>8,068,038</u>
Equity attributable to owners of the Company	(5,758,928)	(5,849,522)
Non-controlling interests of Sub Jiangsu Xingda Ltd.	(1,982,828)	(2,418,516)
Non-controlling interests of Sub Jiangsu Xingda Ltd.'s subsidiary	(238,034)	-
Effect of put option of shares of a subsidiary granted to non-controlling interests (note 30)	<u>-</u>	<u>200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 <i>RMB'000</i>	Year ended 2024 <i>RMB'000</i>
Revenue	10,746,580	11,114,209
Cost of Sales	(8,616,936)	(9,029,222)
Profit and total comprehensive income for the year	508,552	417,415
Profit and total comprehensive income attributable to owners of the Company	367,058	293,266
Profit and total comprehensive income attributable to the non-controlling interests	141,494	124,149
Profit and total comprehensive income for the year	508,552	417,415
Dividend declared and paid to non-controlling interests	114,923	99,601
Net cash inflow from operating activities	1,961,486	880,839
Net cash outflow from investing activities	(312,691)	(1,161,409)
Net cash (outflow) inflow from financing activities	(1,317,557)	418,172
Net cash inflow	<u>331,238</u>	<u>137,602</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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:

	31/12/2025	31/12/2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	575,094	565,192
Amount due from a subsidiary	807,565	908,678
	1,382,659	1,473,870
CURRENT ASSETS		
Financial assets at fair value through profit or loss	106,332	123,148
Other receivables	101,424	2,647
Bank balances and cash	27,509	10,117
	235,265	135,912
CURRENT LIABILITY		
Other payables	6,226	9,129
	6,226	9,129
NET CURRENT ASSETS	229,039	126,783
NET ASSETS	1,611,698	1,600,653
CAPITAL AND RESERVES		
Share capital	186,603	186,603
Reserves	1,425,095	1,414,050
TOTAL EQUITY	1,611,698	1,600,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2024	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
Profit and total comprehensive income for the year	-	-	-	-	273,991	-	-	273,991
Dividend recognised as distribution (note 14)	-	-	-	-	(265,136)	-	-	(265,136)
Recognition of equity-settled share-based payments (note 32)	-	-	-	-	-	-	2,190	2,190
At 31 December 2025	186,603	282,961	266,960	9,700	859,768	(3,540)	9,246	1,611,698

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.

