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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The Board of Directors (the **Board**) of Nexteer Automotive Group Limited (the **Company**) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively **we, us, our**, or the **Group**) for the six months ended June 30, 2025, together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended June 30, 2025

		For the six months ended June 30,	
		2025	2024
	Notes	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Revenue	2	2,242,248	2,098,927
Cost of sales	3	(1,983,341)	(1,888,000)
Gross profit		258,907	210,927
Engineering and product development costs	3	(75,393)	(88,628)
Selling and distribution expenses	3	(10,704)	(10,790)
Administrative expenses	3	(81,474)	(71,622)
Other gains, net	4	1,792	1,424
Operating profit		93,128	41,311
Finance income	5	4,182	3,131
Finance costs	5	(3,390)	(5,309)
		792	(2,178)
Share of results of a joint venture		1,761	1,657
Profit before income tax		95,681	40,790
Income tax expense	6	(26,667)	(17,729)
Profit for the period		69,014	23,061
Profit for the period attributable to:			
Equity holders of the Company		63,480	15,695
Non-controlling interests		5,534	7,366
		69,014	23,061
Earnings per share for profit for the period attributable to equity holders of the Company for the period (expressed in US\$ per share)			
– Basic and diluted	7	0.025	0.006

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	For the six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Profit for the period	69,014	23,061
Other comprehensive income (loss)		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences	47,187	(25,256)
Total comprehensive income (loss) for the period	116,201	(2,195)
Total comprehensive income (loss) for the period attributable to:		
Equity holders of the Company	109,734	(8,330)
Non-controlling interests	6,467	6,135
	116,201	(2,195)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at June 30, 2025

		As at June 30, 2025 US\$'000 (Unaudited)	As at December 31, 2024 US\$'000 (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		995,670	981,141
Right-of-use assets		43,549	48,283
Intangible assets		674,615	675,428
Deferred income tax assets		48,239	41,566
Investment in a joint venture		24,476	22,715
Income taxes receivable		4,288	5,997
Other receivables and prepayments		20,530	19,688
		<u>1,811,367</u>	<u>1,794,818</u>
Current assets			
Inventories		309,606	283,826
Trade receivables	9	841,442	820,395
Notes receivable	10	86,605	58,114
Income taxes receivable		637	954
Other receivables and prepayments		107,662	98,743
Restricted bank deposits		14	14
Cash and cash equivalents		459,219	422,278
		<u>1,805,185</u>	<u>1,684,324</u>
Total assets		<u>3,616,552</u>	<u>3,479,142</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET *(continued)**As at June 30, 2025*

	<i>Note</i>	As at June 30, 2025 US\$'000 (Unaudited)	As at December 31, 2024 US\$'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		32,377	32,377
Other reserves		(12,731)	(58,985)
Retained earnings		2,047,130	2,005,485
		2,066,776	1,978,877
Non-controlling interests		41,456	51,024
Total equity		2,108,232	2,029,901
LIABILITIES			
Non-current liabilities			
Lease liabilities		32,198	27,950
Borrowings		48,541	47,625
Retirement benefits and compensations		20,825	20,883
Deferred income tax liabilities		1,409	1,754
Provisions		79,528	59,863
Deferred revenue		107,313	108,062
Other payables and accruals		33,399	30,724
		323,213	296,861
Current liabilities			
Trade payables	11	890,073	873,172
Other payables and accruals		203,690	169,017
Current income tax liabilities		21,323	25,782
Retirement benefits and compensations		2,709	3,163
Provisions		31,399	39,898
Deferred revenue		24,382	25,329
Borrowings		139	137
Lease liabilities		11,392	15,882
		1,185,107	1,152,380
Total liabilities		1,508,320	1,449,241
Total equity and liabilities		3,616,552	3,479,142

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2025

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 the Companies Law (as amended), of the Cayman Islands. The address of the Company's registered office is PO 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 and Automated Driving 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. (**AVIC**), 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 dollar (**US\$**). This condensed consolidated interim financial information (**Condensed Financial Information**) is presented in thousands of US dollars (**US\$'000**), unless otherwise stated. This Condensed Financial Information was approved by the Board of Directors of the Company (the **Board**) for issue on August 13, 2025.

This Condensed Financial Information has not been audited.

Basis of Preparation

This Condensed Financial Information has been prepared in accordance with International Accounting Standard (**IAS**) 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**). This Condensed Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board as well as the applicable disclosure requirements under the Listing Rules and the Hong Kong Companies Ordinance.

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, 2024, as described in those annual financial statements.

(a) Amendments to standards adopted by the Group

The Group has adopted the following amendments which are relevant to the Group and mandatory for the accounting period beginning on January 1, 2025.

Amendments to IAS 21

Lack of Exchangeability

The adoption of this amendment did not have a significant effect on the Group's Condensed Financial Information.

2. REVENUE AND SEGMENT INFORMATION

2.1 Revenue from contracts with customers

The Group contracts with customers, which are generally automotive 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	<p>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.</p> <p>A limited number of the Group's customer arrangements for customised products with no alternative use provide the Group 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.</p> <p>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.</p>
Tooling	<p>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.</p> <p>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.</p>
Engineering Design and Development/ Prototypes	<p>The Group recognises non-production related engineering design and development revenue/prototypes, which is normally related to research and development (R&D), performance improvement and business pursuit.</p> <p>The Group recognises revenue for non-production related engineering design and development/prototypes revenue over time using the input method as it satisfies its performance obligations.</p>

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⁾ US\$'000	Contract liabilities, Current⁽ⁱⁱ⁾ US\$'000	Contract liabilities, Non-Current⁽ⁱⁱ⁾ US\$'000
Balances as at June 30, 2025 (Unaudited)	36,937	24,382	107,313
Balances as at December 31, 2024 (Audited)	46,219	25,329	108,062

- (i) Contract assets are recorded within current other receivables and prepayments. As at January 1, 2024, contract assets amount to US\$48,655,000.
- (ii) Contract liabilities are recorded within deferred revenue. As at January 1, 2024, contract liabilities amount to US\$137,473,000.

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 Chief Executive Officer (**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, impairment of intangible assets, customer recovery income related to impairments and share of results of a joint venture (**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 six months ended					
June 30, 2025					
(Unaudited)					
Total revenue	1,154,475	703,966	403,122	3,154	2,264,717
Inter-segment revenue	(16,171)	(17,433)	(2,271)	13,406	(22,469)
Revenue from external customers	1,138,304	686,533	400,851	16,560	2,242,248
Adjusted EBITDA	86,016	115,704	35,114	(6,481)	230,353
For the six months ended					
June 30, 2024					
(Unaudited)					
Total revenue	1,151,635	616,680	368,276	(9,244)	2,127,347
Inter-segment revenue	(32,652)	(22,102)	(1,928)	28,262	(28,420)
Revenue from external customers	1,118,983	594,578	366,348	19,018	2,098,927
Adjusted EBITDA	87,329	104,737	7,422	(2,193)	197,295

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

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 June 30, 2025					
(Unaudited)					
Total assets	1,530,208	1,577,278	765,254	(256,188)	3,616,552
Total liabilities	665,793	712,734	282,069	(152,276)	1,508,320
As at December 31, 2024					
(Audited)					
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

Adjusted EBITDA includes a non-cash component for revenue recognised from deferred revenue. For the six months ended June 30, 2025, the North America segment, Asia Pacific segment and EMEASA segment recognised US\$8,613,000 (six months ended June 30, 2024: US\$19,987,000), US\$5,834,000 (six months ended June 30, 2024: US\$5,526,000) and US\$1,911,000 (six months ended June 30, 2024: US\$2,144,000), respectively. Reconciliations of reportable segment Adjusted EBITDA to the Group's profit before income tax are as follows:

	For the six months ended	
	June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Adjusted EBITDA from reportable segments	230,353	197,295
Depreciation and amortisation	(138,289)	(142,285)
Impairments on intangible assets	(1,579)	(37,699)
Customer recovery income related to impairments	2,643	24,000
Finance income	4,182	3,131
Finance costs	(3,390)	(5,309)
Share of results of a joint venture	1,761	1,657
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Profit before income tax	95,681	40,790
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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 six months ended June 30, 2025 and 2024 is as follows:

	For the six months ended	
	June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
North America:		
US	610,843	664,380
Mexico	527,461	454,603
Asia Pacific:		
China	606,258	524,420
Rest of Asia Pacific	80,275	70,158
EMEASA:		
Poland	227,852	220,917
Rest of EMEASA	172,999	145,431
Other	16,560	19,018
	<hr/>	<hr/>
	2,242,248	2,098,927
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The geographic distribution of non-current assets, excluding deferred income tax assets, as at June 30, 2025 and December 31, 2024 is as follows:

	As at June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
North America:		
US	387,515	414,671
Mexico	447,681	455,930
Asia Pacific:		
China	457,367	437,460
Rest of Asia Pacific	37,981	36,089
EMEASA:		
Poland	327,612	313,295
Rest of EMEASA	93,906	83,777
Others	11,066	12,030
	<u>1,763,128</u>	<u>1,753,252</u>

Disaggregation of revenue

	North America <i>US\$'000</i>	Asia Pacific <i>US\$'000</i>	EMEASA <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
For the six months ended					
June 30, 2025 (Unaudited)					
Electric Power Steering (EPS)	704,119	472,425	332,281	16,554	1,525,379
Steering Columns and Intermediate Shafts (CIS)	167,242	29,393	31,864	–	228,499
Hydraulic Power Steering (HPS)	91,331	215	78	–	91,624
Driveline Systems (DL)	175,612	184,500	36,628	6	396,746
	<u>1,138,304</u>	<u>686,533</u>	<u>400,851</u>	<u>16,560</u>	<u>2,242,248</u>
	North America <i>US\$'000</i>	Asia Pacific <i>US\$'000</i>	EMEASA <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
For the six months ended					
June 30, 2024 (Unaudited)					
EPS	697,541	394,522	293,506	18,986	1,404,555
CIS	163,910	28,412	29,652	25	221,999
HPS	89,306	516	307	–	90,129
DL	168,226	171,128	42,883	7	382,244
	<u>1,118,983</u>	<u>594,578</u>	<u>366,348</u>	<u>19,018</u>	<u>2,098,927</u>

Revenue by type

	For the six months ended	
	June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Production parts	2,220,652	2,066,804
Tooling	1,804	9,834
Engineering design and development/prototypes	19,792	22,289
	<u>2,242,248</u>	<u>2,098,927</u>

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

	For the six months ended	
	June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
GM	771,142	754,995
Customer A	414,764	408,694
Customer B	349,576	342,660
	<u>1,535,482</u>	<u>1,506,349</u>

3. EXPENSE BY NATURE

	For the six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Raw materials, including work-in-progress and finished goods	1,479,635	1,339,211
Employee labour and benefit costs	302,559	322,679
Temporary labour costs	60,036	49,496
Supplies and tools	84,922	98,016
Depreciation on property, plant and equipment	70,492	72,866
Depreciation on right-of-use assets	6,986	9,233
Amortisation on intangible assets	60,811	60,186
Impairment charges on		
– trade receivables	166	4,439
– intangible assets ⁽ⁱ⁾	1,579	37,699
Customer recovery income related to impairments	(2,643)	(24,000)
Write-down on inventories	1,134	103
Warranty expenses	26,739	20,226
Auditors' remuneration		
– audit and non-audit services	231	379
Others	58,265	68,507
	<hr/>	<hr/>
Total cost of sales, engineering and product development costs, selling and distribution, and administrative expenses	2,150,912	2,059,040

Note:

- (i) For the six months ended June 30, 2025 impairments of US\$1.6 million were recorded within engineering and product development costs in the Condensed Financial Information. Impairments for the six months ended June 30, 2024 were US\$37.7 million, of which US\$7.3 million were recorded within engineering and product development costs and US\$30.4 million were recorded within cost of sales in the Condensed Financial Information.

4. OTHER GAINS, NET

	For the six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Foreign exchange losses, net	(7,038)	(253)
Gains (losses) on disposal of property, plant and equipment	262	(1,497)
Others	8,568	3,174
	<hr/>	<hr/>
	1,792	1,424

5. FINANCE INCOME/FINANCE COSTS

	For the six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest on bank deposits	<u>4,182</u>	<u>3,131</u>
Finance costs		
Interest on bank borrowings	1,648	3,246
Interest on leases	1,389	1,309
Other finance costs	<u>2,402</u>	<u>4,150</u>
	5,439	8,705
Less: amount capitalised in qualifying assets	<u>(2,049)</u>	<u>(3,396)</u>
	<u>3,390</u>	<u>5,309</u>
	<u>792</u>	<u>(2,178)</u>

6. INCOME TAX EXPENSE

For the six months ended June 30, 2025, the Group recorded income tax expense in the Condensed Financial Information of US\$26,667,000 (six months ended June 30, 2024: US\$17,729,000).

For interim income tax reporting, the Group estimates its annual effective tax rate and applies it to its ordinary income for the six months ended June 30, 2025 and 2024. The tax effects of certain unusual or infrequently occurring items, including changes in judgement about whether it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered and effects of changes in tax laws or rates are recognised in the interim period in which they occur.

The Organization for Economic Cooperation 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 is below 15%.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. The legislation became effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and took effect on 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 effective tax rates 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 incur a material liability 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.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the United States, introducing significant changes to tax legislation with various effective dates. The Group is currently evaluating the potential impacts of the relevant tax provisions under OBBBA on its consolidated financial statements.

7. EARNINGS PER SHARE

a. Basic

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

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to equity holders of the Company (US\$'000)	63,480	15,695
Weighted average number of ordinary shares in issue (thousands)	<u>2,509,824</u>	<u>2,509,824</u>
Basic earnings per share (in US\$)	<u>0.025</u>	<u>0.006</u>

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 shares issued under the share option scheme (the **Share Option Scheme**) as at June 30, 2025. 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 six months ended June 30, 2025) 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 six months ended June 30, 2025 and 2024, the details are in the table below. The computation of diluted earnings per share for the six months ended June 30, 2025 and 2024 does not assume the exercise of the share options because the adjusted exercise prices of those share options were higher than the average market prices per share.

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to equity holders of the Company, used to determine diluted earnings per share (US\$'000)	63,480	15,695
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	<u>2,509,824</u>	<u>2,509,824</u>
Diluted earnings per share (in US\$)	<u>0.025</u>	<u>0.006</u>

8. DIVIDEND

On June 18, 2025, the Board declared a dividend of approximately US\$21,835,000 relating to the Group's year ended December 31, 2024 earnings payable on July 9, 2025. The Company declared a dividend of US\$7,529,000 during the six months ended June 30, 2024 relating to the Group's year ended December 31, 2023 earnings. The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: US\$nil).

On June 13, 2025, the two shareholders of Nexteer Lingyun Driveline (Zhuozhou) Co., Ltd. declared a dividend of approximately Renminbi (RMB)100,000,000 payable on July 18, 2025. Dividends payable to non-controlling interests related to this declaration amount to RMB40,000,000 (equivalent to US\$10,467,000).

On June 13, 2025, the two shareholders of Nexteer Lingyun Driveline (Wuhu) Co., Ltd. declared a dividend of approximately Renminbi (RMB)188,000,000 payable on July 18, 2025. Dividends payable to non-controlling interests related to this declaration amount to RMB75,200,000 (equivalent to US\$5,568,000).

9. TRADE RECEIVABLES

	As at June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
Trade receivables, gross	848,264	827,051
Less: provision for impairment	<u>(6,822)</u>	<u>(6,656)</u>
	<u>841,442</u>	<u>820,395</u>

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 June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
0 to 30 days	482,251	498,976
31 to 60 days	278,819	237,477
61 to 90 days	48,097	48,557
Over 90 days	<u>39,097</u>	<u>42,041</u>
	<u>848,264</u>	<u>827,051</u>

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, 2024: US\$4,439,000) and US\$2,383,000 (December 31, 2024: US\$2,217,000) were credit impaired and non-credit impaired, respectively, as at June 30, 2025 on which provisions were made.

The carrying amounts of trade receivables pledged as collateral were US\$493,624,000 as at June 30, 2025 (December 31, 2024: US\$367,049,000).

10. NOTES RECEIVABLE

Certain customers in China pay for goods and services through the use of notes receivable. As at June 30, 2025, notes receivable outstanding was in the amount of US\$86,605,000 (December 31, 2024: US\$58,114,000). The notes receivable are measured at FVOCI.

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

	As at June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
0 to 30 days	22,149	29,684
31 to 60 days	19,488	17,453
61 to 90 days	19,426	1,939
Over 90 days	25,542	9,038
	86,605	58,114

11. TRADE PAYABLES

	As at June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
Trade payables	843,721	821,874
Notes payable	46,352	51,298
	890,073	873,172

Certain vendors in China are paid for goods and services through the use of notes payable, which are included in trade payables. As at June 30, 2025, notes payable outstanding was in the amount of US\$46,352,000 (December 31, 2024: US\$51,298,000).

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

	As at June 30, 2025 <i>US\$'000</i> (Unaudited)	As at December 31, 2024 <i>US\$'000</i> (Audited)
0 to 30 days	414,016	391,589
31 to 60 days	259,085	243,284
61 to 90 days	129,567	135,169
91 to 120 days	39,157	39,891
Over 120 days	48,248	63,239
	890,073	873,172

FINANCIAL REVIEW

Financial Summary

The Group achieved revenue of US\$2.2 billion in the first six months of 2025 representing a US\$143.3 million or 6.8% increase compared to the same period in 2024. Adjusting for unfavorable foreign currency translation and a decrease in commodity recovery, revenue grew by 7.6%, or 450 basis points over market. Asia Pacific was the driver with revenue increasing 15.5% which is above the market by 8.7% primarily due to continued growth with the China OEMs.

Adjusted EBITDA for the first six months of 2025 was US\$230.4 million, an increase of US\$33.1 million or 16.8% compared to the same period in 2024. The improved profitability was driven mainly due to higher volumes, enhanced efficiency and performance, partially offset by net tariff costs and two troubled suppliers in North America.

The Group's cash balance of US\$459.2 million at June 30, 2025 represented an increase of US\$36.9 million when compared with US\$422.3 million as at December 31, 2024. For the six months ended June 30, 2025, the Group's net cash generated from operating activities was US\$142.3 million, a decrease of US\$10.1 million compared with US\$152.4 million for the same period of 2024. Cash from operating activities less cash used in investing activities was a source of US\$36.7 million which compared favourably to a use of US\$2.3 million in the same period of 2024. The improved cash flow is related to higher earnings and reduced purchases of property, plant and equipment, which was partially offset by working capital investment. Cash used in financing activities during the six months ended June 30, 2025 was US\$11.7 million, a decrease of US\$8.0 million, when compared with a use of cash of US\$19.7 million during the six months ended June 30, 2024. The main driver of the Group's favourability in cash used in financing activities was a dividend of US\$6.3 million paid to our non-controlling interests in 2024.

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 (July 2025), global OEM light vehicle production for the six months ended June 30, 2025 was stronger than the six months ended June 30, 2024, increasing by 3.1%, with increases in Asia Pacific and South American more than offsetting the reductions in North America and Europe. The following table highlights the percentage increases in OEM light vehicle production for the six months ended June 30, 2025 compared with the same period in 2024 for key markets served by the Group:

First Half 2025

North America	(4.2)%
China	12.3%
India	3.7%
Europe	(3.7)%
South America	8.9%

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**), Chinese Renminbi (**RMB**), and Mexican Peso (**MXN**). The Group's revenue was unfavourably impacted due to US dollar fluctuations against the RMB and Euro during the first half of 2025.

During the first six months of 2025, the Group successfully launched 31 new customer programmes – 3 programmes in North America, 4 programme in EMEASA and 24 programmes in Asia Pacific. Of the 31 programme launches, 23 represented new or conquest business for the Group and 8 represented incumbent business. 21 programme launches represented customer 100% EV programmes.

Revenue

The Group's revenue for the six months ended June 30, 2025 was US\$2,242.2 million, an increase of US\$143.3 million or 6.8%, compared with US\$2,098.9 million for the six months ended June 30, 2024. In addition to higher global OEM light vehicle production, significant new and conquest programme launches over the past few years also helped provide additional net increase of volume in the first half of 2025 when compared with 2024. The favourable volume during the period, was partially offset by unfavourable foreign currency translation, which negatively impacted the Group's revenue by approximately US\$13.0 million, as a result of the strengthening of the US dollar against the RMB during the first half of 2025 compared with the same period a year ago. Customer price reductions, resulting from the partial pass through of raw material commodity decreases during the first half of 2025 in comparison to the first half of 2024, provided a further reduction of revenue in the amount of US\$2.4 million. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the Group's revenue increased by 7.6% during first half of 2025 compared with the same period a year ago, outpacing the revenue decrease in OEM production for the comparative period by 450 basis points. This performance reflected the on-going benefit from the launch of new and conquest customer programmes in recent years.

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 periods indicated:

	For the six months ended June 30, 2025 US\$'000 (Unaudited)		For the six months ended June 30, 2024 US\$'000 (Unaudited)	
		%		%
North America	1,138,304	50.8	1,118,983	53.3
Asia Pacific	686,533	30.6	594,578	28.3
EMEASA	400,851	17.9	366,348	17.5
Other	16,560	0.7	19,018	0.9
Total	2,242,248	100.0	2,098,927	100.0

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

- North America segment – Revenue increased by US\$19.3 million, or 1.7%, for the six months ended June 30, 2025 compared with the same period in 2024. The most significant factor contributing to the revenue increase was due to Nexteer customer programs outperformance in the market. Despite a decrease in North America OEM light vehicle production for the first half of 2025 by 4.2% compared with the same period in 2024, the North America segment experienced a revenue growth of 2%. The segment was also impacted by customer price reductions related to raw material commodity inflation price decreases, amounting to US\$2.7 million in the first half of 2025 compared to the same period in 2024.
- Asia Pacific segment – Revenue increased by US\$92.0 million, or 15.5%, for the six months ended June 30, 2025 compared with the same period in 2024. The most significant factor contributing to the revenue was due to the significant new and conquest programme launches over the past few years. Increased OEM light vehicle production also contributed to revenue growth, with total Asia Pacific OEM production volumes higher by 8% including China higher by 12.3% for the first half of 2025 compared with the same period in 2024. Unfavourable foreign currency translation tempered the revenue growth in the region in the amount of US\$7.4 million as the US dollar strengthened against the RMB during the first half of 2025 compared with the same period in 2024. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the segment's revenue increased by 16.7% during first half of 2025 compared with the same period a year ago, outpacing the regional revenue increase in OEM production for the comparative period by 870 basis points.

- EMEASA segment – Revenue increased by US\$34.5 million, or 9.4%, for the six months ended June 30, 2025 compared with the same period in 2024, impacted by a 3.7% decrease in Europe but a 8.9% increase in South America OEM light vehicle production, during the first half of 2025 compared with the same period in 2024. The Brazil flood impacted our operations causing revenue loss of US\$10.0 million in the first half of 2024 also contributed to this year over year increase in addition to increased revenue due to program launches in Europe. Unfavorable foreign currency translation impacted revenue in the region in the amount of US\$5.6 million as the US dollars strengthened against the Euro during the first half of 2025 compared with the same period in 2024. Adjusting for unfavourable foreign currency translation and the slight increase in commodity pricing, the segment's revenue increased by 10.8% during the first half of 2025 compared with the same period a year ago, outpacing the regional revenue decrease in OEM production for the comparative period by 1,330 basis points.
- Other – Revenue decreased by US\$2.5 million, for the six months ended June 30, 2025 compared with the same period in 2024. Other revenue is related to non-production engineering design and development/prototype services.

Revenue by Products

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

	For the six months ended June 30, 2025 US\$'000 (Unaudited)		For the six months ended June 30, 2024 US\$'000 (Unaudited)	
		%		%
EPS	1,525,379	68.0	1,404,555	66.9
CIS	228,499	10.2	221,999	10.6
HPS	91,624	4.1	90,129	4.3
DL	396,746	17.7	382,244	18.2
Total	<u>2,242,248</u>	<u>100.0</u>	<u>2,098,927</u>	<u>100.0</u>

The Group experienced an increase in EPS revenue of US\$120.8 million, or 8.6%, for the six months ended June 30, 2025 compared with the same period in 2024, driven mainly by the customer demand increase in Asia Pacific. CIS revenue increased by US\$6.5 million, or 2.9%, for the six months ended June 30, 2025 compared with the same period a year ago, with the most significant increase experienced in the North America segment. HPS revenue increased by US\$1.5 million, or 1.7%, for the six months ended June 30, 2025 compared with the same period of 2024. DL revenue increased by US\$14.5 million, or 3.8%, for the six months ended June 30, 2025 compared with the same period last year.

Net Profit Attributable to Equity Holders

The Group's net profit attributable to equity holders of the Company for the six months ended June 30, 2025 was US\$63.5 million or 2.8% of total revenue, an increase of US\$47.8 million, compared to a profit for the six months ended June 30, 2024 of US\$15.7 million, or 0.7% of total revenue. The increase was principally attributable to the following factors:

- EBITDA improvement of US\$33.1 million.
- Product development Intangible asset impairments during the first half of 2024 totalling US\$37.7 million related to programme cancellations on specific customer programs, offset by customer reimbursement of US\$24.0 million.

Cost of Sales

The Group's cost of sales for the six months ended June 30, 2025 was US\$1,983.3 million, an increase of US\$95.3 million, or 5.0%, from US\$1,888.0 million for the six months ended June 30, 2024.

Raw material cost, including changes in work-in-progress and finished goods represent a significant portion of the Group's total cost of sales and for the six months ended June 30, 2025 totaled US\$1,479.6 million, or 66.0% of revenue, compared with US\$1,339.2 million, or 63.8% of revenue, for the same period last year, reflecting an increase of US\$140.4 million, or 10.5%. The increase in raw material costs for the period when compared with the same period a year ago, is mainly attributable to higher revenue and tariff cost increases.

Depreciation and amortisation, including amortisation of capitalised product development costs, charged to cost of sales for the six months ended June 30, 2025 was US\$128.2 million, a decrease of US\$3.3 million, or 2.5% from US\$131.5 million for the six months ended June 30, 2024.

Amortisation of capitalised product development costs recorded as cost of sales amounted to US\$60.8 million for the six months ended June 30, 2025, or 2.7% of revenue, an increase of US\$0.7 million, or 1.2%, as compared with US\$60.1 million, or 2.9% of revenue for the six months ended June 30, 2024.

As a percent of revenue, cost of sales decreased to 88.5% for the first half of 2025 compared with 90.0% for the same period a year ago.

Gross Profit

The Group's gross profit for the six months ended June 30, 2025 was US\$258.9 million, an increase of US\$48.0 million, or 22.7%, when compared with US\$210.9 million for the six months ended June 30, 2024. Gross profit margin for the six months ended June 30, 2025 was 11.5% compared with 10.0% for the six months ended June 30, 2024. The increase in gross profit was primarily attributable to the increase in revenue and improved operating performance.

Engineering and Product Development Costs

For the six months ended June 30, 2025, the Group's engineering and product development costs charged to the income statement were US\$75.4 million, representing 3.4% of revenue, a decrease of US\$13.2 million, or 14.9%, as compared to US\$88.6 million, or 4.2% of revenue for the six months ended June 30, 2024. During the six months ended June 30, 2025, the Group recorded product development intangible asset impairments of US\$1.6 million related to programme cancellations on specific customer programmes, with US\$0.8 million recorded in the North America segment, US\$0.3 million recorded in the Asia Pacific segment and US\$0.5 million recorded in the Others segment.

During the six months ended June 30, 2024, the Group recorded product development intangible asset impairments of US\$7.3 million related to programme cancellations on specific customer programmes, with US\$5.7 million recorded in the North America segment and US\$1.6 million recorded in the Asia Pacific segment.

Capitalised interest related to engineering development costs totaled US\$2.0 million for the six months ended June 30, 2025 and US\$3.4 million for the six months ended June 30, 2024. Depreciation and amortisation charged to engineering and product development costs for the six months ended June 30, 2025 was US\$6.3 million, a decrease of US\$0.6 million, or 8.7%, from US\$6.9 million for the six months ended June 30, 2024.

The Group's aggregate investment in engineering and product development costs is defined as the sum of costs charged to the condensed consolidated interim income statement (excluding impairment charges associated with costs capitalised in previous 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 six months ended June 30, 2025, the Group incurred an aggregate investment in engineering and product development costs of US\$129.3 million, a decrease of US\$6.1 million, or 4.5%, compared with US\$135.4 million for the six months ended June 30, 2024.

Selling, Distribution and General and Administrative Expenses

The Group's selling, distribution and general and administrative expenses for the six months ended June 30, 2025 were US\$92.2 million, representing 4.1% of revenue, an increase of US\$9.8 million, or 11.9%, as compared to US\$82.4 million, or 3.9% of revenue for the six months ended June 30, 2024. Depreciation and amortisation charged to administrative expenses for the six months ended June 30, 2025 was US\$3.8 million, a decrease of US\$0.1 million, or 2.6% from US\$3.9 million for the six months ended June 30, 2024.

Other Gains, net

Other gains, net represents gains/losses attributable to foreign exchange transactions, loss/gain on disposal of property, plant and equipment and others. Other gains, net for the six months ended June 30, 2025 was a gain of US\$1.8 million, an increase of US\$0.4 million compared to a gain of US\$1.4 million for the six months ended June 30, 2024. All attributes of other gains/losses were mainly consistent year over year.

Finance Income/Finance Costs

Finance costs, net, consist of interest income and expense reduced by interest capitalised on qualifying assets and product development. The Group's net finance income for the six months ended June 30, 2025 were US\$0.8 million, compared to net finance costs of US\$2.2 million for the six months ended June 30, 2024. The decrease in finance costs was primarily due to fluctuation in short term borrowings for the six months ended June 30, 2025, when compared to same period of 2024.

Share of Results of a Joint Venture

Share of results of a joint venture relates to the Group's investments in Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**). For the six months ended June 30, 2025, the Group's share of results in the joint venture amounted to US\$1.8 million compared with US\$1.7 million for the same period a year ago.

Income Tax Expense

The Group's income tax expense was US\$26.7 million for the six months ended June 30, 2025, representing 27.9% of the Group's profit before tax, an increase of US\$8.9 million from US\$17.7 million, or 43.5% of profit before income tax, for the six months ended June 30, 2024.

The Organization for Economic Cooperation 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 became effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and took effect on 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 effective tax rates 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 incur a material liability 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.

On July 4, 2025, the One Big Beautiful Bill Act (**OBBBA**) was enacted in the United States, introducing significant changes to tax legislation with various effective dates. The Group is currently evaluating the potential impacts of the relevant tax provisions under OBBBA on its consolidated financial statements.

Provisions

As at June 30, 2025, the Group has provisions for litigation, environmental liabilities, warranties and decommissioning of US\$110.9 million, an increase of US\$11.2 million as compared to US\$99.8 million as at December 31, 2024. The increase in provisions was principally due to the net change in warranty reserves, reflecting net additions of US\$26.7 and cash payments of US\$18.4 on historical warranty provisions during 2025.

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 Company 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 credit facilities will be adequate to fund our operations.

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

	For the six months ended June 30, 2025 US\$'000 (Unaudited)	For the six months ended June 30, 2024 US\$'000 (Unaudited)
Cash generated from (used in):		
Operating activities	142,316	152,387
Investing activities	(105,650)	(154,648)
Financing activities	(11,730)	(19,703)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	24,936	(21,964)
	<hr/>	<hr/>

Cash Flows Generated from Operating Activities

For the six months ended June 30, 2025, the Group's net cash generated from operating activities was US\$142.3 million, a decrease of US\$10.1 million compared with US\$152.4 million for the six months ended June 30, 2024. The decrease in cash flows from operations was driven by unfavourable net working capital offsetting higher profit.

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 periods indicated:

	For the six months ended June 30, 2025 US\$'000 (Unaudited)	For the six months ended June 30, 2024 US\$'000 (Unaudited)
Purchase of property, plant and equipment	(54,994)	(91,185)
Addition of intangible assets	(55,491)	(54,094)
Addition of right-of-use assets	–	(8,826)
Others	4,835	(543)
	<hr/>	<hr/>
Net cash used in investing activities	<u>(105,650)</u>	<u>(154,648)</u>

Cash Flows Used in Financing Activities

For the six months ended June 30, 2025, the Group's net cash used in financing activities was US\$11.7 million, a decrease of US\$8.0 million when compared with a use of cash of US\$19.7 million during the six months ended June 30, 2024. The main driver of the Group's favourability in cash used in financing activities was a dividend of US\$6.3 million paid to our non-controlling interests in the prior year.

Indebtedness

As at June 30, 2025, the Group's total borrowings was US\$48.7 million, an increase of US\$0.9 million from US\$47.8 million as at December 31, 2024. The increase was primarily due to foreign currency impact on term loan borrowings in China which are denominated in RMB.

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

	As at June 30, 2025 US\$'000 (Unaudited)	As at December 31, 2024 US\$'000 (Audited)
Current borrowings	139	137
Non-current borrowings	48,541	47,625
Total borrowings	48,680	47,762

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

	As at June 30, 2025 US\$'000 (Unaudited)	As at December 31, 2024 US\$'000 (Audited)
Within 1 year	139	137
Between 1 and 2 years	139	137
Between 2 and 5 years	48,402	47,488
Total borrowings	48,680	47,762

Pledge of Assets

The Group has several secured borrowings at certain subsidiaries. Assets securing the borrowings differ by site and include accounts receivable, inventories and property, plant and equipment. As at June 30, 2025, the Group had approximately US\$835.6 million total assets pledged as collateral, an increase of US\$107.7 million as compared with US\$724.1 million as at December 31, 2024. The increase in collateral pledged was directly related to increases in the balances of the underlying assets pledged. No significant changes in collateral arrangements have occurred from December 31, 2024 to June 30, 2025.

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 its 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 period.

The gearing ratio as at June 30, 2025 was 2.3%, a decrease of 10 basis points as compared to 2.4% as at December 31, 2024.

OTHER INFORMATION

Future Prospects

The Group strives to maintain a market-leading position in global motion control technology including by-wire chassis advancements. We boost our current position and future prospects by aligning with megatrend convergence (such as software defined vehicles, automation, electrification, etc.) and capitalizing on 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.

As at June 30, 2025, there were no future plans for material investments or capital assets in the remainder of the year.

Employees Remuneration Policy

As at June 30, 2025, the Group had approximately 12,000 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 the shareholders of the Company (the **Shareholders**) as a whole. For example, the Group has employee 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 requirement and contractual obligations.

The Group also uses contract personnel to support the workload of the business where considered the most efficient. As at June 30, 2025, the Group had approximately 1,800 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 (the **Directors**) of the board of the Company (the **Board**), 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 six months ended June 30, 2025.

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 segregate 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 to August 13, 2025, Mr. LEI, Zili (**Mr. LEI**) had been appointed as the Chairman of the Board (the **Chairman**) and Chief Executive Officer of the Company and with effect from August 13, 2025, Mr. DING, Fengtao has been redesignated as an Executive Director and appointed as the Chairman and 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 and Mr. DING 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 and Mr. DING 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 six months ended June 30, 2025.

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 reviews of the effectiveness of the risk management and internal control system of the Group from time to time.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended June 30, 2025.

AUDIT AND COMPLIANCE COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Audit and Compliance Committee had reviewed together with management and the external auditor the unaudited Condensed Financial Information of the Company for the six months ended June 30, 2025. There has been no disagreement between the Audit and Compliance Committee or the auditor with the accounting treatment adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY

There was no purchase, sale or redemption of any listed securities (including sale of treasury shares) of the Company by the Company or any of its subsidiaries during the six months ended June 30, 2025.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Group after June 30, 2025 and 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
Fengtao DING
Chairman and Chief Executive Officer

Hong Kong, August 13, 2025

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