Nexteer Automotive Group Limited
耐世特汽車系統集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1316)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The Board of Directors (the **Board**) of Nexteer Automotive Group Limited (the **Company**) announces that the audited consolidated results of the Company and its subsidiaries (collectively **we**, **us**, **our** or the **Group**) for the year ended December 31, 2024, together with the comparative figures for 2023, are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2024

		For the year ended December 31,	
		2024	2023
	Notes	***US$'000***	*US$'000*
Revenue	2	**4,276,086**	4,206,793
Cost of sales	3	**(3,827,569)**	(3,838,200)
Gross profit		**448,517**	368,593
Engineering and product development costs	3	**(179,804)**	(150,694)
Selling and distribution expenses	3	**(21,261)**	(19,721)
Administrative expenses	3	**(146,824)**	(135,094)
Other gains (losses), net	4	**14,137**	(1,684)
Operating profit		**114,765**	61,400
Finance income	5	**6,128**	5,021
Finance costs	5	**(7,936)**	(5,064)
	5	**(1,808)**	(43)
Share of results of joint ventures		**4,275**	2,870
Profit before income tax		**117,232**	64,227
Income tax expense	6	**(42,121)**	(19,052)
Profit for the year		**75,111**	45,175
Profit for the year attributable to:			
Equity holders of the Company		**61,719**	36,737
Non-controlling interests		**13,392**	8,438
		75,111	45,175
Earnings per share for profit for the year attributable to equity holders of the Company (expressed in US$ per share)			
– Basic and diluted	7	**US$0.025**	US$0.015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2024

	For the year ended December 31, 2024 US$'000	2023 US$'000
Profit for the year	**75,111**	45,175
Other comprehensive (loss) income		
Item that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans, net of tax	**982**	(438)
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**(41,250)**	4,553
	(40,268)	4,115
Total comprehensive income for the year	**34,843**	49,290
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**22,991**	41,549
Non-controlling interests	**11,852**	7,741
	34,843	49,290

CONSOLIDATED BALANCE SHEET
As at December 31, 2024

	Notes	As at December 31, 2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**981,141**	1,000,227
Right-of-use assets		**48,283**	51,351
Intangible assets		**675,428**	732,560
Deferred income tax assets		**41,566**	27,053
Investments in joint ventures		**22,715**	18,440
Income taxes receivable		**5,997**	4,133
Other receivables and prepayments		**19,688**	23,160
		1,794,818	1,856,924
Current assets			
Inventories		**283,826**	299,074
Trade receivables	*9*	**820,395**	750,496
Notes receivable	*10*	**58,114**	52,550
Income taxes receivable		**954**	14,435
Other receivables and prepayments		**98,743**	119,360
Restricted bank deposits		**14**	13
Cash and cash equivalents		**422,278**	311,741
		1,684,324	1,547,669
Total assets		**3,479,142**	3,404,593

CONSOLIDATED BALANCE SHEET *(Continued)*
As at December 31, 2024

	Notes	As at December 31, 2024 US$'000	2023 US$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**32,377**	32,377
Other reserves		**(58,985)**	(18,874)
Retained earnings		**2,005,485**	1,950,313
		1,978,877	1,963,816
Non-controlling interests		**51,024**	47,025
Total equity		**2,029,901**	2,010,841
LIABILITIES			
Non-current liabilities			
Lease liabilities		**27,950**	37,097
Borrowings		**47,625**	34,988
Retirement benefits and compensations		**20,883**	25,706
Deferred income tax liabilities		**1,754**	8,583
Provisions		**59,863**	66,196
Deferred revenue		**108,062**	110,229
Other payables and accruals		**30,724**	21,923
		296,861	304,722
Current liabilities			
Trade payables	*11*	**873,172**	833,401
Other payables and accruals		**169,017**	158,123
Current income tax liabilities		**25,782**	17,916
Retirement benefits and compensations		**3,163**	2,877
Provisions		**39,898**	21,159
Deferred revenue		**25,329**	27,244
Borrowings		**137**	14,122
Lease liabilities		**15,882**	14,188
		1,152,380	1,089,030
Total liabilities		**1,449,241**	1,393,752
Total equity and liabilities		**3,479,142**	3,404,593

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2024

	Attributable to equity holders of the Company							
	Share capital *US$'000*	Merger reserve *US$'000*	Share-based compensation reserve *US$'000*	Exchange reserve *US$'000*	Retained earnings *US$'000*	Sub-total *US$'000*	Non-controlling interests *US$'000*	Total *US$'000*
As at January 1, 2023	32,377	113,000	6,196	(143,558)	1,925,810	1,933,825	43,325	1,977,150
Comprehensive income								
Profit for the year	–	–	–	–	36,737	36,737	8,438	45,175
Other comprehensive income (loss)								
Exchange differences	–	–	–	5,250	–	5,250	(697)	4,553
Actuarial losses on defined benefit plans, net of tax	–	–	–	–	(438)	(438)	–	(438)
Total other comprehensive income (loss)	–	–	–	5,250	(438)	4,812	(697)	4,115
Total comprehensive income	–	–	–	5,250	36,299	41,549	7,741	49,290
Transactions with owners								
Value of employee services provided under share option scheme	–	–	238	–	–	238	–	238
Dividends paid to shareholders	–	–	–	–	(11,796)	(11,796)	–	(11,796)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(4,041)	(4,041)
Total transactions with owners	–	–	238	–	(11,796)	(11,558)	(4,041)	(15,599)
As at December 31, 2023	32,377	113,000	6,434	(138,308)	1,950,313	1,963,816	47,025	2,010,841
Comprehensive income								
Profit for the year	–	–	–	–	61,719	61,719	13,392	75,111
Other comprehensive (loss) income								
Exchange differences	–	–	–	(39,710)	–	(39,710)	(1,540)	(41,250)
Actuarial gains on defined benefit plans, net of tax	–	–	–	–	982	982	–	982
Total other comprehensive (loss) income	–	–	–	(39,710)	982	(38,728)	(1,540)	(40,268)
Total comprehensive (loss) income	–	–	–	(39,710)	62,701	22,991	11,852	34,843
Transactions with owners								
Value of employee services provided under share option scheme	–	–	(401)	–	–	(401)	–	(401)
Dividends paid to shareholders	–	–	–	–	(7,529)	(7,529)	–	(7,529)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(7,853)	(7,853)
Total transactions with owners	–	–	(401)	–	(7,529)	(7,930)	(7,853)	(15,783)
As at December 31, 2024	32,377	113,000	6,033	(178,018)	2,005,485	1,978,877	51,024	2,029,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

1 GENERAL INFORMATION

Nexteer Automotive Group Limited (the **Company**) was incorporated in the Cayman Islands on August 21, 2012 as an exempted company with limited liability under Companies Law (as amended), of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (collectively referred to as the **Group**), are principally engaged in the design and manufacture of steering and driveline systems, Advanced Driver Assistance Systems (**ADAS**) and Automated Driving (**AD**) and components for automobile manufacturers and other automotive-related companies. The Group's primary operations are in the United States of America (**USA** or **US**), Mexico, the People's Republic of China (**China**), Poland, India, Morocco and Brazil and are structured to supply its customers globally. The principal markets for the Group's products are North America, Europe, South America, China and India.

The Company's directors regard Aviation Industry Corporation of China, Ltd., a company established in China, as being the ultimate holding company of the Company. The Company's immediate holding company is Nexteer Automotive (Hong Kong) Holdings Limited.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 7, 2013.

The functional currency of the Company is US dollars (**US$**). These consolidated financial statements (the **Consolidated Financial Statements**) are presented in thousands of US dollars (**US$'000**), unless otherwise stated. The Consolidated Financial Statements were approved by the Board of Directors of the Company (the **Board**) for issue on March 19, 2025.

Basis of Preparation

This announcement of annual results (the **Consolidated Financial Information**) has been prepared in accordance with all applicable IFRS Accounting Standards, as issued by the International Accounting Standards Board (**IASB**), disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Accounting Policies

In addition to those described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2023, as described in those annual financial statements.

New and amendments to standards

(a) Amendments to standards adopted by the Group

The Group has adopted the following amendments to standards which are relevant to the Group and mandatory for the accounting period beginning on January 1, 2024.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants

The adoption of these amendments did not have a significant effect on the Consolidated Financial Statements.

(b) New and amendments to standards not yet adopted by the Group

The following new and amendments to standards relevant to the Group have been issued but are not yet effective for the financial year beginning January 1, 2024 and have not been early adopted:

Amendments to IAS 21	Lack of Exchangeability(i)
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments(ii)
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11(ii)
IFRS 18	Presentation and Disclosures in Financial Statements(iii)

Notes:

(i) Effective for annual periods beginning on or after January 1, 2025

(ii) Effective for annual periods beginning on or after January 1, 2026

(iii) Effective for annual periods beginning on or after January 1, 2027

Except as described below, management has assessed the application of the above amendments to standards relevant to the Group and anticipate that there is no material impact on the Consolidated Financial Statements.

IFRS 18 "Presentation and Disclosures 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 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". 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 January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's Consolidated Financial Statements.

2 REVENUE AND SEGMENT INFORMATION

2.1 Revenue from contracts with customers

The Group contracts with customers, which are generally automotive manufacturers and original equipment manufacturers (**OEMs**), to sell steering and driveline systems and components. In connection with these contracts the Group also provides tooling and prototype parts. The Group does not have material significant payment terms as payment is received shortly after the point of sale.

Performance obligations

The following summarises types of performance obligations identified in a contract with a customer.

Products	**Nature, timing of satisfaction of performance obligations, and payment terms**
Production Parts	The Group recognises the majority of revenue for production parts at a point in time upon shipment to the customer and transfer of the title and risk of loss under standard commercial terms. A limited number of the Group's customer arrangements for customised products with no alternative use provide the Group with the right to payment during the production process. These revenues are recognised over time using the input method as performance obligations under the terms of a contract are satisfied. The amount of revenue recognised is based on the purchase order price. Customers typically pay for the product/prototype based on customary business practices with payment terms ranging from 30 to 90 days.
Tooling	The Group's development and sale of tooling for customers is performed in connection with the preparations to produce and sell products to its customers. Customers typically pay for the tooling in a lump sum upon acceptance. The Group recognises revenue for tooling over time using the input method as it satisfies its performance obligation. Revenue is recognised to the extent of costs incurred to date for reimbursable tooling from customers.
Engineering Design and Development/ Prototypes	The Group recognises non-production related engineering design and development/prototypes revenue, performance improvement and business pursuit. The Group recognises revenue for non-production engineering design and development/prototypes revenue over time using the input method as it satisfies its performance obligations.

Contract balances

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on production parts, tooling and engineering design and development/prototypes. The contract assets are reclassified into the receivables balance when the rights to receive payment become unconditional. Contract assets are assessed for impairment under the expected credit loss method in IFRS 9 "Financial Instruments". There have been no impairment losses recognised related to contract assets arising from the Group's contracts with customers. Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in a contract. Recognition of revenue is deferred until the related performance obligations are satisfied in the future. The following table provides information about contract assets and contract liabilities from contracts with customers.

	Contract assets[(i)]	**Contract liabilities, Current**[(ii)]	**Contract liabilities, Non-current**[(ii)]
	US$'000	*US$'000*	*US$'000*
Balances as at December 31, 2024	**46,219**	**25,329**	**108,062**
Balances as at December 31, 2023	48,655	27,244	110,229
Change in account balance	(2,436)	(1,915)	(2,167)

(i) Contract assets are recorded within current other receivables and prepayments. As at January 1, 2023, contract assets amounted to US$47,718,000 in total.

(ii) Contract liabilities are recorded within deferred revenue. As at January 1, 2023, contract liabilities amounted to US$128,853,000 in total.

2.2 Segment information

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's CEO in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's CEO reviews internal management reports on a quarterly basis.

The Group classifies its businesses into three reportable segments: North America, Asia Pacific, and Europe, Middle East, Africa and South America (**EMEASA**). All of the Group's operating segments typically offer the same steering and driveline products. The 'Others' category primarily represents parent company activities of the Company and activities of its non-operating direct and indirect subsidiaries, as well as elimination entries between segments.

For internal management reporting purposes, a US-based subsidiary and a Mexico-based subsidiary which are separate operating segments have been aggregated into the North America reportable segment considering these operating segments have similar economic characteristics including their gross margin, operating profit and Adjusted EBITDA (as defined below) as a percentage of revenue.

The key performance indicator that the Group monitors to manage segment operations is operating income before interest, taxes, depreciation and amortisation, impairments of intangible assets, reversals of impairments on intangible assets, customer recovery income related to impairments and share of results of joint ventures, net (**Adjusted EBITDA**).

Information about reportable segments and reconciliations of reportable segment revenues is as follows:

	North America *US$'000*	Asia Pacific *US$'000*	EMEASA *US$'000*	Others *US$'000*	Total *US$'000*
For the year ended December 31, 2024					
Total revenue	**2,244,809**	**1,382,541**	**720,268**	**(16,946)**	**4,330,672**
Inter-segment revenue	**(51,806)**	**(44,693)**	**(3,107)**	**45,020**	**(54,586)**
Revenue from external customers	**2,193,003**	**1,337,848**	**717,161**	**28,074**	**4,276,086**
Adjusted EBITDA	**178,493**	**230,114**	**35,882**	**(20,071)**	**424,418**
For the year ended December 31, 2023					
Total revenue	2,333,631	1,244,679	727,755	(53,149)	4,252,916
Inter-segment revenue	(74,576)	(29,947)	(1,834)	60,234	(46,123)
Revenue from external customers	2,259,055	1,214,732	725,921	7,085	4,206,793
Adjusted EBITDA	131,354	201,042	39,967	(25,807)	346,556

The revenue from external parties reported to the Group's CEO is measured in a manner consistent with that in the Consolidated Financial Statements.

Total assets and total liabilities represent total current and non-current assets and total current and non-current liabilities of the segments and include assets and liabilities between operating segments.

Reconciliations of reportable segment total assets and liabilities are as follows:

	North America *US$'000*	Asia Pacific *US$'000*	EMEASA *US$'000*	Others *US$'000*	Total *US$'000*
As at December 31, 2024					
Total assets	**1,507,449**	**1,498,295**	**668,782**	**(195,384)**	**3,479,142**
Total liabilities	**627,213**	**743,479**	**236,439**	**(157,890)**	**1,449,241**
As at December 31, 2023					
Total assets	1,639,081	1,241,409	734,003	(209,900)	3,404,593
Total liabilities	837,413	610,185	272,104	(325,950)	1,393,752

Adjusted EBITDA includes a non-cash component for revenue recognised from deferred revenue. For the year ended December 31, 2024, the North America segment, Asia Pacific segment and EMEASA segment recognised US$32,278,000 (year ended December 31, 2023: US$36,188,000), US$9,439,000 (year ended December 31, 2023: US$3,733,000) and US$4,164,000 (year ended December 31, 2023: US$4,870,000), respectively.

Reconciliations of reportable segment Adjusted EBITDA to the Group's profit before income tax are as follows:

	For the year ended December 31,	
	2024 ***US$'000***	2023 *US$'000*
Adjusted EBITDA from reportable segments	**424,418**	346,556
Depreciation and amortisation expenses	**(286,725)**	(291,898)
Impairments on intangible assets	**(46,928)**	(2,542)
Reversals of impairments on intangible assets	**–**	4,100
Customer recovery income related to impairments	**24,000**	5,184
Finance income	**6,128**	5,021
Finance costs	**(7,936)**	(5,064)
Share of results of joint ventures, net	**4,275**	2,870
Profit before income tax	**117,232**	64,227

In presenting information on the basis of geography, segment revenue is based on the geographical location of subsidiaries and segment assets and liabilities are based on geographical location of the assets.

The geographic distribution of revenue for the years ended December 31, 2024 and 2023 is as follows:

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
North America:		
US	**1,261,607**	1,353,262
Mexico	**931,396**	905,793
Asia Pacific:		
China	**1,198,834**	1,058,321
Rest of Asia Pacific	**139,014**	156,411
EMEASA:		
Poland	**418,082**	404,704
Rest of EMEASA	**299,079**	321,217
Others	**28,074**	7,085
	4,276,086	4,206,793

The geographic distribution of non-current assets excluding deferred income tax assets as at December 31, 2024 and 2023 is as follows:

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
North America:		
US	**414,671**	490,981
Mexico	**455,930**	471,072
Asia Pacific:		
China	**437,460**	410,099
Rest of Asia Pacific	**36,089**	33,771
EMEASA:		
Poland	**313,295**	327,498
Rest of EMEASA	**83,777**	87,403
Others	**12,030**	9,047
	1,753,252	1,829,871

Disaggregation of revenue

	North America	**Asia Pacific**	**EMEASA**	**Others**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***
For the year ended December 31, 2024					
Electric Power Steering (**EPS**)	**1,356,138**	**921,591**	**582,007**	**27,655**	**2,887,391**
Steering Columns and Intermediate Shafts (**CIS**)	**321,799**	**61,836**	**56,408**	**158**	**440,201**
Hydraulic Power Steering (**HPS**)	**175,512**	**1,069**	**588**	**9**	**177,178**
Driveline Systems (**DL**)	**339,554**	**353,352**	**78,158**	**252**	**771,316**
	2,193,003	**1,337,848**	**717,161**	**28,074**	**4,276,086**

	North America	Asia Pacific	EMEASA	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the year ended December 31, 2023					
EPS	1,411,414	843,494	598,753	7,085	2,860,746
CIS	304,512	47,530	27,377	–	379,419
HPS	164,175	2,860	1,047	–	168,082
DL	378,954	320,848	98,744	–	798,546
	2,259,055	1,214,732	725,921	7,085	4,206,793

Revenue by type

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
Production parts	**4,215,896**	4,166,785
Tooling	**23,269**	24,019
Engineering design and development/prototypes	**36,921**	15,989
	4,276,086	4,206,793

Customers amounting to 10 percent or more of the Group's revenue are as follows and reported in all segments:

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
GM	**1,520,157**	1,407,922
Customer A	**753,396**	985,684
Customer B	**668,980**	643,687
	2,942,533	3,037,293

3 EXPENSE BY NATURE

	For the year ended December 31, 2024 US$'000	2023 US$'000
Inventories used, including finished goods and work-in-progress	**2,739,557**	2,761,979
Employee benefit costs	**618,710**	576,701
Temporary labour costs	**117,953**	159,037
Supplies and tools	**209,527**	202,682
Depreciation on property, plant and equipment	**146,124**	137,847
Depreciation on right-of-use assets	**17,013**	15,690
Amortisation on intangible assets	**123,588**	138,361
Impairment charges on		
– trade receivables (note 9)	**5,046**	138
– intangible assets[(i)]	**46,928**	2,542
Reversals of impairment on intangible assets	**–**	(4,100)
Customer recovery income related to impairments	**(24,000)**	(5,184)
(Reversal of write-down) write-down on inventories	**(4,207)**	1,974
Warranty expenses	**48,870**	14,263
Auditors' remuneration		
– audit services	**1,994**	1,787
– non-audit services	**181**	57
Others	**128,174**	139,935
Total cost of sales, engineering and product development costs, selling and distribution, and administrative expenses	**4,175,458**	4,143,709

Note:

(i) Impairments for the year ended December 31, 2024 were US$46.9 million, of which US$14.0 million were recorded within engineering and product development costs and US$32.9 million were recorded within cost of sales in the Consolidated Financial Information. For the year ended December 31, 2023, impairments of US$2.5 million were recorded within engineering and product development costs in the Consolidated Financial Information.

4 OTHER GAINS (LOSSES), NET

	For the year ended December 31, 2024 US$'000	2023 US$'000
Foreign exchange gains (losses), net	**1,546**	(3,449)
Loss on disposal of property, plant and equipment	**(4,088)**	(4,344)
Others	**16,679**	6,109
	14,137	(1,684)

5 FINANCE INCOME/FINANCE COSTS

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
Finance income		
Interest on bank deposits	**5,605**	4,091
Interest on income tax refunds/receivables	**523**	930
	6,128	5,021
Finance costs		
Interest on bank borrowings	**5,338**	3,961
Interest on leases	**2,209**	2,877
Other finance costs	**6,567**	3,710
	14,114	10,548
Less: amount capitalised in qualifying assets	**(6,178)**	(5,484)
	7,936	5,064
	(1,808)	(43)

6 INCOME TAX EXPENSE

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
Current income tax expense	**(65,456)**	(42,016)
Deferred income tax benefit	**23,335**	22,964
	(42,121)	(19,052)

The Group's profits were mainly generated in the US, China, India, Mexico, and Poland where the statutory tax rates are 21%, 25%, 25%, 30% and 19%, respectively.

During the year ended December 31, 2022, the Group determined that its US net deferred tax assets, mainly R&D credits, were not probable to be fully realised and recorded a decrease in the net deferred tax assets. Consistent with this determination, the Group has not recorded a tax benefit for credits and certain other deferred tax assets generated in 2024 and 2023 due to US cumulative pre-tax losses.

The Organisation for Economic Co-operation and Development has agreed to enact Pillar Two legislation. Pillar Two framework aims to ensure that certain multi-national enterprises (**MNEs**) pay a minimum tax rate on income within each jurisdiction in which they operate. Generally, the framework imposes a tax on profits arising in jurisdictions where the effective tax rate (**ETR**) is below 15%.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and January 1, 2025 for the Group's remaining jurisdictions.

The Group is in scope of Pillar Two legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two ETRs in most of the jurisdictions in which the Group operates meet the transitional safe harbor rules. Where the transitional safe harbor relief does not apply, the Group does not expect a material exposure to Pillar Two income taxes. Therefore, based on the Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise from tax calculated at rates applicable to profits in respective countries of the combined entities as follows:

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
Profit before income tax	**117,232**	64,227
Tax calculated at rates applicable to profits in respective countries	**(36,231)**	(16,825)
Expenses not deductible for tax purposes	**(810)**	(1,394)
Non-taxable income	**3,858**	10,019
Tax credits(i)	**19,493**	13,098
Preferential rates and tax holidays(ii)	**11,324**	11,837
Tax losses and deductible temporary differences for which no deferred tax was recognised(iii)	**(35,812)**	(31,401)
US state and withholding taxes(iv)	**(1,953)**	(3,152)
Others	**(1,990)**	(1,234)
Income tax expense	**(42,121)**	(19,052)

Notes:

i. Mainly represents research and development incentives.

ii. Derived mainly from profits subject to preferential tax rate in China for high-technology enterprises. Also includes tax exemption fully utilised in 2029 for the Group's investment in Special Economic Zones in Poland according to the relevant Polish tax rules.

iii. Includes US tax assets determined not probable to be fully realised. During the year ended December 31, 2023, the Group determined that its Brazil net operating losses are more likely than not to be realised due to cumulative income in recent years and other positive evidence. These net operating losses have no expiration and remain available to offset future income tax liabilities. As a result, the Group recognised net deferred tax assets of approximately US$11.0 million for the year ended December 31, 2023.

iv. Includes withholding taxes on intercompany dividends anticipated to be paid in the foreseeable future.

7 EARNINGS PER SHARE

(a) Basic

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

	For the year ended December 31, **2024**	2023
Profit attributable to the equity holders of the Company (US$'000)	**61,719**	36,737
Weighted average number of ordinary shares in issue (thousands)	**2,509,824**	2,509,824
Basic earnings per share (in US$)	**0.025**	0.015

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise of shares issued under the share option scheme as at December 31, 2024. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year ended December 31, 2024) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares within the denominator for calculating diluted earnings per share. For the years ended December 31, 2024 and 2023, the details are within the table below. The computation of diluted earnings per share for the years ended December 31, 2024 and 2023 does not assume the exercise of the share options because the adjusted exercise prices of those share options were higher than the average market price per share.

	For the year ended December 31, **2024**	2023
Profit attributable to the equity holders of the Company, used to determine diluted earnings per share (US$'000)	**61,719**	36,737
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	**2,509,824**	2,509,883
Diluted earnings per share (in US$)	**0.025**	0.015

8 DIVIDENDS

	For the year ended December 31, **2024** ***US$'000***	2023 *US$'000*
Dividend proposed of US$0.0087 (2023: US$0.0030) per share	**21,835**	7,529

This 2024 dividend was proposed by the directors at a meeting held on March 19, 2025, the date of approval of the Consolidated Financial Statements, which is not reflected as a dividend payable in these Consolidated Financial Statements.

9 TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
Trade receivables, gross	**827,051**	752,240
Less: provision for impairment	**(6,656)**	(1,744)
	820,395	750,496

Trade receivables (net of provision for impairment) as at January 1, 2023 amounted to US$753,104,000.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Credit terms range primarily from 30 to 90 days after the invoice date depending on the customer and the geographical region. Ageing analysis of trade receivables based on invoice date is as follows:

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
0 to 30 days	**498,976**	367,893
31 to 60 days	**237,477**	298,029
61 to 90 days	**48,557**	65,953
Over 90 days	**42,041**	20,365
	827,051	752,240

The provision for impairment of receivables includes estimates and assessments of individual receivables based on the expected credit loss method.

Trade receivables of US$4,439,000 (December 31, 2023: US$nil) and US$2,217,000 (December 31, 2023: US$1,744,000) were credit impaired and non-credit impaired, respectively, as at December 31, 2024 on which provisions were made.

Movement on the provision for the impairment of trade receivables is as follows:

	For the year ended December 31,	
	2024	2023
	US$'000	*US$'000*
As at January 1	**1,744**	1,579
Addition of provision, net	**5,046**	138
Exchange differences	**(134)**	27
As at December 31	**6,656**	1,744

The carrying amounts of trade receivables pledged as collateral were US$367,049,000 as at December 31, 2024 (December 31, 2023: US$386,790,000).

10 NOTES RECEIVABLE

Certain customers in China pay for goods and services through the use of notes receivable. The Group had notes receivable outstanding in the amount of US$58,114,000 as at December 31, 2024 (December 31, 2023: US$52,550,000). The notes receivable are measured at FVOCI.

Ageing analysis of notes receivable based on note date is as follows:

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
0 to 30 days	**29,684**	28,108
31 to 60 days	**17,453**	6,176
61 to 90 days	**1,939**	6,126
Over 90 days	**9,038**	12,140
	58,114	52,550

11 TRADE PAYABLES

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
Trade payables	**821,874**	776,013
Notes payable	**51,298**	57,388
	873,172	833,401

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Certain vendors in China are paid for goods and services through the use of notes payable, which are included in trade payables. Notes payable issued to suppliers outstanding in the amount of US$51,298,000 as at December 31, 2024 (December 31, 2023: US$57,388,000).

The ageing analysis of trade payables based on invoice date is as follows:

	As at December 31,	
	2024	2023
	US$'000	*US$'000*
0 to 30 days	**391,589**	460,109
31 to 60 days	**243,284**	215,503
61 to 90 days	**135,169**	93,620
91 to 120 days	**39,891**	18,738
Over 120 days	**63,239**	45,431
	873,172	833,401

FINANCIAL REVIEW

Financial Summary

The Group achieved full-year revenue of US$4.3 billion for the year ended December 31, 2024, maintaining our position of over US$4 billion in annual revenue for the second year in a row. The Group's revenue increased by 1.6% for the year ended December 31, 2024 compared with 2023. Adjusting for unfavorable foreign currency translation and a decrease in commodity recovery, revenue grew by 2.5%, or 360 basis points over market. Continued growth in Asia Pacific led the way with revenue growing above market by 11.3% driven by growth with China OEMs. As reported by S&P Global Mobility (January 2025), global OEM vehicle production decreased by 1.1% during 2024 when compared with 2023.

Adjusted EBITDA for the year ended December 31, 2024 was US$424.4 million, an increase of US$77.8 million or 22.5% compared to the year ended December 31, 2023. The improved profitability is driven mainly due to improved efficiencies and tempering cost, volume flowthrough, and a non-recurring supplier disruption event in 2023, partially offset by unfavorable warranty – recall and foreign currency exchange.

The Group's cash balance of US$422.3 million as at December 31, 2024 represented an increase of US$110.5 million when compared with US$311.7 million as at December 31, 2023. For the year ended December 31, 2024, the Group's net cash generated from operating activities was US$446.2 million, an increase of US$42.1 million compared with US$404.1 million in 2023. The increase in cash flows from operations was driven by the increase in earnings for the year ended December 31, 2024 compared with 2023, partially offset by US$27 million lower income tax refund and net unfavorable working capital. Cash from operating activities less cash used in investing activities was a source of US$166.4 million, which compared favorably to a source of US$105.0 million in 2023. Cash used in financing activities during the year ended December 31, 2024 was US$43.2 million, an increase of US$4.8 million, when compared with a cash use of US$38.4 million during the year ended December 31, 2023. The main driver of the Group's unfavourability in cash used in financing activities was primarily due to increased interest payments.

Operating Environment

The global automotive market has a direct impact on our business and operating results. Factors affecting the industry include macroeconomic influences such as consumer confidence, fluctuations in commodity prices, currency, fuel prices and regulatory environments. The ability to secure material and components from our supply-base is also critical. The Group operates primarily in the US, Mexico, China, Poland, India, Morocco and Brazil.

According to S&P Global Mobility (January 2025), global OEM light vehicle production for the year ended December 31, 2024 was weaker than year ended December 31, 2023, decreasing by 1.1%, with increases in Asia Pacific more than offset by reductions in North America and Europe. The following table highlights the percentage increases (decreases) in OEM light vehicle production for the year ended December 31, 2024 compared with the same period in 2023 for key markets served by the Group:

	Full-Year 2024
North America	(1.4%)
China	4.3%
India	3.8%
Europe	(5.3%)
South America	0.5%

The Group conducts its business from a global operating footprint to service its broad customer base and, accordingly, the financial results of the business are impacted by changes in foreign currencies measured against the US dollar, principally the European euro (**Euro**) and the Chinese renminbi (**RMB**). The Group's revenue was unfavourably impacted by foreign currency translation as the US dollar strengthened against RMB and Euro during the year ended December 31, 2024 compared with the same period a year ago.

During the year ended December 31, 2024, the Group successfully launched 77 new customer programmes – 52 programmes in Asia Pacific, 7 programmes in EMEASA and 18 programmes in North America. Of the 77 customer programme launches, 68 represented new or conquest business for the Group and 45 represented EV programmes.

Revenue

The Group's revenue for the year ended December 31, 2024 was US$4,276.1 million, an increase of US$69.3 million, or 1.6%, compared with US$4,206.8 million for the year ended December 31, 2023. Despite a drop in global OEM light vehicle production, significant new and conquest programme launches over the past few years helped provide favourable volume comparison for 2024 when compared with 2023. The favourable volume during the year was mitigated by unfavourable customer pricing and recoveries including commodity. Unfavourable foreign currency translation further impacted the Group's revenue by approximately US$27 million, given the strengthening of the US dollar against the RMB and the Euro during 2024 compared with a year ago. Customer price reductions, resulting from the partial pass through of raw material commodity decreases during 2024 in comparison to 2023, provided a further reduction of revenue in the amount of US$7 million. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the Company's revenue increased by 2.5% during 2024 compared with a year ago, outpacing the revenue decrease in OEM production for the comparative period by 360 basis points. This performance reflected the on-going benefit from the launch of new and conquest customer programmes in recent years despite challenges caused by the operating environment.

We measure the results of our operations by geographic segment regions. The change in revenue is analysed by volume, mix, price and foreign currency translation impact. Volume measure changes are driven by the volume of products sold and mix changes are driven by the type of products sold. Price measures the impact of changes within the pricing structure of each product sold. The impact of foreign currency translation is measured by the changes in foreign currencies measured against the US dollar.

Revenue by Geographical Segments

The following table sets forth revenue by geographic segments for the years indicated:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	US$'000	***%***	*US$'000*	*%*
North America	**2,193,003**	**51.3**	2,259,055	53.7
Asia Pacific	**1,337,848**	**31.3**	1,214,732	28.9
EMEASA	**717,161**	**16.8**	725,921	17.2
Other	**28,074**	**0.6**	7,085	0.2
Total	**4,276,086**	**100.0**	4,206,793	100.0

The changes in revenue by geographical segments are primarily due to the following:

- North America segment – Revenue decreased by US$66.1 million, or 2.9%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The most significant factor contributing to the revenue decrease was due to a European OEM underperformance in the market and certain customer programs ending in 2023. Followed by a decrease in North America OEM light vehicle production for the year ended December 31, 2024 by 1.4% compared with 2023, the North America segment experienced a revenue reduction of 2.8%. The Group was able to offset these volumes declines slightly with cost improvement savings and customer recovery, but volume declines were the main revenue driver for the year ended December 31, 2024. The segment was also impacted by customer price reductions related to raw material commodity inflation price decreases, amounting to US$3 million during 2024 compared to 2023.

- Asia Pacific segment – Revenue increased by US$123.1 million, 10.1%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The most significant factor contributing to the revenue was due to the significant new and conquest programme launches over the past few years and our leading position with COEMS. Increased OEM light vehicle production also contributed to revenue growth, with total Asia Pacific OEM production volumes higher by 0.4% and China higher by 4.3% in 2024 compared with 2023. Unfavourable foreign currency translation tempered the revenue growth in the region in the amount of US$18 million as the US dollar strengthened against the RMB during 2024 compared with 2023. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the segment's revenue increased by 11.7% during 2024 compared with a year ago, outpacing the regional revenue increase in OEM production for the comparative period by 1,130 basis points.

- EMEASA segment – Revenue decreased by US$8.8 million, or 1.2%, for the year ended December 31, 2024 compared with the year ended December 31, 2023, experiencing a 5.3% decrease in Europe slightly mitigated by a 0.5% increase in South America's OEM light vehicle productions during 2024 compared with 2023. Unfavorable foreign currency translation also significantly impacted revenue in the region in the amount of US$8.5 million as the US dollar weakened against the Euro during 2024 compared with 2023. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the segment's revenue increased by 0.5% during the year ended December 31, 2024 compared with a year ago, outpacing the regional revenue decrease in OEM production for the comparative period by 500 basis points. The outperformance in market is due to the ramp up of conquest programs in Europe.

- Other – Revenue increased by US$21 million for the year ended December 31, 2024 compared with 2023. Other revenue is related to non-production engineering design and development/prototype services. The increase is primarily a result of increased demand for engineering software service sales.

Revenue by Products

The following table sets forth the Group's revenue by product lines for the years indicated:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	US$'000	***%***	*US$'000*	*%*
EPS	**2,887,391**	**67.5**	2,860,746	68.0
CIS	**440,201**	**10.3**	379,419	9.0
HPS	**177,178**	**4.1**	168,082	4.0
DL	**771,316**	**18.1**	798,546	19.0
	4,276,086	**100.0**	4,206,793	100.0

The Group experienced an increase in EPS revenue of US$26.6 million, or 0.9%, for the year ended December 31, 2024 compared with 2023, driven mainly by the customer specific demand increase in Asia Pacific mitigated by declines in North America and EMEASA. CIS revenue increased by US$60.8 million, or 16.0%, for the year ended December 31, 2024 compared with the same period a year ago, with the most significant increase experienced in the EMEASA segment. HPS revenue increased by US$9.1 million, or 5.4%, for the year ended December 31, 2024 compared with 2023. DL revenue decreased by US$27.2 million, or 3.4%, for the year ended December 31, 2024 compared with last year.

Net Profit Attributable to Equity Holders

The Group's net profit attributable to equity holders of the Company for the year ended December 31, 2024 was US$61.7 million or 1.4% of total revenue, an increase of US$25.0 million, or 68.1%, compared to US$36.7 million, or 0.9% of total revenue for the year ended December 31, 2023. The increase was principally attributable to the following factors:

- EBITDA improvement of US$77.8 million.

- Intangible asset impairments totalling US$46.9 million related to programme cancellations on specific customer programs, partially offset by customer reimbursement of US$24.0 million.

- An increase of US$23.1 million to income tax expense during 2024 compared to a year ago which primarily resulted from the Group's improved 2024 profit before income tax as well as a determination during the first half of 2023 that our Brazil net operating losses were more likely than not to be realized, resulting in a one-time benefit of US$11.0 million.

- Increased profit at our driveline non-wholly owned subsidiary increasing our non-controlling interests share of profitability by US$5.0 million.

Cost of Sales

The Group's cost of sales for the year ended December 31, 2024 was US$3,827.6 million, a decrease of US$10.6 million, or 0.3%, from US$3,838.2 million for the year ended December 31, 2023.

Raw material costs represent a significant portion of the Group's total cost of sales and for the year ended December 31, 2024 totaled US$2,739.3 million, or 64.1% of revenue, compared with US$2,751.0 million, or 65.4% of revenue, for 2023, reflecting a decrease of US$11.7 million, or 0.4%. The decrease in raw material costs for the period when compared with the same period a year ago, is mainly attributable to cost savings initiatives.

Depreciation and amortisation, including amortisation of capitalised product development costs, charged to cost of sales for the year ended December 31, 2024 was US$265.2 million, a decrease of US$3.6 million, or 1.3% from US$268.8 million for the year ended December 31, 2023.

Amortisation of capitalised product development costs recorded as cost of sales amounted to US$123.5 million for the year ended December 31, 2024, representing 2.9% of revenue, a decrease of US$14.7 million, or 10.6%, from US$138.2 million, representing 3.3% of revenue, for the year ended December 31, 2023.

As a percent of revenue, cost of sales decreased to 89.5% for the year ended December 31, 2024 compared with 91.2% a year ago.

Gross Profit

The Group's gross profit for the year ended December 31, 2024 was US$448.5 million, an increase of US$79.9 million, or 21.7%, from US$368.6 million for the year ended December 31, 2023. Gross profit margin for the year ended December 31, 2024 was 10.5% compared with 8.8% for the year ended December 31, 2023. The increase in gross profit was primarily attributable to the manufacturing and material cost performance improvements.

Engineering and Product Development Costs

For the year ended December 31, 2024, the Group's engineering and product development costs charged to the income statement were US$179.8 million, representing 4.2% of revenue, an increase of US$29.1 million, or 19.3%, as compared to US$150.7 million, or 3.6% of revenue for the year ended December 31, 2023. During the year ended December 31, 2024, the Group recorded product development intangible asset impairments of US$14.0 million related to programme cancellations on specific programmes, with US$12.2 million and US$1.8 million recorded in the North America and APAC segments, respectively. During the year ended December 31, 2023, the Group recorded a net reversal of product development intangible asset impairments of US$1.6 million. The Group reversed impairments on a previously impaired programme of US$4.1 million in the Consolidated Financial Statements as engineering and product development costs in the North America segment. The Group recorded product development and intangible asset impairments of US$2.5 million related to both programme cancellations and declining volumes on specific customer programmes, with US$1.5 million, US$0.2 million and US$0.8 million recorded in the North America, APAC and EMEASA segments, respectively. In addition, the Group recorded customer recovery from a previously impaired programme of US$5.2 million in the Consolidated Financial Statements as engineering and product development costs in the North America segment.

Capitalised interest related to engineering development costs totalled US$6.2 million for the year ended December 31, 2024 and US$5.5 million for the year ended December 31, 2023. Depreciation and amortisation charged to engineering and product development costs for the year ended December 31, 2024 totaled US$13.7 million, and increase of US$1.1 million, or 7.4%, when compared with US$14.8 million for the year ended December 31, 2023.

The Group's aggregate investment in engineering and product development costs is defined as the sum of costs charged to the consolidated income statement (excluding impairment charges associated with costs capitalised in prior periods) and total costs capitalised as intangible assets during the current period which will be amortised in future periods upon launch and start of production of related customer programmes currently in development. For the year ended December 31, 2024, the Group incurred an aggregate investment in engineering and product development costs of US$282.8 million, a decrease of US$15.2 million, or 5.1%, compared with US$298.0 million for the year ended December 31, 2023.

Selling, Distribution and Administrative Expenses

The Group's selling, distribution and administrative expenses for the year ended December 31, 2024 were US$168.1 million, representing 3.9% of revenue, an increase of US$13.3 million, or 8.6%, as compared to US$154.8 million, or 3.7% of revenue, for the year ended December 31, 2023. Depreciation and amortisation charged to administrative expense for the year ended December 31, 2024 was US$7.9 million, a decrease of US$0.5 million, or 6.0%, from US$8.4 million for the year ended December 31, 2023.

Other Gains (Losses), net

Other gains (losses), net represents gains attributable to foreign exchange transactions, losses on disposal of property, plant and equipment and others. Other gains (losses), net for the year ended December 31, 2024 was a gain of US$14.1 million, an increase of US$15.8 million compared to a loss of US$1.7 million for the year ended December 31, 2023 mainly driven by higher other gains/losses from VAT and flood insurance recoveries.

Finance Income/Finance Costs

Finance costs, net, consist of finance income and costs reduced by interest capitalised on qualifying assets and product development. The Group's net finance costs for the year ended December 31, 2024 was US$1.8 million, as compared to net finance cost of US$nil for the year ended December 31, 2023. The increase in finance costs was primarily due to increased finance leases and fluctuation in short term borrowings for the year ended December 31, 2024, when compared to 2023.

Share of Results of Joint Ventures

Share of results of joint ventures relates to the Group's investments in Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**). For the year ended December 31, 2024, the Group's share of results of the joint ventures amount to US$4.3 million which is related to Chongqing Nexteer. For the year ended December 31, 2023, the Group's share of results from joint ventures amounted to US$2.9 million, including share of profits (losses) of US$4.7 million, (US$nil) and (US$1.8 million) related to Chongqing Nexteer, Dongfeng Nexteer Steering Systems (Wuhan) Co., Ltd. and CNXMotion, LLC, respectively. Chongqing Nexteer's profitability during the year ended December 31, 2024 decreased slightly when compared with 2023. During the year ended December 31, 2023, in separate agreements, Nexteer agreed with its joint venture partners of Dongfeng Nexteer and CNXMotion to dissolve both entities and dissolution of both entities were completed during the year. As of December 31, 2024, the Group did not have other plans for material investments.

Income Tax Expense

The Group's income tax expense was US$42.1 million for the year ended December 31, 2024, representing 35.9% of the Group's profit before income tax, compared with income tax expense of US$19.1 million, or 29.7% of profit before income tax for the year ended December 31, 2023. During the year ended December 31, 2022, the Group determined that its US net deferred tax assets, mainly R&D credits, were not probable to be fully realised and recorded a decrease in the net deferred tax assets. Consistent with this determination, the Group has not recorded a tax benefit for credits and certain other deferred tax assets generated in 2024 and 2023 due to US cumulative pre-tax losses. As a result, the Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences of a net amount of US$35.8 million and US$31.4 million during the years ended December 31, 2024 and December 31, 2023 respectively, of which US$35.5 million and US$43.3 million is attributed to the US operations for the years ended December 31, 2024 and December 31, 2023, respectively. During the year ended December 31, 2023, the Group determined that its Brazil net operating losses are more likely than not to be realised due to cumulative income in recent years and other positive evidence. These net operating losses have no expiration and remain available to offset future income tax liabilities. As a result, the Group recognised net deferred tax assets of US$11.0 million for the year ended December 31, 2023.

The Organization for Economic Cooperation and Development has agreed to enact Pillar Two legislation. Pillar Two framework aims to ensure that certain MNEs pay a minimum tax rate on income within each jurisdiction in which they operate. Generally, the framework imposes a tax on profits arising in jurisdictions where ETR is below 15%.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and January 1, 2025 for the Group's remaining jurisdictions.

The Group is in scope of Pillar Two legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two ETRs in most of the jurisdictions in which the Group operates meet the transitional safe harbor rules. Where the transitional safe harbor relief does not apply, the Group does not expect a material exposure to Pillar Two income taxes. Therefore, based on the Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published.

Provisions

As at December 31, 2024, the Group had provisions for litigation, environmental liabilities, warranties and decommissioning of US$99.8 million, an increase of US$12.4 million as compared to US$87.4 million as at December 31, 2023. The increase in provisions was principally due to the net change in warranty reserves, reflecting net additions of US$48.9 million and cash payments of US$23.5 million on historical warranty provisions during 2024. This increase was partially offset by the reduction in the litigation provision that was partially paid and partially settled during the year ended December 31, 2024.

Liquidity and Capital Resources

Cash Flows

Our business requires a significant amount of working capital, which is primarily used to finance the purchase of raw materials, capital spending for customer programmes and engineering and product development costs. We have historically met our working capital and other capital requirements principally from cash generated from operations and borrowings from third-party financial institutions. We utilise a combination of strategies, including intercompany dividends, intercompany loan structures and other distributions and advances to provide the funds necessary to meet our global liquidity needs. The Group utilises a global cash pooling arrangement to consolidate and manage our global cash balances, which improves cash management efficiency. We believe that cash on hand and availability of borrowings under the Group's existing credit facilities will be adequate to fund our operations.

The following table sets forth a consolidated statement of cash flows for the Group for the years indicated:

	For the year ended December 31, 2024	For the year ended December 31, 2023
	US$'000	*US$'000*
Cash generated from (used in):		
Operating activities	**446,234**	404,124
Investing activities	**(279,793)**	(299,148)
Financing activities	**(43,159)**	(38,399)
Net increase in cash and cash equivalents	**123,282**	66,577

Cash Flows Generated from Operating Activities

For the year ended December 31, 2024, the Group's net cash generated from operating activities was US$446.2 million, an increase of US$42.1 million compared with US$404.1 million for the year ended December 31, 2023. The increase in cash flows from operations was mainly driven by increase in earnings for the year ended December 31, 2024 compared with 2023.

Cash Flows Used in Investing Activities

The Group's cash flows used in investing activities primarily reflect capital spending for purchases of machinery, equipment and tooling and capitalised engineering and product development costs as intangible assets to support customer programmes.

The following table sets forth the cash used in investing activities within the Group for the years indicated:

	For the year ended December 31, 2024	For the year ended December 31, 2023
	US$'000	*US$'000*
Purchase of property, plant and equipment	**(165,990)**	(171,950)
Addition of intangible assets	**(110,836)**	(140,262)
Other	**(2,967)**	13,064
Net cash used in investing activities	**(279,793)**	(299,148)

Cash Flows Used in Financing Activities

For the year ended December 31, 2024, the Group's net cash flow used in financing activities was US$43.2 million, an increase of US$4.8 million compared with US$38.4 million for the year ended December 31, 2023. The principal driver of the Group's unfavourability in cash used in financing activities was primarily due to increased interest payments during the year ended December 31, 2024 compared with 2023.

Indebtedness

As at December 31, 2024, the Group's total borrowings was US$47.8 million, a decrease of US$1.3 million from US$49.1 million as at December 31, 2023.

The following table sets forth the balances of short and long-term borrowing obligations within the Group for the years indicated:

	December 31, 2024 *US$'000*	December 31, 2023 *US$'000*
Current borrowings	**137**	14,122
Non-current borrowings	**47,625**	34,988
Total borrowings	**47,762**	49,110

The table below sets forth the maturity profile of borrowings within the Group for the years indicated:

	For the year ended December 31, 2024 *US$'000*	For the year ended December 31, 2023 *US$'000*
Within 1 year	**137**	14,122
Between 1 and 2 years	**137**	34,988
Between 2 and 5 years	**47,488**	–
Total borrowings	**47,762**	49,110

Pledge of Assets

The Group has several secured borrowings at certain subsidiaries. Assets securing the borrowings differ by site and include accounts receivable, inventories, property, plant and equipment. As at December 31, 2024, the Group had approximately US$724.1 million total assets pledged as collateral, a decrease of US$66.4 million as compared with US$790.5 million as at December 31, 2023. The decrease in collateral pledged was directly related to decreases in the balances of the underlying assets pledged. No significant changes in collateral arrangements have occurred from December 31, 2023 to December 31, 2024.

Exposure to Currency Rate Fluctuations and Related Hedges

The Group seeks to limit its foreign currency exposure through matching its purchase of materials and sale of finished goods in the same currencies subject to sourcing constraints. The Group monitors its remaining foreign currency exposure regularly to reduce the risk of foreign currency fluctuations in its operations.

Gearing Ratio

The Group monitors capital structure on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity at the end of the respective year.

The gearing ratio as at December 31, 2024 and December 31, 2023 was 2.4%.

OTHER INFORMATION

Future Prospects

The Group strives to maintain a market-leading position in global advanced steering and driveline systems, including electrification, software and driver-assist and ADAS-enabling technologies. We boost our current position and future prospects by leveraging the following five Nexteer differentiators:

1. Relentless innovation

2. Depth and breadth of our product portfolio

3. Systems integration experience

4. In-house ownership of R&D and integrated product and process development

5. Global manufacturing footprint and prowess

Megatrends influencing the automotive industry and adjacent sectors continue to present new and unique channels for Nexteer. We retain thoughtful alignment across our product lines with megatrends including ADAS – Advanced Safety & Performance, Software & Connectivity, Electrification and Shared Mobility. In many cases, our technologies create a natural fit for Nexteer to offer solutions to OEMs across these megatrends, which provides us a competitive advantage and positions us well for potential future opportunities as these megatrends continue to evolve and mature.

2024 BOOKINGS: STRATEGICALLY POSITIONED FOR CONTINUED GROWTH

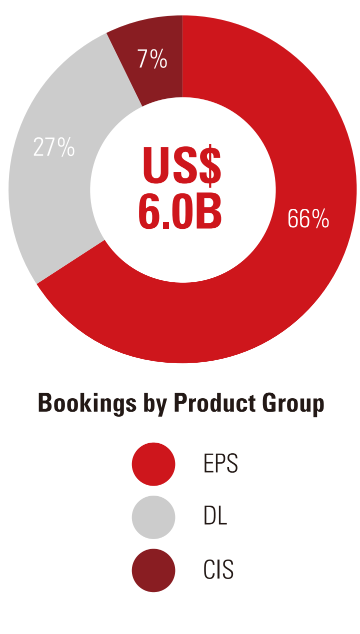
We calculate our revenue bookings (**Bookings**) as the total value of lifetime revenue related to future programmes awarded during the period. A significant factor and input into the calculation of Nexteer's Bookings is forward year OEM production forecasts for awarded customer programmes. In determining forward year OEM production expectations, Nexteer considers reputable third-party automotive production forecasts, customer expectations and internal industry knowledge given past and current trends.

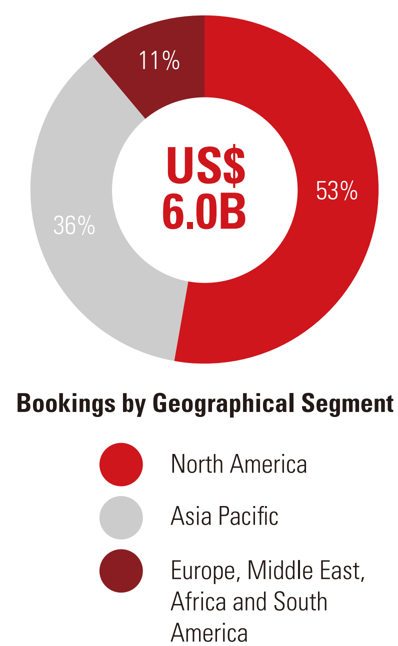
2024 was another successful year of new business bookings for Nexteer. The total booking's composition across conquests, products and regions demonstrates how Nexteer's advanced motion control technology continues to solve challenges across all megatrends, and how Nexteer's technology is becoming the product-of-choice by many Chinese and Global OEMs alike.

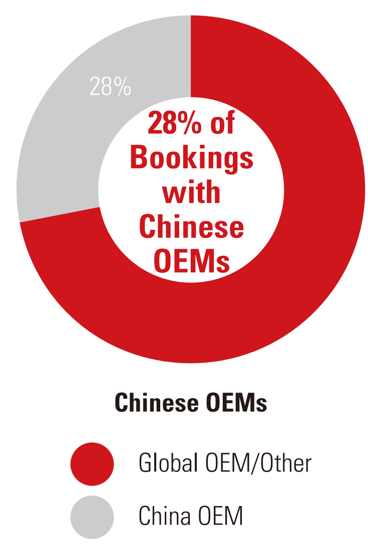
In 2024, Nexteer achieved customer programme bookings totaling US$6.0 billion. During this period, 64% of Nexteer's bookings were with our EPS product line, 36% of the bookings will be on fully EV or EV/ICE split platforms and 31% of these bookings represent new/conquest business, which provides longer term growth over market for Nexteer.

Bookings is not a measure defined by IFRS Accounting Standards, and our methodology for determining Bookings may not be comparable to the methodology used by other companies in determining the value of their bookings. Assumptions relative to estimated lifetime programme volumes and contract performance remain unchanged from our disclosures in prior periods. Any modification, suspension or cancellation of the contracts related to prior year Bookings by the Group's customers may have a substantial and immediate effect on our ability to actually generate and realise future revenue from these Bookings. While we believe that our current Bookings is a relevant financial metric, we must emphasise that the information set out in this section shall not constitute any forecast or prediction of the revenue and profits of the Group and the actual future value may differ from the estimated Bookings due to various factors beyond the Group's control.

Summary of 2024 Bookings:







Employees and Remuneration Policy

As at December 31, 2024, the Group had approximately 12,600 full-time employees. The Group's remuneration policies are formulated based on the performance of individual employees and the Group's performance and are reviewed regularly. Our full-time employees participate in various employee benefit plans including retirement benefits, extended disability benefits and workers' compensation. In addition, we have adopted employee incentive plans designed to attract, retain, motivate and encourage employees to commit to enhancing value for us and our shareholders as a whole. For example, the Group has retention programmes that include individual development plans, merit wage adjustments, annual incentive plans and promotions. We offer training programmes to our full-time employees and contract personnel which are designed to develop the skills that we need to meet our enterprise goals and customer requirements and to meet certain training requirements such as mandated customer or regulatory requirements and contractual obligations.

The Group also uses contract personnel to support the workload of the business where considered the most efficient. As at December 31, 2024, we had approximately 1,700 personnel engaged on a contract basis.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound corporate governance practices are fundamental to our effective and transparent operation and to the Group's ability to protect the rights of the Shareholders and enhance shareholder value.

The Company has adopted its own Internal Control and Corporate Governance Policies, which are based on the principles, provisions and practices set out in the Corporate Governance Code (the **Hong Kong CG Code**) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**).

Except as expressly described below, in the opinion of the directors of the Company (the **Directors**), the Company has complied with all applicable code provisions set out in the Hong Kong CG Code and all applicable laws and regulations that have a significant impact on the business and operation of the Group throughout the year ended December 31, 2024.

The Company periodically reviews its corporate governance practices with reference to the latest developments of the Hong Kong CG Code.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. With effect from June 21, 2022, Mr. LEI, Zili (**Mr. LEI**), the Chairman of the Board (the **Chairman**), has been appointed as the Chief Executive Officer of the Company, which constitutes a deviation from code provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules. The Board considers that the appointment of Mr. LEI as both chairman and chief executive can provide the Group with consistent leadership going forward and allow more effective implementation of the overall strategy of the Group. Furthermore, this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Mr. LEI to make decisions about the businesses and operations of the Group.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and the Company Secretary. With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted sound corporate governance practices and procedures and has taken appropriate steps to provide effective communication with Shareholders and other stakeholders.

COMPLIANCE WITH CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has also adopted its own code of conduct regarding employees' securities transactions in terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

The Company maintains and regularly reviews a sensitivity list identifying factors or developments which are likely to give rise to the emergence of inside information or development of a false market for its securities.

The Company ensures that confidentiality agreements are signed by all relevant parties to a transaction that is likely to give rise to the emergence of inside information or development of a false market for its securities. The Company also adopts appropriate measures to maintain the confidentiality of the information, such as using project codes and restricting access to such information to a limited group of recipients on a need-to-know basis.

The Company organises periodic training as it deems necessary for employees who, because of their office or employment, are likely to be in possession of inside information in relation to the Company, to help them understand the Company's policies and procedures as well as their relevant disclosure duties and obligations.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has adopted a risk management and internal control system and associated procedures and conducts review of the effectiveness of the risk management and internal control system of the Group from time to time.

THE AUDIT AND COMPLIANCE COMMITTEE

The Board established the audit and compliance committee of the Board (the **Audit and Compliance Committee**) on June 15, 2013 and had provided clear written terms of reference as required by code provision in C.4.1 in Part 2 of the Hong Kong CG Code. The terms of reference (as revised on March 15, 2023) are in compliance with Rule 3.21 of the Listing Rules and code provisions D.3.3 and A.2.1 in Part 2 of the Hong Kong CG Code. The Audit and Compliance Committee consists of Dr. WANG, Bin, Mr. QIAO, Kun (appointed with effect from August 14, 2024) and Mr. YUE, Yun. All members of the Audit and Compliance Committee are non-Executive Directors, among whom Dr. WANG, Bin and Mr. YUE, Yun are Independent non-Executive Directors. The chairman of the Audit and Compliance Committee is Dr. WANG, Bin who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit and Compliance Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit and Compliance Committee has met with the external auditor of the Group to review the accounting principles and practices adopted by the Company, the Group's 2024 annual results and the annual financial statements of the Group for the year ended December 31, 2024. The Audit and Compliance Committee also approved the annual results and the audited Consolidated Financial Statements for the year ended December 31, 2024 and submitted them to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2024, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares).

SUBSEQUENT EVENT

On February 3, 2025, the President of the United States announced the imposition of a 25% tariff on goods imported from Mexico, an additional 10% tariff will be imposed on goods from China and other tariffs have been imposed. These tariffs have various effective dates during the first half of 2025. The tariffs may lead to increased costs for imported goods and potential disruptions in supply chains. Given the complexity and potential wide-ranging effects of these tariffs, the Group is currently unable to estimate the financial impact of these changes on its consolidated financial statements.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of approximately US$21.8 million, or US$0.0087 per share of the Company (the **Share**), which represents approximately 35% of the Group's net profit attributable to equity holders for the year ended December 31, 2024, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the **AGM**).

The payment shall be made in US dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong dollars to US dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the distribution at the AGM.

CLOSURE OF REGISTER OF MEMBERS

The Company's AGM will be held on June 18, 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 11, 2025 to June 18, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on June 10, 2025.

The final dividend is payable on July 9, 2025 and the record date for entitlement to the proposed final dividend is June 27, 2025. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from June 25, 2025 to June 27, 2025, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (address as per above) for registration no later than 4:30 p.m. on June 24, 2025.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules up to the date of this announcement.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements and opinions contained within this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

By order of the Board
Nexteer Automotive Group Limited
Zili LEI
Chairman and Chief Executive Officer

Hong Kong, March 19, 2025

As of the date of this announcement, the Company's Executive Directors are Mr. Zili LEI (Chairman and Chief Executive Officer) and Mr. Robin Zane MILAVEC, the non-Executive Directors are Mr. Jian WANG, Ms. Wendong ZHANG and Mr. Kun QIAO, and the Independent non-Executive Directors are Mr. Jianjun LIU, Dr. Bin WANG and Mr. Yun YUE.