



# 2025 ANNUAL REPORT

A LEADER IN INTUITIVE MOTION CONTROL

NEXTEER AUTOMOTIVE GROUP LIMITED  
耐世特汽車系統集團有限公司

STOCK CODE: 1316

Incorporated under the laws of the Cayman Islands with limited liability



# OUR STRATEGY

## FOR PROFITABLE GROWTH



Expand & Diversify  
Revenue Base

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Strengthen  
Technology Leadership

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Capitalise on Megatrend  
& Portfolio Alignment

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Optimise  
Cost Structure

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Pursue Select  
Acquisitions & Alliances

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Target China &  
Emerging Markets



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## Corporate Profile

Nexteer Automotive Group Limited (the **Company**) together with its subsidiaries are collectively referred to as **we, us, our, Nexteer, Nexteer Automotive** or the **Group**. Nexteer Automotive's vision is to be the global leading motion control technology company accelerating mobility to be safe, green and exciting.

*“ We are the Leading  
**MOTION CONTROL  
TECHNOLOGY COMPANY**  
Accelerating Mobility to be  
**SAFE, GREEN & EXCITING.”***

OUR VISION

Our innovative portfolio supports by-wire chassis control, including electric and hydraulic power steering systems, steer-by-wire and rear-wheel steering systems, steering columns and intermediate shafts, driveline systems, software solutions and brake-by-wire. The Company solves motion control challenges across all megatrends – including electrification, software/connectivity, advanced driver assistance systems (**ADAS**)/automated driving (**AD**) and shared mobility.

In-house development and full system integration of hardware, software and electronics provides Nexteer a competitive advantage as an agile, full-service supplier to automotive original equipment manufacturers (**OEM**) around the world.

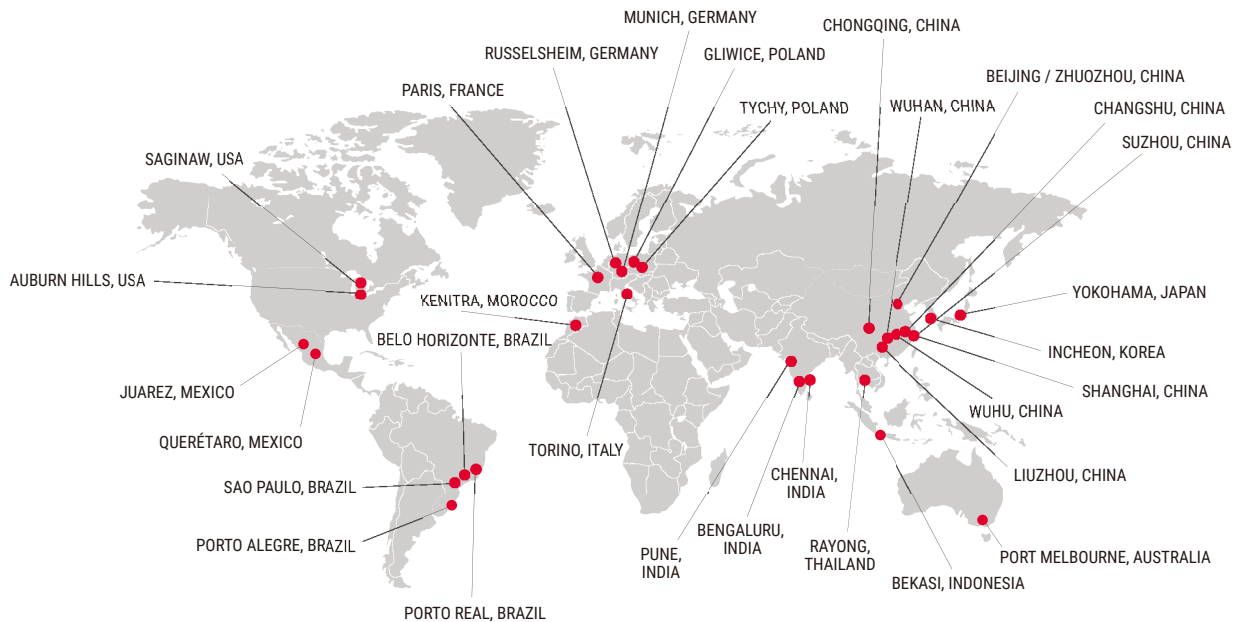
Our ability to seamlessly integrate our systems into OEM vehicles is a testament to our 120-year heritage of vehicle integration expertise and product craftsmanship. Our “One Nexteer” culture inspires employees to achieve personal and corporate growth by focusing on our core values across all aspects of the Company: people first, operational excellence and enterprise growth. As One Nexteer, our vision guides us every day, and we're making it a reality by challenging the impossible and making tomorrow better than today.

We strive to be the partner of choice for our customers and suppliers by delivering highly engineered, safety-critical products and building enduring relationships.

Nexteer provides real-world, vehicle-level solutions by being:

- **Customer-Focused:** Respected and trusted for delivering on commitments.
- **Proactive:** We listen carefully to understand customer needs, requirements and aspirations.
- **Innovative:** A market leader in advanced motion control, including steering, driveline, software and systems integration.
- **Agile:** Able to respond quickly with high-quality, cost-effective solutions.
- **Global:** Committed to exceeding customer and vehicle needs every time, in every customer-targeted market.

## GLOBAL FOOTPRINT, PRODUCTS & CUSTOMERS



- **World Headquarters:** Auburn Hills, Michigan, United States of America (USA or US)
- **Manufacturing Plants:** 27, including 1 non-consolidated joint venture (JV)
- **Technical Centers:** 5
- **Customer Service Centers:** 13
- **Products:** Electric Power Steering (**EPS**) and By-Wire Systems, Driveline Systems (**DL**), Brake-by-Wire (**BbW**), Steering Columns and Intermediate Shafts (**CIS**), Hydraulic Power Steering (**HPS**) and Software Solutions (**SW**)
- **Customers:** Global and domestic OEMs, including BMW Group (**BMW**), BYD Auto Co., Ltd. (**BYD**), Changan Automobile Co., Ltd. (**Changan**), Chery Automobile Co. Ltd. (**Chery**), Ford Motor Company (**Ford**), Guangzhou Automobile Group Co., Ltd. (**GAC**), General Motors Company and Subsidiaries (**GM**), Zhejiang Geely Holding Group Co., Ltd. (**Geely**), Great Wall Motor Company Limited (**GWM**), Lixiang Auto, Inc. (**Li Auto**), Maruti Suzuki India Limited (**Maruti-Suzuki**), Renault-Nissan-Mitsubishi Alliance (**RNM**), SAIC General Motors Co., Ltd. (**SAIC**), SAIC-GM-Wuling Automobile Co., Ltd. (**SGMW**), Stellantis N.V. (**Stellantis**), Volkswagen Group (**VW**), Xiaomi Automobile Co., Ltd. (**Xiaomi**), Guangzhou Xiaopeng Motors Technology Co. Ltd. (**XPeng**) and others

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

DING, Fengtao

*(Appointed as a non-executive Director with effect from June 18, 2025. Redesignated from a non-Executive Director to an Executive Director and appointed as Chairman and Chief Executive Officer with effect from August 13, 2025) (Chairman and Chief Executive Officer)*

MILAVEC, Robin Zane

BOYER, Hervé Paul Gino

*(appointed with effect from November 12, 2025 and resigned with effect from January 19, 2026)*

### Non-Executive Directors

LEI, Zili

*(redesignated from an Executive Director to a non-Executive Director and resigned as Chairman and Chief Executive Officer with effect from August 13, 2025)*

WANG, Jian

*(retired with effect from June 18, 2025)*

ZHANG, Wendong

QIAO, Kun

### Independent Non-Executive Directors

LIU, Jianjun

WANG, Bin

YUE, Yun

## COMPANY SECRETARY

WU, Guanhua

## AUTHORISED REPRESENTATIVES

DING, Fengtao

*(appointed with effect from August 13, 2025)*

LEI, Zili

*(ceased to act with effect from August 13, 2025)*

WU, Guanhua

## LEGAL ADVISERS

### As to Hong Kong Law

Chen & Lee Law Office

### As to Cayman Islands Law

Maples and Calder

## AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants and Registered PIE Auditors

## AUDIT AND COMPLIANCE COMMITTEE

WANG, Bin *(Chairman)*

QIAO, Kun

YUE, Yun

## REMUNERATION AND NOMINATION COMMITTEE

LIU, Jianjun *(Chairman)*

ZHANG, Wendong

WANG, Bin

## HEADQUARTERS

1272 Doris Road  
Auburn Hills, Michigan 48326, USA

## REGISTERED OFFICE

P.O. Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Bank of America  
Bank of China  
Bank Pekao SA  
China CITIC Bank  
China Construction Bank  
Comerica Bank  
JPMorgan Chase & Co.  
PKO Bank Polski SA  
Shanghai Pudong Development Bank  
Wells Fargo Capital Finance

## STOCK CODE

Share Listing  
Ordinary Shares  
The Stock Exchange of Hong Kong Limited  
(the **Hong Kong Stock Exchange**)  
(Stock code: 1316)

## COMPANY WEBSITE

<http://www.nexteer.com/>

2025

# HIGHLIGHTS

**57**  **Programme Launches**  
74% New or Conquest

**US\$ 4.6B** **Revenue**  
Record High, Revenue increased  
7.2% compared to 2024

**US\$ 4.9B** **In Bookings**



**34%**  
Chinese OEMs



**52%**  
New or Conquest



## New Product Announcements

Across ALL Existing Product Lines,  
Including Expansion into Braking



Electro-Mechanical Braking, MotionIQ™,  
Rear-Wheel Steering, Direct Drive Steer-by-Wire  
Handwheel Actuator, Face Spline Axle,  
8-Ball Joint and Premium Double Offset Joint

## Increased Manufacturing & Engineering Capability



Strengthened support for OEM  
customers in China, Thailand,  
India & Mexico



## Captured COEM Growth Outside of China

On customer programmes in  
Europe and South America

## CEO Letter



**“As we celebrate Nexteer’s 120-year anniversary, we are *Accelerating with Purpose* and executing our strategy for profitable growth with focus, discipline and resilience. Together, our One Nexteer team delivered strong performance and meaningful value for stakeholders around the world.”**

### **DING, Fengtao**

**Chairman, Executive Board Director  
& Chief Executive Officer**

### **Dear Shareholders:**

As we conclude 2025, I am proud to reflect on a year defined by progress, resilience, and innovation at Nexteer. Amid a dynamic and challenging operating environment, we remained focused on disciplined execution of our strategy for profitable growth, while continuing to deliver value for our shareholders, customers, employees and the communities in which we operate. In this context, I am pleased to present the following highlights from the year.

### **DELIVERING STRONG PERFORMANCE**

In 2025, we delivered strong performance and achieved:

- Record revenue of US\$4.6 billion – an increase of 7.2% when compared to 2024
  - Adjusting for foreign currency and commodity recoveries, Nexteer’s revenue increased by 6.9%, outperforming the market by 320 basis points
- Record revenue in APAC of US\$1.5 billion, an increase of 9.8% when compared to 2024, alongside a leading position with Chinese OEMs (**COEM**)
- Strong Adjusted EBITDA of US\$471.9 million, an increase of 11.2% compared to 2024
- US\$4.9 billion in revenue bookings (**Bookings**) with 52% representing new/conquest business and 34% representing COEMs business

With respect to Bookings, several key wins stood out – reinforcing the strength of our 2025 results and strengthening our foundation for future growth. Throughout the year, we delivered a number of breakthrough awards and milestone firsts, including:

- **Securing Steer-by-Wire (SbW) programme wins with two leading Chinese new energy vehicle (NEV) OEMs**, including Handwheel Actuator (**HWA**) and Road Wheel Actuator (**RWA**)
- **Earning first Column-Assist Electric Power Steering (CEPS) win with market leader in India** capitalising on regional market growth
- **Earning First High-Output CEPS (HO CEPS) win with COEM**, a breakthrough with this technology
- **Capturing COEM growth outside of China** on customer programmes in Europe and South America
- **Earning First Rear-Wheel Steering (RWS) win** with a European-based OEM

Just as important as securing new and conquest business, Nexteer must continue to retain existing programmes and earn our customers' next-generation awards. In 2025, we delivered meaningful success in this area, including securing significant business in North America (NA) such as **incumbent Rack-Assist EPS (REPS) and DL business extension on fourth-generation full-size truck platforms and a third-generation crossover sport utility vehicle (SUV) platform**. High-quality launches remain fundamental to retaining incumbencies, winning future programmes and expanding with new customers. With that foundation in place, the following highlights demonstrate our continued execution and momentum.

## OPERATIONAL EXCELLENCE & PORTFOLIO DIVERSIFICATION

In 2025, Nexteer successfully launched **57 customer programmes**, 42 represented new or conquest business and 36 represented Electric Vehicle (EV) platforms. Beyond the total launch number, the composition across our product lines, customers, regions and vehicle segments reflects a growing diversity critical to Nexteer's future success.

For example, **48 launches were in APAC** supporting both COEMs and global OEMs. This success is a result of Nexteer's strategic targeting and capitalising on growth opportunities within the region and globally as COEMs expand into new markets.

Building on the many milestones achieved in Bookings, our programme launch mix in 2025 also reflected two key firsts, including:

- **First Dual Pinion-Assist EPS (DPEPS) programme launch in APAC**
- **First Modular CEPS (mCEPS) launch in EMEASA**

In addition to our successful 2025 launches, we also expect to launch 2 SbW programmes in the first half of 2026.

## STRATEGIC EXPANSION FOR PROFITABLE GROWTH

In recent years, the global automotive industry has faced ongoing challenges, including economic uncertainty, geopolitical tensions and shifting production forecasts. 2025 was no exception, as these dynamics continued to place pressure on suppliers' profitability and operational performance.

While navigating a complex global environment, the Nexteer team remained focused on strengthening our business and reinforcing our profitability fundamentals. As a result, Nexteer delivered Adjusted EBITDA of US\$471.9 million, representing an 11.2% increase compared to 2024.

We remain committed to accelerating progress and advancing our strategy for profitable growth, delivering above-market revenue growth, expanding margins and advancing innovation across our portfolio. In this report, we outline progress across key initiatives, including fixed cost reductions, supply chain optimisation, footprint alignment and continued investment in next-generation motion control technologies. I would like to highlight several 2025 achievements related to our global footprint:

- Opened Nexteer's first manufacturing facility in Thailand, expanding our footprint in Southeast Asia
- Expanded the India Technical Center near Bengaluru to strengthen local validation and engineering support
- Opened the Changshu facility and broke ground on new smart manufacturing sites in Liuzhou and Suzhou
- Opened the Mexico Technical Center to enhance regional engineering responsiveness, efficiency and quality
- Advanced the Saginaw footprint optimisation through consolidation and programme moves

Beyond the progress highlighted in this report, Nexteer continues to pursue initiatives that strengthen profitability and create additional shareholder value.

## CEO Letter

**INNOVATING FOR SUSTAINABLE GROWTH**

This report highlights how Nexteer is positioned to capitalise on our technology leadership and alignment with key megatrends to drive sustainable, above-market growth. We surpassed more than 120 million EPS units produced globally, and we continue to innovate and introduce advanced new technologies that shape the future of mobility.

Throughout the year, we introduced new products across all existing product lines, including expansion into braking.

Our RWS system enables up to 12 degrees of rear-wheel articulation, while our Electro-Mechanical Brake (EMB) system enhances vehicle safety and control. The Direct Drive Hand Wheel Actuator (DD-HWA) enables automakers to deliver next-generation driving experiences across all levels of assisted and automated driving.

Driveline innovations included three advanced solutions – Face Spline Axle, 8-Ball Joint and Premium Double Offset Joint. On the software front, we announced our MotionIQ™ Software Suite to help OEMs streamline by-wire chassis control, development and vehicle health monitoring workflows.

We also strengthened our leadership in SbW by sponsoring and contributing to China's Automotive Chassis-by-Wire Standards Research Group, a body within the China Automotive Standardization Research Institute. The effort culminated in the official release of China's national steering standard in December 2025.

In 2025, Nexteer received widespread recognition from customers and industry associates for excellence in

innovation, quality, Great Place to Work and other key areas. In addition, Nexteer experts were frequently featured as thought leaders and speakers at high-profile industry engagements.

This report provides some highlights of our sustainability efforts, while our 2025 Sustainability Report goes into more detail.

**ACCELERATING WITH PURPOSE**

In 2025, Nexteer made significant progress toward building a stronger, more resilient future. With focus and adaptability, we managed an increasingly complex and evolving environment, tackling challenges head-on while establishing a solid foundation for sustainable, profitable growth through technology and operational innovation.

As we celebrate Nexteer's 120th anniversary in 2026, we honor our heritage with a commitment to *Accelerate with Purpose*. Our global One Nexteer team has been instrumental in powering our progress toward our vision as the leading motion control technology company that accelerates mobility to be safe, green and exciting. With a clear focus on profitable growth, we are prepared to face future challenges with a strong business and a drive to innovate solutions for mobility needs of the future.

We deeply value the confidence of our shareholders and the exceptional efforts of our team members worldwide. Together, we are capitalising on our momentum and are ready to embrace the opportunities ahead.

**DING, Fengtao**

*Chairman, Executive Board Director  
& Chief Executive Officer*

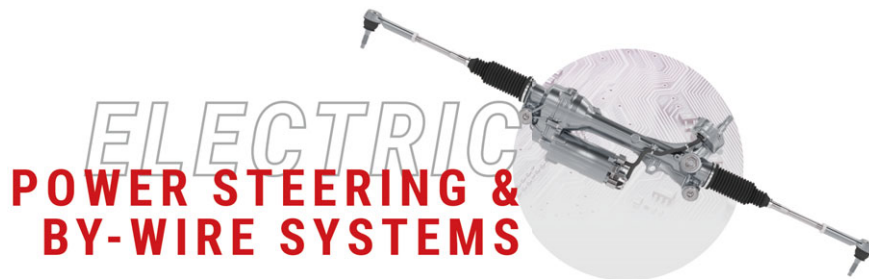
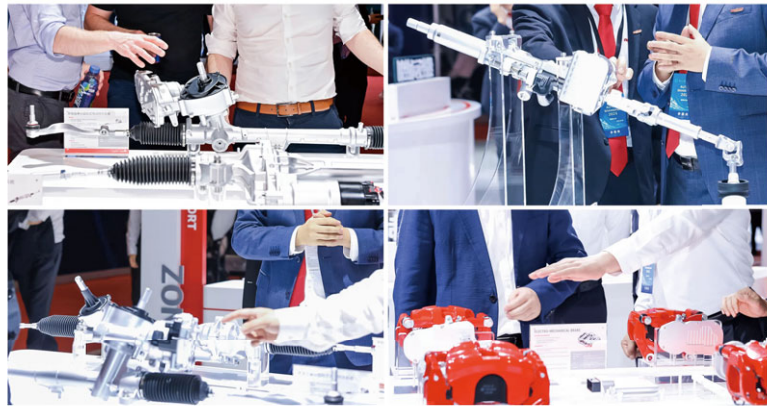


Nexteer holds groundbreaking ceremony for new Liuzhou facility.

## OUR PRODUCTS & TECHNOLOGIES

We design, develop, manufacture and distribute steering and driveline systems and components, primarily for automotive OEMs. We continue to develop braking technology that will be instrumental to the software-defined chassis.

We also collaborate with OEMs to efficiently and seamlessly design, develop, test and integrate motion control systems. Our advanced software solutions and specialised expertise support OEMs' needs in the increasing shift to software-defined vehicles (**SDVs**).



A steering system provides lateral directional control of the vehicle. Our steering system products include EPS, SbW and RWS.

EPS uses an electric motor to assist driver steering. Hardware and software are developed concurrently and work seamlessly together to connect the driver with the road, accounting for driving dynamics and the operating environment. This "connection to the road" provides the driver an experience consistent with the vehicle's brand (such as luxury, sport, etc.), while also giving important safety cues regarding the type of road surface the driver is traveling on (such as icy, gravel, etc.).

EPS is a key ADAS feature enabler. EPS translates data from the vehicle's electronic control unit (**ECU**) into precise mechanical steering functions. Many Nexteer EPS-enabled ADAS features are already on the road today, such as park assist, lane keeping, lane departure warning, traffic jam assist and more.

RWS allows the rear wheels to turn up to 12 degrees in coordination with the front wheels, enhancing low-speed handling and high-speed control while reducing driver fatigue. RWS is optimised for enhanced maneuverability, stability, safety and performance, delivering a superior driving experience. For longer wheelbases and heavier loads, OEMs can combine RWS with other steering and DL solutions to compound driver benefits.

## Our Products & Technologies

SbW replaces the mechanical steering connection between the handwheel and roadwheels with algorithms, electronics and actuators. SbW emulates the “feel of the road,” offers a wide performance range (including sporty, luxury, comfort, etc.) and enhances maneuverability through our dynamic variable steering ratio. SbW is the only single steering system that applies to all vehicle segments, propulsion types and right- and left-hand drive and supports all ADAS levels 0-5. SbW enables advanced safety and performance features and functionality, as well as opens new possibilities for vehicle light-weighting and packaging flexibility. In SbW vehicles, RWS offers additional redundancy synergies to meet safety requirements.

Our full portfolio of steering technologies meets global OEM needs for everything from small cars to heavy-duty trucks and light commercial vehicles – including internal combustion engine (ICE), hybrid and EVs.

### Nexteer’s EPS & SbW Portfolio:

- Rack-Assist EPS (**REPS**)
- Dual Pinion-Assist EPS (**DPEPS**)
- Brush Motor Column Assist EPS (**BEPS**)
- Single Pinion-Assist EPS (**SPEPS**)
- Column-Assist EPS (**CEPS**)
- By-Wire technologies, including:
  - RWA
  - HWA
  - RWS
  - Software and Vehicle Integration

Nexteer also offers High Output, High Availability and Modular options for our EPS systems. High Output EPS increases the steering capabilities, High Availability EPS increases safety and enables lower failures in time (**FIT**) levels and Modular EPS leverages a cost-effective, modular platform design.

### Our EPS & By-Wire Technologies Solve OEM Challenges Across Multiple Megatrends, Including:

- Electrification
- Software/Connectivity
- ADAS/AD
- Shared Mobility



DL systems are designed for a variety of vehicle segments and are custom engineered to meet specific vehicle requirements, transmitting torque from the engine to roadwheels. Our systems enhance vehicle handling and eliminate DL disturbances on front-wheel and all-wheel drive vehicles. Consequently, Nexteer’s halfshafts enhance a driver’s comfort and control. Achieving best-in-class comfort and control – especially in terms of DL Noise, Vibration and Harshness (**NVH**) – becomes even more challenging with EVs that are extremely quiet. Nexteer DL solves for these increased NVH requirements with premium, high efficiency outboard joints, ball spline axles and lower mass components.

Nexteer’s wide range of halfshaft technology solutions can accommodate various configurations, and we can also custom-engineer components to meet an OEM’s specific needs.

### Nexteer’s DL Portfolio:

- Front-Wheel and Rear-Wheel Drive Halfshafts for:
  - EVs and Hybrid Vehicles
  - ICE Vehicles
  - Full-Size Full-Frame Vehicles
  - Performance Vehicles
  - High Angle Requirements
  - High Efficiency Requirements
  - Extreme Operating Environments
- Intermediate Driveshafts

### Our DL Technologies Solve OEM Challenges Across Multiple Megatrends, Including:

- Electrification
- ADAS/AD
- Shared Mobility

## Our Products &amp; Technologies

## BRAKE BY-WIRE SYSTEMS



A braking system is responsible for bringing a vehicle to a stop. We are currently developing an EMB system solution, which delivers digital, high-precision braking using actuators at each wheel.

Building on our award-winning SbW, advanced software and integration expertise, Nexteer developed EMB as a first step in a broader, Motion-by-Wire™ chassis portfolio. Many of Nexteer's skills, toolsets, software controls and hardware componentry are shared between its advanced steering and braking development. Consequently, Nexteer delivers a highly integrated, cost-effective, compact and scalable EMB solution that solves many customers' challenges in chassis motion control.

EMB delivers digital, high-precision braking powered by actuators at each wheel. EMB represents the next generation of braking, replacing hydraulic fluid and mechanical linkages with electronic control. This system supports software-defined chassis integration.

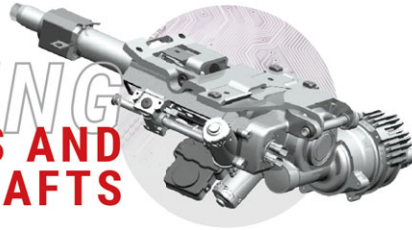
### Nexteer's Braking Portfolio:

- EMB

### Our Braking Technologies Solve OEM Challenges Across Multiple Megatrends, Including:

- Electrification
- Software/Connectivity
- ADAS/AD
- Shared Mobility

## STEERING COLUMNS AND INTERMEDIATE SHAFTS



CIS connects the steering wheel to the steering mechanism to control lateral motion by transferring the driver's input torque from the steering wheel. Our advanced steering columns provide convenience features and help protect the driver in the event of a crash. Convenience features include manual and power adjustability, theft deterrence, sensors, actuators and ergonomically designed controls. Advanced energy absorption systems help improve vehicle safety ratings and include our active systems that automatically compensate for the position of the driver to deliver optimum crash protection.

Nexteer offers a wide CIS product portfolio to fit the advanced safety, performance and convenience needs of small cars, SUVs and trucks.

### Nexteer's CIS Portfolio:

- Manual Adjustable Steering Columns
- Power Adjustable Steering Columns
- Stowable Steering Columns
- Crashworthiness – Adaptive Energy-Absorbing Technology
- Integrated Electronics & Sensors
- Security & Transmission Controls
- Wide Intermediate Shaft Portfolio

### Our CIS Technologies Solve OEM Challenges Across Multiple Megatrends, Including:

- Electrification
- ADAS/AD
- Software/Connectivity
- Shared Mobility

## Our Products & Technologies

# HYDRAULIC POWER STEERING



HPS uses high pressure fluid to assist driver steering. An engine-driven power steering pump circulates fluid in the system. A valve in the steering gear restricts the flow to build pressure and routes the pressurised fluid into a steering gear cylinder that assists the driver in turning the wheels of the vehicle.

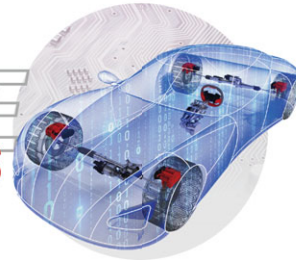
Nexteer produces two premium hydraulic based products: Magnetic Torque Overlay (**MTO**) and Smart Flow pump. These products bring advanced driver assistance functionality with reduced power consumption benefits. The MTO steering gear actuator targets medium and heavy-duty trucks, semi-trailer

trucks and buses. The Smart Flow pump reduces parasitic loss on the engine to improve operating efficiency. We also integrate the MTO features within OEMs' current gear configurations.

### Nexteer's HPS Portfolio:

- MTO
- Rack & Pinion Steering
- Recirculating Ball Steering Gears
- Fuel Efficient Power Steering Gears
- Pumps & Reservoirs

# SOFTWARE SOLUTIONS



As the software-defined chassis takes center stage, vehicles are only going to get more sophisticated, with greater connectivity and more centralised vehicle architectures. OEMs, suppliers and technology companies are collaborating more than ever to develop the tools central to today's driving experience. This is where Nexteer's specialised expertise and agile development processes can help OEMs efficiently design, develop, test and seamlessly integrate software, hardware and overall motion control systems.

Nexteer is at the leading edge of steering software for today's vehicles and the SDVs of tomorrow. Our MotionIQ™ Software Suite offers intelligent motion control software for safer, superior driving experiences across three product groups.

**MotionIQ/Control™** creates dynamic, customised driving experiences. Some of these vehicle dynamics functions include Steer-by-Brake (SbB), Hands-Off Detection, QuietWheel™ Steering and Road Surface Detection.

**MotionIQ/Health™** monitors the health of steering, other chassis systems and tires. By measuring electrical and mechanical performance under actual driving conditions, the software can predict issues before they occur, allowing for convenient maintenance and reduced diagnostic costs.

**MotionIQ/Dev™** gives OEMs the tools to bring their own software features to life. Backed by Nexteer's systems integration and expertise, OEMs can design and integrate their own steering and chassis control features in-house while adhering to industry standards and best practices. This model-based development tool uses automated coding and integration to accelerate feature development from days to minutes. Features can be modified and flashed to designated hardware, enabling real-time updates during vehicle testing in a no-code, model-based environment to help OEMs cut costs, reduce lead times and minimise time spent on manual coding.

## Our Products &amp; Technologies

**Nexteer's Software Solutions:**

- MotionIQ™ Software Suite
- Software for Advanced Steering
- SbB
- Quiet Wheel™ Steering
- Hands-Off Detection
- Road Surface Detection
- Vehicle Health Management

Our steering software enables advanced safety and performance features across all Society of Automotive Engineers (SAE) ADAS levels, from optimising steering assist and feel to supporting driver-assist features such as park assist, lane keeping and more – and all the way to fully autonomous driving.

As experts in steering feel, our software gives drivers an immersive steering experience that makes the vehicle come to life in the driver's hands. From sporty to luxury, our software translates a vehicle's brand into something a driver can actually feel. For autonomous applications, software plays a critical role, as the vehicle must "feel," translate and anticipate the changing road conditions.

To support the shift to centralised electrical/electronic (E/E) architectures and SDVs, our steering software (for both SbW and EPS) can reside in advanced electronics such as Domain or Zonal Control Units, supporting hardware-software decoupling and faster development by removing hardware timeline constraints. Centralised E/E architectures also allow for enhanced over-the-air (OTA) capabilities and more agility in bringing new innovative features to market, allowing OEMs to deliver a driving experience that gets better over time.

An increase in assisted and automated technologies means that the safety net must always be on. For steering systems and other subsystems, this means evolving robust requirements for redundancy. In other words, the higher the level of automation, the greater the need for additional layers of backup systems. For example, SbB is a software solution that uses the vehicle's electronic brakes to steer the vehicle while also controlling its speed, enabling safety redundancies without the cost and complexity of additional hardware.

Across all megatrends, a common safety requirement underpins them all: cybersecurity. Nexteer has proactively developed cybersecurity solutions with our OEM customers to ensure that steering systems are safe and protected.

**Our Software Solutions Solve OEM Challenges Across Multiple Megatrends, including:**

- Electrification
- ADAS/AD
- Software/Connectivity
- Shared Mobility

# BUSINESS OVERVIEW

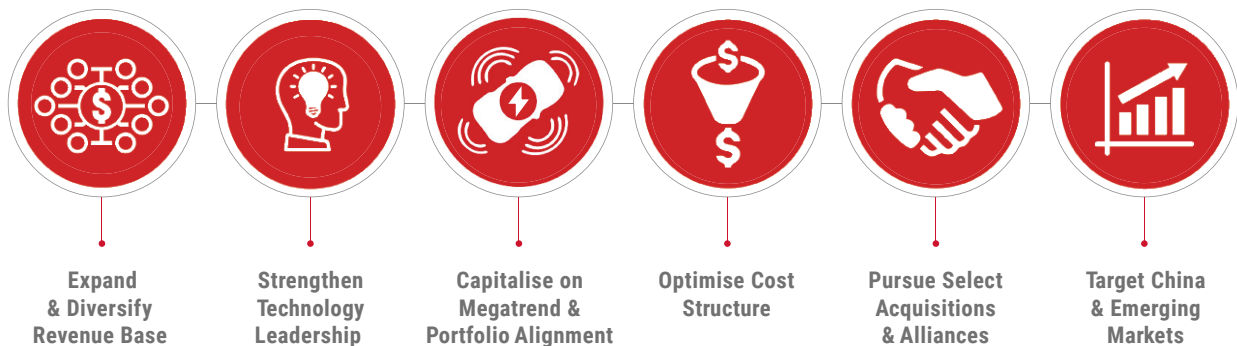


## STRATEGY FOR PROFITABLE GROWTH

We are committed to our six-point strategy for profitable growth to drive shareholder value and pursue our vision to be the leading global motion control technology company accelerating mobility to be safe, green and exciting.

Our strategy for profitable growth has served as our guidepost through the unprecedented environment we have navigated the past few years. This strategy continues to guide our daily decision-making as we move forward by defining and adjusting our business to align with the changing landscape and new challenges within the global automotive industry. We integrate our vision and strategy into our day-to-day operations, and we routinely review our strategic goals.

### Strategy for Profitable Growth



**A Well-Defined Plan to Drive Stakeholder Value**

## 2025 BUSINESS HIGHLIGHTS

The following highlights demonstrate Nexteer's focus on delivering long-term profitable growth:

- Achieved record revenue for the third consecutive year reaching US\$4.6 billion, with revenue increasing by 7.2% compared with 2024.
  - o Adjusting for foreign currency and commodity recovery, Nexteer's revenue increased by 6.9%, or 320 basis points over market.
- Achieved record revenue in APAC of US\$1.5 billion, growing above market by 3.1%, driven by growth with COEMs.
- Achieved customer programme Bookings totaling US\$4.9 billion.
  - o 52% represented new/conquest business demonstrating continued competitiveness.
  - o 34% representing COEMs business.
  - o Captured COEM growth outside of China on customer programmes in Europe and South America.

## Business Overview

- o Captured SbW programme wins with two leading Chinese NEV OEMs.
- o Earned our first CEPS win with a market leader in India.
- o Earned our first HO CEPS win with a COEM.
- o Earned our first RWS with a European-based OEM.
- o Secured competitive conquest business with Power Columns for a full-size truck platform in NA.
- o Expanded DPEPS business across APAC and EMEASA, both with existing COEMs and a new European-based OEM.
- o Secured fourth-generation REPS and DL business for a full-size truck platform in NA.
- o Secured third-generation REPS and DL business for a crossover SUV platform in NA.
- Successfully launched 57 customer programmes across all regions.
  - o 42 of total programme launches represented new or conquest business.
  - o 36 of total programme launches represented EV launches supported by our products.
  - o 48 of these programmes were in APAC, supporting both Chinese and global customers and resulting from Nexteer's strategic targeting and capitalising on growth opportunities in the region.
  - o Launched our first mCEPS programme in EMEASA.
  - o Launched our first DPEPS programme in APAC.
  - o In addition to our successful 2025 launches, we also expect to launch 2 SbW programmes in the first half of 2026.
- Continued commitment to technology leadership and megatrend alignment.
  - o Leveraged technology leadership and experience, especially among opportunities with COEMs.
  - o Introduced multiple product innovations, including Nexteer's MotionIQ™ Software Suite, a BbW technology, RWS, HO CEPS, DD-HWA and several advancements in DL technologies.
  - o Contributed to the development of China's national SbW standards that will support safe, reliable and scalable adoption of SbW technology.
  - o Surpassed 120 million EPS units produced globally.

- Achieved Adjusted EBITDA of US\$471.9 million, an increase of 11.2% compared to 2024.
  - o Significant year-over-year improvement in EMEASA, expanding margins by 350 basis points.
  - o Continued growth and strong margins in APAC.
  - o Footprint expansion and optimisation increasing manufacturing and engineering capabilities in China, Thailand, India and Mexico.

## 2025 BOOKINGS: DRIVING GROWTH THROUGH STRATEGIC WINS

We calculate our revenue 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.

2025 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 2025, Nexteer achieved customer programme Bookings totaling US\$4.9 billion. During this period, 69% of Nexteer's Bookings were with our EPS product line, 50% of the Bookings will be on fully EV or EV/ICE split platforms, and 52% of these Bookings represent new/conquest business, which provides longer-term growth over market for Nexteer.

**Continued Bookings Momentum with COEMs:** The Company's 2025 COEM Bookings represented an unprecedented 34% of 2025 total Bookings, a 6% increase compared to 2024. These Bookings were supported both domestically in China and globally via export and localisation. The Company's strategic focus on key growth customers, regions and product platforms is reflected in its strong relationships with leading COEMs. As an additional proof point, we captured COEM growth outside of China on customer programmes in Europe and South America.

**Our First HO CEPS Win With COEM in APAC:** First HO CEPS win with a COEM, validating Nexteer's advanced steering technology and expanding the CEPS portfolio into higher-load vehicle applications, creating a foundation for future growth.

**First RWS win with a European-based OEM:** First RWS win with a European-based OEM, validating Nexteer's RWS technology, expanding its European customer footprint and establishing a foundation for continued RWS growth in the region.

**Secured SbW Programme Wins with Two Leading Chinese NEV OEMs,** including HWA and RWA applications, reinforcing Nexteer's leadership in next-generation Motion-by-Wire™ technologies.

Business Overview

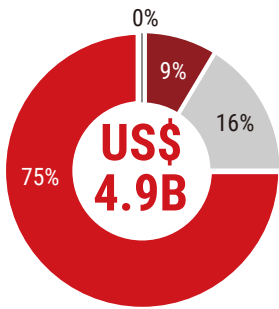
**First CEPS win with market leader in India**, capitalising on strong regional growth while strengthening Nexteer’s position as a global EPS leader

**Actively Expanded DPEPS Business in APAC and EMEASA:** Actively expanded DPEPS business across APAC and EMEASA, deepening relationships with existing COEMs and securing a new European-based OEM, reinforcing the scalability of Nexteer’s DPEPS technology and establishing a broader growth pipeline.

**Protected Incumbencies and Growth in NA:** Beyond conquering business with new customers, sustainable long-term growth requires protecting critical incumbency business. Some notable highlights include a significant REPS and DL business extension for fourth-generation full-size truck platform and a REPS and DL business extension for a third-generation crossover SUV platform.

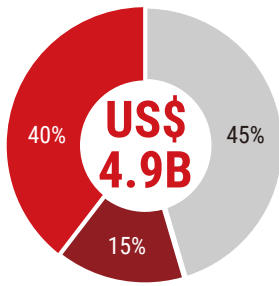
Bookings is not a measure defined by IFRS Accounting Standards, and our methodology for determining Bookings may not be comparable to the methodology used by other companies in determining the value of their Bookings. Assumptions relative to estimated lifetime programme volumes and contract performance 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 2025 BOOKINGS**



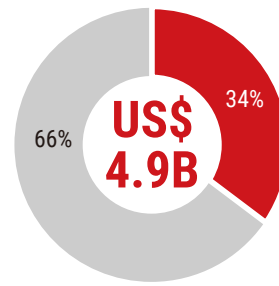
**Bookings by Product Group**

- EPS
- DL
- CIS
- Software



**Bookings by Geographical Segment**

- North America
- Asia Pacific
- Europe, Middle East, Africa and South America



**Bookings by OEM Type**

- COEM
- Other

## 2025 PROFITABILITY PROGRESS & STEADFAST COMMITMENT TO A STRONGER FUTURE

In 2025, the global automotive industry navigated a complex and evolving landscape marked by geopolitical tensions, shifting trade policies, and varied approaches to electrification region-by-region. Global vehicle production volumes increased by 3.7% in 2025, according to S&P Global Mobility (January 2026), exceeding initial expectations for the year.

Amid these global dynamics, Nexteer remained proactive in anticipating and adapting to market shifts, technology trends, and evolving customer needs, maximising growth opportunities and driving cost and time efficiencies through strategic inventory management, optimised capital allocation aligned with business priorities, and improved margins enabled by manufacturing efficiencies and material cost reductions.

Despite the challenges of 2025, our team showcased unwavering resilience and agility to mitigate impact, navigating a dynamic environment with a strong focus on operational fundamentals and business strengthening. Through bold decisions and targeted strategic investments, we've continued to reinforce our operational foundation and advance our position for long-term, sustainable growth.

To that end, Nexteer achieved EBITDA of US\$471.9 million, an increase of 11.2% compared to 2024. Even still, we remain steadfast in accelerating progress and executing our strategy for profitable growth, delivering above-market revenue growth, improving margins and driving innovation.

Following is an update on Nexteer's efforts in 2025.

### Customer Recoveries

We continued to work with our customers to recover input cost increases with both contractual escalation agreements, tariff cost recovery and other non-contractual negotiations.

### Reducing Fixed Costs

We are actively identifying and implementing cost optimisation initiatives across our global operations to enhance resource efficiency and maximise value. Our approach includes aligning our fixed cost structure with current and anticipated business needs. As part of this effort, we are leveraging our Mexico and Asia Pacific Technical Centers through workforce rotation strategies to ensure optimal utilisation of our global resources.

**Tariff Resource Planning and Recovery:** In 2025, we made significant supply chain adjustments to comply with United States-Mexico-Canada Agreement (**USMCA**) regulations and implemented dual sourcing strategies to improve supply chain resiliency. These strategic actions have enabled substantial progress to reduce tariffs cost exposure and to minimised customer recovery needed to offset tariff costs. Our team continues to demonstrate agility and resilience in navigating these challenges.

**Early Retirement Incentive Programme:** To ensure a competitive structure, Nexteer announced in the third quarter of 2025 an Early Retirement Incentive Programme for eligible U.S. salaried employees. This voluntary programme was an opportunity for eligible employees who were considering retirement or a career change, and it helped improve Nexteer's resiliency by reducing fixed costs.

## Business Overview

### **Optimising Footprint for Efficiencies and Aligning with Market Growth Needs**

In addition to reducing fixed costs, we are continuously enhancing our operational footprint and processes to drive greater efficiency, strengthen support for OEM customers, prepare for continued growth, and enhance global operational resilience.

**Thailand Facility Grand Opening:** In early 2026, Nexteer celebrated the grand opening of its first manufacturing facility in Rayong, Thailand, marking a key milestone in the Company's global footprint optimisation strategy. The approximately 5,000-square-meter facility has begun production, with an initial focus on CEPS systems, strengthening Nexteer's ability to support growing demand for advanced motion control technologies across Southeast Asia.

**India Technical Center Expansion:** Nexteer expanded its India Technical Center (INTC) with the addition of new driveline physical validation capabilities. The 1,900-square-meter facility near Bengaluru strengthens Nexteer's local production and design validation testing for OEM customers, enhancing fast, localised engineering support while reinforcing India's role in the Company's global product development and validation footprint.

**Liuzhou Facility Expansion Groundbreaking:** Nexteer held a groundbreaking ceremony for its new smart manufacturing facility in Liuzhou, China. The facility will replace the existing operation in Liuzhou and increase production capacity. This strategic expansion will strengthen our leadership position in Asia Pacific's steering market and help Nexteer meet rising demand for advanced steering and motion control technologies for both domestic and global OEMs.

**Mexico Technical Center Expansion:** Nexteer celebrated the opening of its new Mexico Technical Center (MXTC) in 2025. This is a key milestone in the Company's strategic growth and continued commitment to innovation in North America. The MXTC enhances Nexteer's local engineering capabilities by improving responsiveness, efficiency and quality, while delivering advanced technical support for OEM product development and validation in Mexico and throughout the region.

**Suzhou Smart Manufacturing Groundbreaking:** Nexteer broke ground on its APAC Smart Manufacturing Project in Suzhou Industrial Park. The Company-owned, state-of-the-art facility will span approximately 10 hectares, and is designed to advance smart, sustainable manufacturing and long-term operational agility. The project will expand capacity for advanced motion control technologies, including EPS and SbW, and underscores Nexteer's ongoing commitment to innovation, quality and sustainable development in China and across the Asia Pacific region in support of Chinese and global OEM customers.

**Changshu Manufacturing and Testing Facility Grand Opening:** Nexteer's state-of-the-art Changshu facility opened in January 2025 and enhances our ability to meet growing COEM demand while aligning with China's New Quality Productive Forces initiative, which emphasises high-end, intelligent, and sustainable manufacturing. This expansion reinforces Nexteer's commitment to advancing mobility solutions in step with local economic and technological development priorities.

**Footprint Optimisation – U.S.:** Nexteer has taken significant steps to transform the Saginaw, U.S. site through consolidating DL operations and moving CIS business to Mexico to increase profitability. These measures to streamline operations and strategically allocate resources have optimised floor space and reduced costs by relocating and integrating outside warehousing and labs into the Saginaw, U.S. campus.

### Leveraging Our Global Supply Chain to Drive Shareholder Value

Nexteer collaborates with our global supply chain and is actively implementing the following strategies to provide seamless supply continuity to our customers and ensure profitable growth to maintain shareholder value:

- **Dual Sourcing:** Risk mitigation and supply continuity for critical components.
- **Cost Targets and Contractual Annual Price Reductions (APRs):** Work with suppliers to achieve target costs and secure APRs as part of contractual agreements.
- **Accelerated Launches:** Market demand for shorter, product launch lead times.
- **Environmental, Social and Governance (ESG):** Focused on emissions targets involving the supply chain's carbon footprint.
- **Digitalising Global Supply Chain Management:** Digitalised processes to enhance efficiency, transparency and responsiveness.

Our global network of supplier-partners is critical to Nexteer's success in accelerating speed-to-market and enabling effective cost controls through collaborative relationships and specialised expertise. In April 2025, Nexteer hosted its Global Supplier Conference in Changshu, China, bringing together approximately 200 supplier representatives and government dignitaries to strengthen agility, resilience and sustainability across our supply chain. In addition, the event featured discussions on key industry megatrends, digitalisation and evolving market dynamics.

Furthermore, this forum enabled direct interaction with our broad cross-functional teams, deepening collaboration and understanding necessary for shared success. Strategic topics covered in the 2025 conference included:

- **Quality First:** A relentless focus on safety-critical quality remains the foundation of Nexteer's products, processes and partnerships.
- **Embracing Change:** Nexteer is prepared to navigate an uncertain and increasingly demanding environment by strengthening agility, resilience and sustainability.
- **Partner Alignment:** Achieving accelerated go-to-market requires focus by Nexteer, suppliers and partners on innovation, and collaboration to improve cost and time efficiencies, while maintaining focus on safety-critical quality.

In addition to these specific examples, we continue to relentlessly investigate many other areas where we can take action to enhance profitability and drive shareholder value.

### Continuous Improvement and Relentless Innovation

Beyond the initiatives highlighted in this profitability progress update, we are actively evaluating additional opportunities to further strengthen profitability and create long-term shareholder value. Although the industry landscape remains dynamic and challenging, we are encouraged by signs of improvement in the operating environment as we progress through 2025 and beyond. Nexteer remains well positioned to capitalise on its technology leadership and strong alignment with key industry megatrends, supporting continued growth above overall market levels, as outlined in the following section.

## Business Overview

### TECHNOLOGY: ACCELERATING GROWTH VIA PRODUCT EXPANSION & INNOVATION

While the industry continues to be dynamic and challenging, we remain optimistic that the operating environment will improve as we move forward in 2026 and beyond. Nexteer is well positioned to continue to leverage our technology strengths and megatrend alignment to maintain business growth above market levels as evidenced by the update in the next section.

#### Transforming Mobility: New Technologies for a New Era

2025 was an exciting year for Nexteer product launches, with six new innovations announced across product lines. These new technologies will reshape the driving experience, offer advancements in cost-effectiveness, lightweighting, durability, flexibility, safety, comfort and serviceability and support the software-defined chassis. Announcements include:

- **EMB System:** Nexteer leveraged its award-winning SbW foundation, along with deep expertise in software and system integration, to deliver a modular, high-precision digital braking solution. The EMB system enhances vehicle safety, control and energy efficiency.
- **RWS:** Nexteer introduced its new RWS system, engineered to improve vehicle maneuverability, stability and safety – particularly for trucks, SUVs and EVs with longer wheelbases. This cost-effective and lightweight solution enables up to 12 degrees of rear-wheel articulation, enhancing low-speed handling and high-speed control while reducing driver fatigue.
- **DD-HWA:** Nexteer introduced DD-HWA as an advancement in SbW technologies and a new benchmark in steering feel, system integration and vehicle design flexibility. It enables automakers to deliver next-generation driving experiences across SDVs and all levels of assisted and automated driving.
- **HO CEPS:** Nexteer expanded its industry-leading steering portfolio with the launch of HO CEPS. This innovation increases steering assist capability up to 110 Nm, enabling CEPS to support larger and heavier vehicles traditionally served by DPEPS or entry-level REPS systems. It enhances vehicle platform flexibility while meeting diverse global performance and pricing requirements.
- **Driveline Innovations:** Nexteer debuted a suite of driveline technologies engineered to meet the evolving demands of electric and mixed-propulsion vehicles. The launch includes three advanced solutions – Face Spline Axle, 8-Ball Joint and Premium Double Offset Joint – that reduce weight, enhance NVH performance and improve long-term durability. Nexteer also expanded its Cross-Glide Joint portfolio to support broader vehicle applications.
- **MotionIQ™ Software Suite:** Nexteer announced the MotionIQ™ Software Suite to streamline by-wire chassis control, development and vehicle health-monitoring workflows into a single suite. Engineered on proven algorithms deployed in more than 120 million vehicles worldwide, MotionIQ/Control™, MotionIQ/Dev™ and MotionIQ/Health™ deliver precise motion control, accelerated development and advanced predictive maintenance, helping OEMs to get to market faster while enhancing quality and cost efficiencies.

#### Nexteer Showcases Future of Motion Control at Auto Shanghai 2025

At Auto Shanghai 2025, Nexteer showcased its latest motion control innovations, reinforcing its role as a trusted partner to global and Chinese automakers, helping them to bring advanced technologies to market in an increasingly competitive mobility landscape. The event highlighted Nexteer's commitment to advancing next-generation mobility solutions and debuted its EMB system, a key addition to its growing Motion-by-Wire™ portfolio. Nexteer also engaged select OEMs in private sessions to host collaborative discussions centered around future innovation and strategic partnership opportunities.

### Enabling Scalable Steer-by-Wire Adoption Through Standards

Nexteer further strengthened its leadership in SbW by sponsoring and actively contributing to China's Automotive Chassis-by-Wire Standards Research Group, a key body within the China Automotive Standardization Research Institute. Nexteer has been a collaborative member of this working group since 2023, supporting the development of technical, safety and performance requirements for next-generation steering systems. This effort culminated in the official release of China's national steering standard, GB 17675-2025, in December 2025. The establishment of a national SbW standard provides critical regulatory clarity and confidence for OEMs as China accelerates adoption of software-defined, electrified and intelligent vehicles.

Nexteer's leadership in this initiative reflects its market-leading position in Motion-by-Wire™ chassis control technologies and its role as a trusted partner to China's leading OEMs. By contributing real-world expertise in SbW architectures, functional safety and production readiness, Nexteer helps ensure emerging standards align with proven engineering practices and global mobility trends, including ADAS and AD. Supported by full-service technical centers across North America, Europe and Asia-Pacific, Nexteer is well positioned to translate regulatory momentum into scalable customer programmes, reinforcing long-term growth opportunities in one of the world's most advanced and rapidly evolving automotive markets.



Nexteer sponsored a Chassis-by-Wire standards coalition meeting in China, reinforcing leadership in Steer-by-Wire technology and collaboration with OEM partners.

### INTELLECTUAL PROPERTY PROTECTION & TECHNOLOGY

Nexteer is dedicated to protecting our intellectual property rights, which are crucial to our business growth and our ability to differentiate ourselves from competitors. We actively apply for protection for Nexteer's intellectual property to guard our exclusive rights. As of December 31, 2025, Nexteer's global portfolio includes 920 patent applications and 1,582 issued patents. The sustained growth in issued patents is a result of our robust applications in previous years, and it demonstrates our efforts for observing and protecting intellectual property rights. In alignment with industry megatrends, 22% of patents granted during 2025 are related to Software-as-a-Product, SbW, and/or ADAS/AD enabling technologies. Additionally, 21% of our 2025 patent filings are directly related to these identified technologies. Our innovative and current patent portfolio is proof of our technological leadership in motion control technology.

## Business Overview

### DEMONSTRATED LEADERSHIP VIA TECHNOLOGY DEMONSTRATIONS & SPEAKING ENGAGEMENTS

In 2025, Nexteer's leaders and experts continued to be sought after as speakers at high-profile, industry events around the world to discuss the challenges, opportunities and solutions related to the future of mobility and motion control.

Nexteer speakers were featured at the following 2025 events:

- Querétaro International Automotive Summit (Mexico)
- ChassisTech Plus 2025 (Germany)
- Automotive Chassis Systems USA 2025 (US)
- Automotive Industry Action Group (AIAG) Asia Quality Conference (China)
- Nasscom Design & Engineering Summit (India)
- 3rd International Automotive Industry Supply Summit (Mexico)
- MOVE America (US)
- Multiple Reuter's Sustainability events (US)
- Sustainable Manufacturing Strategies Summit (Portugal)
- SDV USA (US)
- Society of Automotive Analysts (US)



Juan Fariás, Vice President & Chief Operating Officer, Mexico, speaks on emerging technologies and trends in the automotive industry at the Querétaro Automotive Summit 2025.

## DEMONSTRATED LEADERSHIP VIA CUSTOMER & INDUSTRY RECOGNITION

### Innovation Awards

- Autotech Breakthrough, Automotive Software Solution of the Year: MotionIQ™ Software Suite
- Excellent Supplier of Automotive Components Award from Automobile Industries
- MotionIQ™ Software Suite – Multiple Innovation Awards – China:
  - o Lingxuan Award for Prospective Automotive Software Sector from Automotive Business Review
  - o Fulun Award for Automotive Technology Breakthrough from Automobile Industries
  - o Innovation Technology Award from Automotive & Components

### Supplier Partnership, Quality and Manufacturing Awards

- I&CIM's Fast World Cup Award for Nexteer Suzhou (China)
- GAC Group's Excellent Supplier Award for Nexteer Liuzhou (China)
- Liudong New District Government's High Quality Development Excellent Enterprise for Nexteer Liuzhou (China)
- Mahindra's Supplier Excellence Award for Nexteer Pune (India)
- SGMW's Excellent KD Supplier Award for Nexteer Liuzhou (China)
- Zeekr's Excellent Supplier Award for Nexteer Suzhou (China)
- SGMW's Excellent Supplier Award for Nexteer Liuzhou (China)
- Quality Circle Forum of India's Quality Award for Nexteer Chennai (India)
- Lynk & Co's Excellent Supplier Award for Nexteer Wuhu (China)
- SGM's Quality Pioneer Award for Nexteer Wuhu (China)
- SGM's Supplier Quality Excellence Award for Nexteer Wuhu (China)
- Nissan's 2024 NCIC Supplier Quality Excellence Award for Nexteer Wuhu (China)
- GM's Supplier Quality Excellence Award for Nexteer Juarez (Mexico)
- GM's Supplier Quality Excellence Award for Nexteer Suzhou (China)
- Quality Circle Forum of India's Quality Award for Nexteer Bengaluru (India)
- SAIC-GM's Quality Pioneer Award for Nexteer Wuhu (China)
- Great Wall Motor's Outstanding Delivery Assurance Award for Nexteer Suzhou (China)
- Indian Society for Quality's Meritorious Award for Nexteer Chennai (India)
- National Safety Council Significant Achievement Award for Plant 3 for achieving >20% YOY improvement for LWDC (Lost Workday Cases) – US



Nexteer's software team celebrated the MotionIQ™ Software Suite being named Automotive Software Solution of the Year by AutoTech Breakthrough.

## Business Overview

### Sustainability and People Awards

- Hong Kong Hang Seng Corporate Sustainability Benchmark Index – For the Ninth Consecutive Year
- Newsweek’s national list of America’s Greenest Companies 2026
- TIME’s international list of World’s Best Companies in Sustainable Growth 2026
- Member of a national list of Súper Empresas – Mexico
- Great Place To Work and Top Ser Humano Award – Brazil
- Great Place To Work – China
- Great Place To Work – France
- Great Place To Work – Germany
- Great Place To Work – Poland (Gliwice)
- Great Place To Work – India
- Great Place To Work – Italy
- Great Place To Work – Morocco

Nexteer not only wins industry awards and recognition, but we also help our customers to win awards. In 2025, the North American Truck of the Year™ Ford Ranger featured Nexteer’s Column, Intermediate Shaft, and REPS System.

## EMBRACING OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) & SUSTAINABILITY JOURNEY

In addition to product and technology expertise, Nexteer continues to demonstrate industry leadership as a business partner and employer of choice through our commitment to corporate social responsibility.

Inspired by our vision, “we are the leading motion control technology company accelerating mobility to be safe, green and exciting,” we continue to integrate sustainability into our Strategy for Profitable Growth. This includes aligning innovation and technology with industry megatrends such as electrification, pursuing initiatives that enhance operational efficiency and improve our environmental impacts, and upholding our commitment to conduct business ethically and transparently.

We believe that sustainable practices are essential to enhancing our performance and delivering greater value to key stakeholders – including shareholders, employees, customers, suppliers, local communities and society at large. As we advance our ESG journey, we are embedding sustainability into our global strategies and organisational culture. In an ever-evolving landscape, proactively anticipating ESG impacts, risks and opportunities will provide insights strengthening business resilience and aligning with our enterprise strategy for long-term sustainable growth.

In 2025, Nexteer achieved multiple recognitions for its enduring commitment to sustainability. For the ninth consecutive year, the Company was named a constituent of the Hong Kong Hang Seng Corporate Sustainability Benchmark Index. This was complemented by Nexteer’s inclusion by TIME in World’s Best Companies in Sustainable Growth and by Newsweek in America’s Greenest Companies lists for 2026. Around the world, our One Nexteer team drives sustainable growth through concrete actions. Key initiatives included conducting climate risk assessments, operationalising renewable energy projects to capture decarbonisation opportunities, earning multiple people and workplace awards, and supporting our communities through volunteer events and partnerships. These achievements exemplify our collective efforts and inspire us to turn vision into actions to build a sustainable future.

We publish an annual ESG/Sustainability Report with reference to the Environmental, Social and Governance Reporting Code, as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**). We invite you to learn more about our culture and the strides we are making to improve our sustainable performance by referencing our Corporate Sustainability information at <https://www.nexteer.com/sustainability/>.

## SUSTAINABILITY HIGHLIGHTS FIVE KEY FOCUS AREAS



**BUSINESS ETHICS**



**SUPPLY CHAIN**



**COMMUNITY**



**VALUE CREATION**



**HEALTH, SAFETY  
and ENVIRONMENT**

### REGIONAL MARKET HIGHLIGHTS

In 2025, Nexteer continued optimisation of our global capabilities and footprint to accelerate efficiencies, competitiveness and customer responsiveness. We operate within a “think global and act local” mindset. This approach positions us to better anticipate and adapt to shifts in global and local markets, as well as accelerate collaboration and innovation – not only in our product development, but also in our processes and approaches in how we work together across time zones and specialties. The following is a brief overview of our accomplishments by region.

#### NORTH AMERICA (NA)

Throughout 2025, our NA team focused on securing new and next-generation business for our US and Mexico operations, as well as executing quality launches and strengthening business resilience through strategic initiatives aimed at improving time and cost efficiencies.

In terms of securing new and next generation business, Nexteer’s NA team achieved US\$1.9 billion in Bookings in 2025 – including these significant highlights:

- Secured REPS business for a Plug-in Hybrid Electric Vehicle (**PHEV**) full-size truck and SUV platform and conquest REPS business for a mid-size truck platform with global OEMs.
- Secured competitive conquest business with Power Columns for a full-size truck platform.
- Secured third-generation REPS & DL extension business for a crossover SUV platform.
- Secured fourth-generation REPS & DL extension business for a full-size truck platform.
- Secured a strategic SDV software win with a key customer, validating our software strategy.

Meanwhile, the NA team also executed 4 programme launches including the launch of the Chevrolet Bolt EV.

Nexteer not only wins industry awards and recognition, but we also help our customers to win awards. In 2025, the North American Truck of the Year™ Ford Ranger featured Nexteer’s Column, Intermediate Shaft, and REPS System.

Our revenue from NA increased by US\$97.4 million, or 4.4%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. The increase was driven by increased customer schedules due to buyer preference of midsize crossover SUVs, which enabled NA’s 2025 revenue of US\$2.3 billion. Our NA segment experienced a revenue increase of 4.4%, outperforming the market by 5.4%.

## Business Overview

### *Driving Regional Efficiency and Resilience*

Beyond 2025 Bookings and launches, our NA division also made significant progress in strengthening our business resilience. Following are a few highlights of operational efficiency and execution achievements throughout the year 2025.

- **Customer Recovery:** Nexteer continues to work with our customers to recover input cost increases with both contractual escalation agreements, tariff cost recovery and other non-contractual negotiations.
- **Fixed Costs Reduction – Early Retirement Incentive Programme:** To ensure a competitive structure, Nexteer announced in the third quarter of 2025 an Early in Retirement Incentive Programme for eligible US salaried employees. This voluntary programme was an opportunity for eligible employees who were considering retirement or a career change, and it helped improve Nexteer’s resiliency by reducing fixed costs.
- **Tariff Resource Planning and Recovery:** In 2025, we made significant supply chain adjustments to comply with USMCA regulations and implemented dual sourcing strategies to improve supply chain resiliency. These strategic actions have enabled substantial progress to reduce tariffs cost exposure and to minimise customer recovery needed to offset tariff costs. Our team continues to demonstrate agility and resilience in navigating these challenges.
- **Footprint Optimisation – U.S.:** Nexteer has taken significant steps to transform the Saginaw, U.S. site through consolidating DL operations and moving CIS business to Mexico to increase profitability. These measures to streamline operations and strategically allocate resources have optimised floor space and reduced costs by relocating and integrating outside warehousing and labs into the Saginaw, U.S. campus.
- **Footprint Optimisation – MXTC Expansion:** Nexteer celebrated the opening of the new MXTC, strengthening local engineering capabilities to enhance responsiveness, efficiency and quality while providing advanced technical support for OEM product development and validation in Mexico and across the NA region.

### *Industry Events and Award Recognition*

Throughout the year, we continuously innovated and explored ways to enhance quality, drive efficiencies and optimise our business, as well as continued innovations in technology and solving motion control needs for today and future mobility. Consequently, our experts were sought-after as speakers at various high-profile events including MOVE America, Automotive IQ SDV USA, Querétaro Automotive Summit, the International Automotive Industry Supply Summit and others.

The industry and customers also recognised our efforts with various awards including:

- Autotech Breakthrough, Automotive Software Solution of the Year: MotionIQ™ Software Suite
- Member of a national list of Súper Empresas – Mexico
- National Safety Council Significant Achievement Award for Plant 3 for achieving >20% YOY improvement for Lost Work Day Cases (**LWDC**) – US



In 2025, Nexteer opened its new Mexico Technical Center in Querétaro, Mexico.

### ASIA PACIFIC (APAC)

In 2025, Nexteer's APAC division delivered strong results, launching 48 programmes spanning global and local OEMs with a sharp focus on the NEV market. Combined with the carry-over momentum from 2024 launches, these achievements drove APAC to a record-high revenue of US\$1.5 billion, representing a 9.8% increase year-over-year. After adjusting for foreign currency and commodity recoveries, our year-over-year revenue growth for APAC segment rises to 10.2%, outperforming the market by 310 basis points. This milestone highlights a remarkable organic growth trajectory, with revenue surging from US\$1.0 billion to US\$1.5 billion in less than three years. In 2025, Nexteer China and Nexteer India each achieved record revenue, reflecting continued growth and strong regional execution.

#### *Innovation Supports Customer Growth*

In addition to delivering sustainable revenue growth, Nexteer's APAC division maintained healthy profitability through disciplined execution of its regional strategy and a clear, focused approach to operational and portfolio management. To support existing and future growth throughout APAC, Nexteer's continuous effort to bolster local engineering R&D capabilities is now delivering notable success. In April 2025, the APAC team unveiled the latest advancements in EMB, SbW, RWS, HO CEPS, and DL technologies at the Shanghai Auto Show.

## Business Overview

By achieving full ASPICE CL2 certification for REPS 10 FIT and earning the world's first DAkKS ASIL-D product certification for SbW, the China team has demonstrated its industry-recognised strength in software development and functional safety. Further reinforcing this leadership, Nexteer actively contributed to the development of China's national steering standard, GB 17675-2025, through its sponsorship and participation in the Automotive Chassis-by-Wire Standards Research Group. The establishment of this national standard provides important regulatory clarity and confidence for OEMs as adoption of software-defined, electrified and intelligent vehicles accelerates, positioning Nexteer to support scalable SbW deployment in China and beyond.

### *Record Bookings and Strategic Growth in APAC*

APAC also achieved record-setting Bookings at US\$2.2 billion by differentiating Nexteer through advanced technologies, speed-to-market, value and uncompromising quality. In addition to incumbent customer programmes, the division also conquered programmes in both EPS and DL product lines, further capitalising on NEV growth opportunities. The result of APAC's targeted growth strategy is reflected in the diversification and rebalancing between global and local customers.

Some of Nexteer's significant Bookings with leading COEMs in 2025 are included below.

- Nexteer China expanded its DPEPS and REPS Bookings.
- Nexteer China saw ongoing success in Booking SbW and RWS programmes, both with accelerated development and application timelines.
- Nexteer China won its first HO CEPS project with a COEM.
- Additionally, Nexteer China experienced ongoing momentum in new/conquest business across the COEM market.
- Nexteer India achieved a breakthrough EPS customer win with a leading OEM.
- Nexteer India also recorded historic business growth with steady increases in both DL and EPS wins fueled by the expansion of India's automotive sector.

### *Strategic Growth via Footprint Expansion and Collaboration*

Our APAC footprint expansion made significant strides in 2025. In China, we inaugurated the Changshu facility in January, broke ground on a new plant in Liuzhou in July and broke ground on a new Suzhou facility in November. Also, in November, we expanded the India Technical Center near Bengaluru to strengthen local validation and engineering support. We also established our first manufacturing presence in Southeast Asia with the grand opening of Nexteer's first Thailand facility in Rayong in early 2026, supporting growing regional demand. These new milestones position Nexteer to further capitalise on its growth momentum in APAC and globally, as well as expand production and validation throughput, efficiency, competitiveness and customer responsiveness.

The China team developed a comprehensive strategy to support domestic OEMs' international expansion, aligning closely with customers' global growth ambitions. This collaborative approach strengthens strategic partnerships while creating incremental cross-regional opportunities for Nexteer. As a result, the team secured COEM Bookings in both Europe and South America, demonstrating the effectiveness of this global coordination.

### *Regional Recognition*

Nexteer's APAC division also earned a wide range of awards in 2025 from customers, government and associations in recognition of innovation, employment and social impact. These included: 18 customer awards for excellent performance from Geely, Mahindra, Chery, Nissan, GM, etc.; three awards for being an employer of choice and Great Place to Work for Nexteer China; and three awards from leading trade media recognising Nexteer's innovation and products. Building on our commitment to community outreach, Nexteer has established the seventh library in a rural area of China and continues to support education by annually selecting a primary school in a poverty-stricken area to fund library construction or enrich its book collection.



Nexteer showcased its latest motion control innovations at Auto Shanghai 2025, highlighting advancements in Nexteer's Motion-by-Wire™ software-defined chassis technologies.

### **EUROPE, MIDDLE EAST, AFRICA AND SOUTH AMERICA (EMEASA)**

In 2025, the EMEASA segment achieved record-high revenue of US\$0.8 billion, leveraging strong volume demand on existing programmes across four product lines, supported by favourable foreign exchange rate due to the weak USD against the euro. We continued to work with European-based customers such as Stellantis, BMW, Renault, Volkswagen and others to grow revenue through next-generation and conquest business within the region.

EMEASA also recorded new Booking successes in 2025 totalling US\$0.8 billion, including two conquest customers added to our portfolio on DL and EPS, resulting in two new DPEPS Bookings. EMEASA also had seven programme launches, including the first mCEPS programme launch in the EMEASA division.

## Business Overview

### *EMEASA Technical Center: Advancing Technology Leadership*

In 2025, Nexteer's Europe Technical Center (EUTC) made significant strides in innovation, efficiency and customer engagement, reinforcing its leadership in steering and motion control technologies. The following are a few examples.

- **Diversified Customer and Technology Portfolio:** Secured new business with leading global OEMs, including booked CEPS business with Chinese OEMs in both Europe and South America and conquest business with three OEMs, positioning Nexteer for continued growth and leadership in advanced mobility solutions.
- **Improved Regional Development and Manufacturing Competencies:** Delivered breakthrough inventions resulting in reduced lead times and improved responsiveness, while strengthening global competencies and validation capabilities to support future product plans.

### *Fostering a Culture of Excellence*

All our Customer Service Centers (CSCs) located in France, Germany and Italy, as well as three out of our four manufacturing sites, were certified as Great Place To Work®. In addition, our manufacturing site in Brazil was recognised with a Top Ser Humano Award, confirming our reputation as an exceptional workplace.



Nexteer employees in Brazil celebrated being one of six EMEASA sites recognised with Great Place To Work® certifications.

## Financial Highlights

Results (US\$'000)	2025	2024	Change
Revenue	<b>4,584,217</b>	4,276,086	7.2%
Gross profit	<b>523,005</b>	448,517	16.6%
Profit before income tax	<b>167,822</b>	117,232	43.2%
Income tax expense	<b>(55,303)</b>	(42,121)	31.3%
Profit attributable to equity holders of the Company	<b>102,004</b>	61,719	65.3%
Profit for the year	<b>112,519</b>	75,111	49.8%
Adjusted EBITDA	<b>471,863</b>	424,418	11.2%

Assets and Liabilities (US\$'000)	2025	2024	Change
Non-current assets	<b>1,819,671</b>	1,794,818	1.4%
Current assets	<b>1,950,827</b>	1,684,324	15.8%
Non-current liabilities	<b>364,109</b>	296,861	22.7%
Current liabilities	<b>1,247,261</b>	1,152,380	8.2%
Capital and reserves attributable to equity holders of the Company	<b>2,111,601</b>	1,978,877	6.7%

These financial highlights should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2025 (the **Consolidated Financial Statements**).

# MANAGEMENT DISCUSSION AND ANALYSIS



## Management Discussion and Analysis

The following management discussion and analysis should be read in conjunction with the Consolidated Financial Statements, included herein, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## FINANCIAL REVIEW

### Financial Summary

The Group achieved a record for full-year revenue of US\$4.6 billion for the year ended December 31, 2025. The Group's revenue increased by 7.2% for the year ended December 31, 2025 compared with 2024. Adjusting for favorable foreign currency translation and an increase in commodity recovery, revenue grew by 6.9%, or 320 basis points over market. Continued growth in Asia Pacific and strong performance in both EMEASA and North America led the way with revenue growing above market by 3.2%. As reported by S&P Global Mobility (January 2026), global OEM vehicle production increased by 3.7% during 2025 when compared with 2024.

Adjusted EBITDA for the year ended December 31, 2025 was US\$471.9 million, an increase of US\$47.4 million or 11.2% compared to the year ended December 31, 2024. The improved profitability is driven mainly due to higher volume, enhanced efficiencies and performance, which was partially offset by troubled supplier cost in North America.

The Group's cash balance of US\$500.7 million as at December 31, 2025 represented an increase of US\$78.4 million when compared with US\$422.3 million as at December 31, 2024. For the year ended December 31, 2025, the Group's net cash generated from operating activities was US\$404.9 million, a decrease of US\$41.3 million compared with US\$446.2 million in 2024. The decrease in cash flows from operations was driven by the increase in earnings for the year ended December 31, 2025 compared with 2024, offset by US\$24.0 million programme cancellation recovery received in 2024, US\$17.0 million income tax refund received in 2024, and net unfavorable working capital. Cash from operating activities less cash used in investing activities was a source of US\$123.9 million, which compared unfavorably to a source of US\$166.4 million in 2024. Cash used in financing activities during the year ended December 31, 2025 was a use of US\$61.5 million, an increase of US\$18.3 million, when compared with a cash use of US\$43.2 million during the year ended December 31, 2024. The main driver of the Group's unfavourability in cash used in financing activities was due to increased dividends 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 2026), global OEM light vehicle production for the year ended December 31, 2025 was stronger than year ended December 31, 2024, increasing by 3.7%, 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, 2025 compared with the same period in 2024 for key markets served by the Group:

	Full-Year 2025
North America	(1.0%)
China	10.7%
India	7.3%
Europe	(1.4%)
South America	2.2%

## Management Discussion and Analysis

The Group conducts its business from a global operating footprint to serve 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 favourably impacted by foreign currency translation as the US dollar weakened against the Euro during the year ended December 31, 2025 compared with the same period a year ago.

During the year ended December 31, 2025, the Group successfully launched 57 new customer programmes – 48 programmes in Asia Pacific, 5 programmes in EMEASA and 4 programmes in North America. Of the 57 customer programme launches, 42 represented new or conquest business for the Group and 36 represented EV programmes.

### Revenue

The Group's revenue for the year ended December 31, 2025 was US\$4,584.2 million, an increase of US\$308.1 million, or 7.2%, compared with US\$4,276.1 million for the year ended December 31, 2024. In addition to higher global OEM light vehicle production, significant new and conquest programme launches over the past few years helped provide favorable volume comparison for 2025 when compared with 2024. The favorable volume during the year was mitigated by net unfavourable customer pricing and tariff recovery. The Group's revenue benefited from favorable currency translation of approximately US\$14.5 million, attributable primarily to the weakening of the US dollar against the Euro during 2025, compared with a year ago. Customer price increases, resulting from the increase in the partial pass through of raw material commodity during 2025 in comparison to 2024, provided a further increase of revenue in the amount of US\$0.6 million. Adjusting for favorable foreign currency translation and the increase in commodity recovery, the Group's revenue increased by 6.9% during 2025 compared with a year ago, outpacing the increase in revenue in OEM production market for the comparative period by 320 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 years indicated:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	US\$'000	%	US\$'000	%
North America	<b>2,290,418</b>	<b>50.0</b>	2,193,003	51.3
Asia Pacific	<b>1,468,928</b>	<b>32.0</b>	1,337,848	31.3
EMEASA	<b>798,900</b>	<b>17.4</b>	717,161	16.8
Others	<b>25,971</b>	<b>0.6</b>	28,074	0.6
<b>Total</b>	<b>4,584,217</b>	<b>100.0</b>	4,276,086	100.0

## Management Discussion and Analysis

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

- North America segment – Revenue increased by US\$97.4 million, or 4.4%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. The most significant factor contributing to the revenue increase was due to Nexteer customer programmes outperformance in the market. Despite a decrease in North America OEM light vehicle production for the year ended December 31, 2025 by 1.0% compared with 2024, the North America segment experienced a revenue increase of 4.4%.
- Asia Pacific segment – Revenue increased by US\$131.1 million, or 9.8%, for the year ended December 31, 2025 compared to the year ended December 31, 2024. The most significant factors contributing to the increase in revenue was the significant new and conquest programme launches over the past few years and capitalising on the expansion of COEMs into new markets. Increased OEM light vehicle production also contributed to revenue growth, with total Asia Pacific OEM production volumes increased by 7.1% and China by 10.7% in 2025 compared with 2024. Unfavourable foreign currency translation tempered the revenue growth in the region in the amount of US\$5.8 million as the US dollar strengthened against the RMB during 2025 compared with 2024. Adjusting for unfavourable foreign currency translation and the increase in commodity pricing, the segment’s revenue increased by 10.2% during 2025 compared with a year ago, outpacing the regional revenue increase in OEM production for the comparative period by 310 basis points.
- EMEASA segment – Revenue increased by US\$81.7 million, or 11.4%, for the year ended December 31, 2025 compared with the year ended December 31, 2024. OEM light vehicle production volumes decreased by 1.0% in 2025 compared with 2024, primarily reflecting a 1.4% decline in Europe, partially offset by a 2.2% increase in South America. Favorable foreign currency translation also impacted revenue in the region in the amount of US\$20.3 million as the US dollar weakened against the Euro during 2025 compared with 2024. Adjusting for favourable foreign currency translation and the slight increase in commodity pricing, the segment’s revenue increased by 8.5% during the year ended December 31, 2025 compared with a year ago, outpacing the regional revenue decrease in OEM production for the comparative period by 950 basis points. The outperformance in market is due to the ramp up of conquest programmes.
- Others – Revenue decreased by US\$2.1 million for the year ended December 31, 2025 compared with 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 years indicated:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	US\$'000	%	US\$'000	%
EPS	3,128,936	68.3	2,887,391	67.5
CIS	463,605	10.1	440,201	10.3
HPS	181,923	4.0	177,178	4.1
DL	809,753	17.6	771,316	18.1
	<b>4,584,217</b>	<b>100.0</b>	4,276,086	100.0

## Management Discussion and Analysis

The Group experienced an increase in EPS revenue of US\$241.5 million, or 8.4%, for the year ended December 31, 2025 compared with 2024, driven by increased OEM production volumes and new and conquest programme launches. CIS revenue increased by US\$23.4 million, or 5.3%, for the year ended December 31, 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\$4.7 million, or 2.7%, for the year ended December 31, 2025 compared with 2024. DL revenue increased by US\$38.4 million, or 5.0%, for the year ended December 31, 2025 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, 2025 was US\$102.0 million or 2.2% of total revenue, an increase of US\$40.3 million, or 65.3%, compared to US\$61.7 million, or 1.4% of total revenue for the year ended December 31, 2024. The increase was principally attributable to the following factors:

- EBITDA improvement of US\$47.4 million.
- 2025 net customer programme cancellation cost of US\$24.4 million, including US\$32.3 million of impairments, partially offset by customer reimbursement of US\$7.9 million.
- Favorable year over year impact of 2024 net customer programme cancellation cost of US\$22.9 million, including US\$46.9 million of impairments, partially offset by customer reimbursement of US\$24.0 million.

### Cost of Sales

The Group's cost of sales for the year ended December 31, 2025 was US\$4,061.2 million, an increase of US\$233.6 million, or 6.1%, from US\$3,827.6 million for the year ended December 31, 2024.

Raw material costs, including changes in work-in-progress and finished goods represent a significant portion of the Group's total cost of sales and for the year ended December 31, 2025 totalled US\$2,997.6 million, or 65.4% of revenue, compared with US\$2,739.6 million, or 64.1% of revenue, for 2024, reflecting an increase of US\$258.0 million, or 9.4%. 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 increase in tariff cost.

Depreciation and amortisation, including amortisation of capitalised product development costs, charged to cost of sales for the year ended December 31, 2025 was US\$264.4 million, a decrease of US\$0.8 million, or 0.3% from US\$265.2 million for the year ended December 31, 2024.

Amortisation of capitalised product development costs recorded as cost of sales amounted to US\$123.8 million for the year ended December 31, 2025, representing 2.7% of revenue, an increase of US\$0.3 million, or 0.2%, from US\$123.6 million, representing 2.9% of revenue, for the year ended December 31, 2024.

As a percentage of revenue, cost of sales decreased to 88.6% for the year ended December 31, 2025 compared with 89.5% a year ago.

### Gross Profit

The Group's gross profit for the year ended December 31, 2025 was US\$523.0 million, an increase of US\$74.5 million, or 16.6%, from US\$448.5 million for the year ended December 31, 2024. Gross profit margin for the year ended December 31, 2025 was 11.4% compared with 10.5% for the year ended December 31, 2024. The increase in gross profit was primarily attributable to increased volume, manufacturing and material cost performance improvements.

## Management Discussion and Analysis

### Engineering and Product Development Costs

For the year ended December 31, 2025, the Group's engineering and product development costs charged to the income statement were US\$174.8 million, representing 3.8% of revenue, a decrease of US\$5.0 million, or 2.8%, as compared to US\$179.8 million, or 4.2% of revenue for the year ended December 31, 2024. During the year ended December 31, 2025, the Group recorded product development intangible asset impairments of US\$23.4 million related to programme cancellations and declining volumes. During the year ended December 31, 2024, the Group recorded product development intangible asset impairments of US\$14.0 million related to programme cancellations.

Capitalised interest related to engineering development costs totalled US\$4.0 million for the year ended December 31, 2025 and US\$6.2 million for the year ended December 31, 2024. Depreciation and amortisation charged to engineering and product development costs for the year ended December 31, 2025 totalled US\$13.0 million, and decrease of US\$0.7 million, or 5.1%, when compared with US\$13.7 million for the year ended December 31, 2024.

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, 2025, the Group incurred an aggregate investment in engineering and product development costs of US\$273.1 million, a decrease of US\$3.5 million, or 1.3%, compared with US\$276.6 million for the year ended December 31, 2024.

### Selling, Distribution and Administrative Expenses

The Group's selling, distribution and administrative expenses for the year ended December 31, 2025 were US\$192.9 million, representing 4.2% of revenue, an increase of US\$24.8 million, or 14.8%, as compared to US\$168.1 million, or 3.9% of revenue, for the year ended December 31, 2024. The increase was primarily driven by initiatives to support growth in Asia Pacific and investments in digital transformation. Depreciation and amortisation charged to administrative expense for the year ended December 31, 2025 was US\$7.6 million, a decrease of US\$0.3 million, or 3.8%, from US\$7.9 million for the year ended December 31, 2024.

### Other Gains, net

Other gains, net represents gains attributable to foreign exchange transactions, losses on disposal of property, plant and equipment and others. Other gains, net for the year ended December 31, 2025 was a gain of US\$7.2 million, a decrease of US\$7.0 million compared to a gain of US\$14.1 million for the year ended December 31, 2024 mainly driven by higher foreign exchange loss.

### 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 income for the year ended December 31, 2025 was US\$0.5 million, as compared to net finance costs of US\$1.8 million for the year ended December 31, 2024. The increase in finance income was primarily due to increased interest on bank deposits year ended December 31, 2025, when compared to 2024.

## Management Discussion and Analysis

### Share of Results of a Joint Venture

Share of results of a joint venture relates to the Group's investment in Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**). The Group's share of results of the joint venture amount to US\$4.9 million and US\$4.3 million for the years ended December 31, 2025 and December 31, 2024, respectively.

### Income Tax Expense

The Group's income tax expense was US\$55.3 million for the year ended December 31, 2025, representing 33.0% of the Group's profit before income tax, compared with income tax expense of US\$42.1 million, or 35.9% of profit before income tax for the year ended December 31, 2024. The Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences of a net amount of US\$34.0 million and US\$35.8 million during the years ended December 31, 2025 and December 31, 2024 respectively, of which US\$26.1 million and US\$35.5 million is attributed to the US operations for the years ended December 31, 2025 and December 31, 2024, respectively, due to the unpredictability of future profit streams.

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 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 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 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.

On July 4, 2025, the One Big Beautiful Bill Act (**OBDDA**) was enacted in the United States, introducing significant changes to tax legislation with various effective dates. Key provisions impacting our operations in 2025 were (i) the restoration of current year expensing; and (ii) the election to accelerate the deduction of previously capitalised domestic research and development (**R&D**) expenditures.

### Provisions

As at December 31, 2025, the Group had provisions for litigation, environmental liabilities, warranties and decommissioning of US\$108.7 million, an increase of US\$8.9 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\$41.4 million and cash payments of US\$35.3 million on warranty provisions during 2025.

## Management Discussion and Analysis

**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:

	<b>For the year ended December 31, 2025 US\$'000</b>	<b>For the year ended December 31, 2024 US\$'000</b>
Cash generated from (used in):		
Operating activities	<b>404,933</b>	446,234
Investing activities	<b>(280,995)</b>	(279,793)
Financing activities	<b>(61,515)</b>	(43,159)
Net increase in cash and cash equivalents	<b>62,423</b>	123,282

*Cash Flows Generated from Operating Activities*

For the year ended December 31, 2025, the Group's net cash generated from operating activities was US\$404.9 million, a decrease of US\$41.3 million compared with US\$446.2 million for the year ended December 31, 2024. The decrease in cash flows from operations was driven by the increase in earnings for the year ended December 31, 2025 compared with 2024, offset by US\$24.0 million programme cancellation recovery received in 2024, US\$17.0 million income tax refund received in 2024, and net unfavorable working capital.

*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, capitalised engineering and product development costs as intangible assets to support customer programmes and other investments.

## Management Discussion and Analysis

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

	<b>For the year ended December 31, 2025 US\$'000</b>	<b>For the year ended December 31, 2024 US\$'000</b>
Purchase of property, plant and equipment	<b>(133,858)</b>	(165,990)
Addition of intangible assets	<b>(123,707)</b>	(110,836)
Addition of right-of-use assets	<b>(4,292)</b>	(4,521)
Investment in financial asset	<b>(20,026)</b>	–
Others	<b>888</b>	1,554
<b>Net cash used in investing activities</b>	<b>(280,995)</b>	(279,793)

### *Cash Flows Used in Financing Activities*

For the year ended December 31, 2025, the Group's net cash flow used in financing activities was US\$61.5 million, an increase of US\$18.3 million compared with US\$43.2 million for the year ended December 31, 2024. The principal driver of the Group's unfavourability in cash used in financing activities was primarily due to increased dividends partially offset by decreased interest payments during the year ended December 31, 2025 compared with 2024.

### **Indebtedness**

As at December 31, 2025 the Group's total borrowings was US\$49.8 million, an increase of US\$2.0 million from US\$47.8 million as at December 31, 2024.

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

	<b>December 31, 2025 US\$'000</b>	<b>December 31, 2024 US\$'000</b>
Current borrowings	<b>79</b>	137
Non-current borrowings	<b>49,729</b>	47,625
<b>Total borrowings</b>	<b>49,808</b>	47,762

## Management Discussion and Analysis

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

	<b>For the year ended December 31, 2025 US\$'000</b>	<b>For the year ended December 31, 2024 US\$'000</b>
Within 1 year	79	137
Between 1 and 2 years	49,729	137
Between 2 and 5 years	–	47,488
<b>Total borrowings</b>	<b>49,808</b>	47,762

Details of the borrowings of the Group during the year are set out in note 18 to the Consolidated Financial Statements.

#### 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, 2025, the Group had approximately US\$1,071.8 million total assets pledged as collateral, an increase of US\$344.8 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 December 31, 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 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, 2025 was 2.3%, a decrease of 10 basis points as compared to 2.4% as at December 31, 2024.

## Management Discussion and Analysis

### 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.

Please refer to the Business Overview section earlier in this report for more details on our alignment to these megatrends.

#### Employees and Remuneration Policy

As at December 31, 2025, the Group had approximately 12,500 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-based 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, 2025, we had approximately 1,800 personnel engaged on a contract basis.

### FORWARD-LOOKING STATEMENTS

Any forward-looking statements and opinions contained within this annual report 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 annual report; 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.

# Directors and Senior Management

## DIRECTORS

The Board of Directors (the **Board**) is responsible and has general powers for the management and conduct of our business. The following table sets out certain information concerning the Directors of the Company (the **Directors**) during the year ended December 31, 2025 and as at the date of this annual report:

Name	Age	Position title	Date of appointment(s)	Roles and responsibilities
<b>Executive Directors</b>				
DING, Fengtao	47	Chairman, Executive Board Director and Chief Executive Officer	August 13, 2025 (formerly non-Executive Director appointed on June 18, 2025)	Overseeing our Group's strategic vision, direction and goals and overseeing the overall execution of our Group's strategy
MILAVEC, Robin Zane	58	Executive Board Director, President, Chief Technology Officer & Interim Global Chief Operating Officer	June 30, 2020, August 17, 2021 (formerly Senior Vice President appointed on July 1, 2019), July 1, 2019, and January 19, 2026, respectively	Responsible for our Technology strategy, R&D, Driveline, Steering and Software Product Lines, Sustainability and Enterprise Risk Management
BOYER, Hervé Paul Gino (resigned with effect from January 19, 2026)	54	Executive Board Director, Senior Vice President and Global Chief Operating Officer	November 12, 2025	
<b>Non-Executive Directors</b>				
LEI, Zili	55	Non-Executive Director	August 13, 2025 (formerly non-Executive Director appointed on June 8, 2021, Executive Director appointed on June 21, 2022, Chief Executive Officer appointed on June 21, 2022 and Chairman appointed on March 16, 2022)	As a non-Executive Director
WANG, Jian (retired on June 18, 2025)	64	Non-Executive Director	June 3, 2019	As a non-Executive Director
ZHANG, Wendong	49	Non-Executive Director	November 13, 2020	As a non-Executive Director
QIAO, Kun	58	Non-Executive Director	August 14, 2024	As a non-Executive Director
<b>Independent Non-Executive Directors</b>				
LIU, Jianjun	57	Independent non-Executive Director	June 15, 2013	As an Independent non-Executive Director
WANG, Bin	60	Independent non-Executive Director	June 21, 2022	As an Independent non-Executive Director
YUE, Yun	55	Independent non-Executive Director	June 21, 2022	As an Independent non-Executive Director

## Directors and Senior Management

### Executive Directors

**DING, Fengtao (Chairman and Chief Executive Officer)**, aged 47, was appointed as our non-executive Director on June 18, 2025, and has been redesignated as an executive Director of the Board and appointed as Chairman and the Chief Executive Officer of the Company (**CEO**) on August 13, 2025. He also chairs the Global Strategy Council of the Company (GSC). He currently serves as the director and general manager of AVIC Automotive Systems Holding Co., Ltd. From November 2022 to August 2025, he served as the Chairman of Guizhou Guihang Automotive Components Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600523.SH), and since December 2023, as a director of both Henniges Automotive Holdings, Inc. and HYD International Holdings Limited. Mr. DING has more than 24 years of experience in the automotive industry and is a council member of the Society of Automotive Engineers of China. Previously, Mr. DING served as deputy general manager of AVIC Automotive Systems Holding Co., Ltd from June 2022 to July 2023. From 2011 to 2018, he held various roles at Xinxiang Aviation Industry (Group) Co., Ltd., including director of the general administration office, head of strategic planning, head of overseas business management, and assistant general manager of its automotive parts division. From 2018 to 2021, he served as deputy general manager of Xinxiang Aviation Industry (Group) Co., Ltd., concurrently holding the position of general manager of its Yubei subsidiary. He was later appointed general manager and director of Xinxiang Aviation Industry (Group) Co., Ltd., serving until June 2022. Mr. DING holds a degree in Mechatronic Engineering from the PLA Information Engineering University, China.

**MILAVEC, Robin Zane**, aged 58, was appointed as our Executive Director of the Board on June 30, 2020. He was appointed President of the Company on August 17, 2021, Chief Technology Officer of the Company on July 1, 2019, and was named interim Chief Operating Officer on January 19, 2026. Mr. MILAVEC previously served as Chief Strategy Officer from July 1, 2019 to November 12, 2025. Mr. MILAVEC is responsible for leading Nexteer's global research and development and innovation initiatives. He oversees the Driveline, Steering and Software Product Lines and Communications & Branding, supporting the Company's technology leadership and product portfolio execution. He maintains a dotted-line connection to Engineering to ensure strong technical integration across the organisation. In the Interim Chief Operating Officer (**COO**) role, he oversees global operational performance and alignment across the Company. He leads Nexteer's Sustainability and Enterprise Risk Management Committees, reinforcing the Company's commitment to corporate governance, sustainability and enterprise risk oversight. Mr. MILAVEC is a member of the Global Strategy Council (GSC). Mr. MILAVEC has over 36 years of experience in the automotive industry, including leadership roles in Product Engineering, Manufacturing Engineering, Operations, and Quality. Mr. MILAVEC was appointed as a director of Nexteer (China) Holding Co., Ltd., a subsidiary of the Group, with effect from August 17, 2021. He has previously served as Senior Vice President (July 2019 to August 2021), Vice President Global Engineering (January 2018 to July 2019), and Vice President of Global Current Product Engineering (June 2017 to January 2018), Executive Director of Global Product Engineering (August 2016 to June 2017) as well as various additional leadership roles across engineering, programme management, and Quality in the US and Mexico. Mr. MILAVEC began his career with General Motors in 1989. Mr. MILAVEC has a bachelor's degree in mechanical engineering from New Mexico State University in Las Cruces, US, and a master's degree in mechanical engineering from the University of Michigan in Ann Arbor, US. He is a member of the MichAuto Advisory Board.

## Directors and Senior Management

**Non-Executive Directors**

**LEI, Zili**, aged 55, was appointed as our non-executive Director on August 13, 2025. Mr. LEI was first appointed as a non-executive Director on June 8, 2021. He was appointed as Chairman on March 16, 2022, and redesignated as an Executive Director and the CEO on June 21, 2022. On August 13, 2025, he was redesignated from an Executive Director to a non-Executive Director and resigned as the Chairman and the CEO. He also chaired the Global Strategy Council of the Company (GSC) from June 21, 2022 to August 13, 2025. Mr. LEI has over 29 years of relevant experience in the automotive industry. He serves as the board of director of AVIC Airborne System Co., Ltd. since June 2022, the chairman of AVIC Automotive Systems Holding Co., Ltd. (**AVIC Auto**) since May 2021, the chairman and of AVIC Hande (Beijing) Investment Holding Co., Ltd., a non wholly-owned subsidiary of AVIC Auto since May 2021, and the chairman of Henniges Automotive Holdings, Inc. since August 2020. He served as the chairman of Pacific Century Motors, Inc. (**PCM China**) and the director of Nexteer Automotive (Hong Kong) Holdings Limited (**Nexteer Hong Kong**) since November 2020. From December 2021 to November 2022 Mr. LEI served as the chairman of Guizhou Guihang Automotive Components Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600523). From March 2013 to July 2020, he served as the executive director and general manager of AVIC Hubei Aviation Precision Machinery Technology Co., Ltd. From September 2000 to March 2013, he served successively as the deputy general manager, general manager of Hubei Aviation Precision Machinery Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, Stock Code: 002013). From April 1995 to September 2000, he served successively as the planner, deputy manager and manager of the Planning Department of China Aviation Life-support Research Institute Jiali Branch. From July 1990 to April 1995, he served as the technician in the Petrochemical Department of China Aviation Life-support Research Institute. Mr. LEI graduated from Department of Mechanical Engineering of Zhengzhou University of Aeronautics in July 1990, obtained a master's degree in business administration from Zhongnan University of Economics and Law in October 2005. Mr. LEI is currently a senior economist awarded by Aviation Industry Corporation of China, Ltd. (**AVIC**).

**ZHANG, Wendong**, aged 49, was appointed as our non-Executive Director on November 13, 2020. Ms. ZHANG has served as the deputy general manager of Beijing E-Town International Investment & Development Co., Ltd. since July 2018 and the chairman of Beijing E-Town International Financing Guarantee Co., Ltd since June 2017. Mrs. Zhang has been serving as a supervisor at BEIJING EXMOORE INNOVATION ACADEMY FOR IC ENGINEERING EXCELLENCE since September 2024, a supervisor at Guotou Chuangye (Beijing) Private Equity Fund Management Co., Ltd. since October 2024 and a board director at BEMC since December 2024. She has served as the chairman of Beijing E-town Semiconductor Technology Co., Ltd. since September 2023. From November 2017 to November 2021, Ms. ZHANG served as the non-executive director, the member of audit committee, the member of compensation committee and the member of nominating and corporate governance committee of the board of UTStarcom Holdings Corp, a company listed on NASDAQ (ticker symbol: UTSI). Ms. ZHANG also held various positions in Beijing E-Town International Investment & Development Co., Ltd., including assistant to the general manager from June 2015 to July 2018, the director of asset management department from January 2014 to June 2015 and the deputy director of asset management department from December 2012 to January 2014. From October 2007 to December 2012, she served as the head of the corporate development department of Beijing Dongfang Cultural Asset Management Company; from July 2000 to September 2007, she served as the manager of the project department of Beijing Shengandi Investment Management Consulting Company. Ms. ZHANG is currently a senior economist. Ms. ZHANG graduated with a major in economics and obtained a bachelor's degree from Minzu University of China in May 2005. She obtained a master's degree in business administration (MBA) from University of Chinese Academy of Sciences, China in July 2016.

## Directors and Senior Management

**QIAO, Kun**, aged 58, was appointed as our non-Executive Director on August 14, 2024. Mr. QIAO is a senior accountant with over 38 years of experience in corporate finance. He held various positions including Executive Director of the Finance Department at 620 Research Institute of Aviation Industry Corporation of China (**AVIC**) from 1995 to 2000, Senior Business Manager of General Office, Executive Director of Financial Management Department and Executive Director of Treasure Management Department at AVIC I from 2000 to 2007, Board Director, Deputy General Manager and Chief Financial Officer at AVIC Xihang Group Co., Ltd. from 2007 to 2010, Board Director (from March 2017 to August 2019), Deputy General Manager and Chief Financial Officer at AVIC Heavy Machinery Co., Ltd. from 2010 to 2022, and member of the Second Office of the Full-time Directors and Supervisors Committee of AVIC from March 2022 to May 2024. Since June 2024, he has served as Chief Financial Officer and General Counsel at AVIC Automobile System Holding Co., Ltd. He has served as the board of director at Guizhou Guihang Automotive Components Co., Ltd. since September 2024. He holds a master's degree in international finance from the School of Economics and Management, Beihang University.

### Independent Non-Executive Directors

**LIU, Jianjun**, aged 57, was appointed as our Independent non-Executive Director on June 15, 2013. Mr. LIU was in the legal department of China Ocean Shipping (Group) Company container lines from July 1993 to March 1999, a partner at Zhong Sheng Law Firm, Beijing, from April 2001 to October 2006, a senior associate in Zhong Lun Law Firm, Beijing from November 2006 to May 2007, and has been a partner at Zhonglun W&D Law Firm, Beijing, since June 2007. Mr. LIU started practicing as lawyer in China in August 2001. He obtained a master's degree in law from Peking University, China, in July 1998, and a law degree from Washington University in St. Louis, the USA, in May 2004.

**Dr. WANG, Bin**, aged 60, was appointed as our Independent non-Executive Director on June 21, 2022. Dr. WANG is a professor of finance at the business school of Beijing Technology and Business University, as well as a member of its university-level academic committee. He is currently an independent director of and China Tea Co., Ltd. Dr Wang had retired as an independent director of UBS Securities Co., Ltd in March 2025 due to the expiration of the current term of office. He had retired as an independent non-executive director and chairman of the audit and risk management committee of China Tourism Group Duty Free Corporation Limited (listed on the Shanghai and Hong Kong Stock Exchanges) on June 29, 2023 due to the expiration of the current term of office. Dr. WANG graduated from Beijing Technology and Business University with a bachelor's degree in accounting in July 1987 and a master's degree in accounting in December 1989, and from the Chinese Academy of Fiscal Science (Ministry of Finance of China) with a doctorate in accounting in July 2001. Dr. WANG is the author of over 50 academic papers in top domestic and foreign academic publications and journals. He is one of the directors of Accounting Society of China, as well as the vice-chairman of its management accounting research committee since 2007. Dr. WANG has received various accolades in relation to his work as a top academic in China.

**Mr. YUE, Yun**, aged 55, was appointed as our Independent non-Executive Director on June 21, 2022. Mr. YUE is a practicing lawyer, senior partner and deputy director of Beijing Jundu Law Firm with more than 20 years of experience in the legal field. Mr. YUE, Yun was a representative of the 9th, 10th, 11th and 12th Shanghai Lawyers' Congress, a member of the Shanghai Lawyers Association Mergers and Acquisitions Committee, and a member of the Shanghai Lawyers Association Disciplinary Committee. He previously served as an independent director of AECC Aviation Power Co., Ltd. from January 2015 to March 2021. Mr. YUE graduated from the department of social sciences of Hefei University in July 1992 and further obtained his master's degree in civil and commercial law from East China University of Political Science and Law in July 2005.

## Directors and Senior Management

**SENIOR MANAGEMENT**

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company (collectively, the **Senior Management**) during the year ended December 31, 2025 and as at the date of this annual report:

Name	Age	Position/Title
DING, Fengtao <sup>(1)</sup>	47	Chairman, Executive Board Director and Chief Executive Officer
MILAVEC, Robin Zane <sup>(1)</sup>	58	Executive Board Director, President, Chief Technology Officer and Interim Global Chief Operating Officer
BOYER, Hervé Paul Gino <sup>(1)(2)</sup>	54	Executive Board Director, Senior Vice President and Global Chief Operating Officer
BIERLEIN, Michael John	49	Senior Vice President and Chief Financial Officer
LI, Jun	53	Senior Vice President, Chief Strategy Officer and APAC Division President
BYERS, David Michael	60	Vice President, Global Sales and Programme Management
DRALLE, Jill Annette	54	Vice President, USA Division President
FARIAS, Juan	51	Vice President, Mexico Division President
HARRIS, Steven Robert <sup>(4)</sup>	59	Vice President, Global Engineering
PASTOR, Ricardo Antonio	60	Vice President, Global Quality and Manufacturing Operations
RODRIGUEZ, Alberto Rodriguez	56	Vice President, EMEASA Division President
RUIZ, Pascale Crystèle	54	Vice President, Chief Human Resources Officer (CHRO)
SPENCER, Jr., Robert William <sup>(3)</sup>	52	Vice President and General Counsel
TAYLOR, Darlene Marie	58	Vice President, Chief Information Officer
WILSON, Andrew McKenzie	44	Vice President, Global Engineering
XU, Yingjie	49	Vice President, Chief Purchasing Officer, Global Supply Management

## Notes:

- (1) Please refer to the section headed 'Directors and Senior Management – Directors' earlier in this report for biographical details.
- (2) Mr. Boyer, Herve Paul resigned as Executive Board Director, senior Vice President and Global Chief Operating Officer with effect from January 19, 2026.
- (3) Mr. Spencer, Jr., Robert William ceased to act as Vice President and General Counsel with effect from October 29, 2025.
- (4) Mr. Harris, Steven Robert intends to retire in April 2026.

## Directors and Senior Management

**BIERLEIN, Michael John**, aged 49, was appointed Senior Vice President and Chief Financial Officer in September 2021. He is responsible for overseeing all aspects of the company's financial operations, including financial planning and analysis, accounting, treasury, tax, internal controls, and compliance. He is also a member of the GSC. Mr. BIERLEIN has over 27 years of relevant experience in the automotive industry. Prior to his current role, Mr. BIERLEIN served as Nexteer's North America Chief Financial Officer and Global Engineering Finance from August 2020 to August 2021, and as Executive Director, Strategic Financial Planning from March 2015 to August 2020. Before joining Nexteer, Mr. BIERLEIN spent 17 years with Delphi Corporation in various financial leadership roles both at divisional and corporate levels. Mr. BIERLEIN earned a degree in Finance and a Master of Business Administration from Michigan State University, USA.

**LI, Jun**, aged 53, was appointed Vice President, APAC Division President on January 1, 2022, and redesignated Senior Vice President, APAC Division President and Chief Strategy Officer on November 13, 2025. As Chief Strategy Officer, Mr. LI is responsible for leading the Company's global strategic planning process, shaping long-term corporate strategy, and ensuring alignment between strategic priorities and evolving industry, technology, and market dynamics. He oversees Corporate Strategic Planning and M&A scouting, and has direct responsibility for the EMB Product Line and Marketing, with dotted-line responsibility for Sales and IT. As APAC Division President, Mr. LI is responsible for leading and achieving the strategic and financial objectives of the APAC Division. This includes oversight of regional operations, commercial performance, product and customer strategy, operational execution, and industrialisation to ensure successful programme launches and sustainable profitable growth. He is a member of the GSC. Mr. LI offers over 28 years of relevant experience in the automotive industry. Prior to his current role, Mr. LI was Vice President and APAC Division President from November 2017 to January 2020 and he was responsible for eDrive product line from January 2020 to December 2021. Earlier roles include Executive Director and Chief Operating Officer – Asia Pacific Division, Asia Pacific Steering Business Director, General Manager of Nexteer Automotive (Suzhou) Co., Ltd., and Plant Manager of Nexteer Suzhou Plant 53. He also held roles at Saginaw Steering (Suzhou) Co., Ltd., Delphi Automotive in Shanghai, Dongfeng Motor Group, and China Aerospace Science and Technology Corporation. He obtained a diploma in Science and Technology in mechanical engineering from Huazhong University of Science & Technology, China, and a master's degree in business administration from the University of Electronic Science & Technology of China, China.

**BYERS, David Michael**, aged 60, was appointed Vice President, Global Sales and Programme Management on January 16, 2024. Mr. BYERS is responsible for leading the company's commercial strategy and cross-functional teams to achieve strategic sales objectives. He also oversees Customer Programme Implementation (CPI), including optimisation of the CPI process and execution of programme launches to ensure successful performance. Mr. BYERS has over 39 years of automotive industry experience. He previously served as Vice President, Global Sales (March 2023 to January 2024), Vice President, Electric Power Steering Product Line (March 2021 to March 2023) Product Line Executive Director – Global EPS (December 2019 to March 2021.) He began his career with General Motors in 1987 and has held multiple leadership roles at Nexteer, Delphi, and General Motors. He is named on 11 US patents and four defensive publications. Mr. BYERS obtained a Bachelor of Science degree in mechanical engineering from Clarkson University, USA, and a Master of Business Administration from the University of Michigan-Flint, USA.

## Directors and Senior Management

**DRALLE, Jill Annette**, aged 54, was appointed Vice President, Chief Operating Officer, US on March 17, 2021, and was redesignated Vice President, USA Division President on December 1, 2025. She is responsible for leading and achieving the strategic and financial objectives of the USA Division. This includes oversight of regional operations, commercial performance, product and customer strategy, operational execution, and industrialisation to ensure successful programme launches and sustainable profitable growth. Ms. DRALLE brings over 31 years of relevant automotive experience. Prior to her current role, she served as Chief Operating Officer of US Operations with a dual role as General Manager of the Columns-HPS Business Unit in Saginaw (May 2019 to March 2021). Since joining Nexteer in 2008, Ms. DRALLE has held several leadership roles including Executive Director of Operational Excellence & Strategy for North America, Plant Manager of Driveline, Plant Operations Manager, and Lean Change Agent for multiple plants. Before Ms. DRALLE joined Nexteer, she worked at Delphi Automotive Systems and began her career with General Motors. Ms. DRALLE obtained a bachelor's degree in engineering from Saginaw Valley State University, USA, and was later honoured as a distinguished alumnus. She currently serves as Vice Chair on the Michigan Manufacturers Association Board of Directors.

**FARIAS, Juan**, aged 51, was appointed Vice President, Chief Operating Officer, Mexico on January 1, 2025, and was redesignated Vice President, Mexico Division President on December 1, 2025. He is responsible for leading and achieving the strategic and financial objectives of the Mexico Division. This includes oversight of regional operations, commercial performance, product and customer strategy, operational execution, and industrialisation to ensure successful programme launches and sustainable profitable growth. Mr. FARIAS has over 28 years of experience and strategic leadership. Prior to joining Nexteer, Mr. FARIAS served in various leadership roles at IAC North America, Bocar, Forvia, and Bombardier. Mr. FARIAS holds a bachelor's degree in mechanical engineering and an MBA from Tecnológico de Monterrey & Texas McCombs School of Business, Mexico.

**HARRIS, Steven Robert**, aged 59, was appointed Vice President, Global Engineering in July 2021. He is responsible for global product and manufacturing engineering activities, implementing the product portfolio, and production support. Mr. HARRIS has over 37 years of relevant automotive experience. He began his career in 1989 with GM/Delphi Steering Systems and has held various leadership positions across the hydraulic power steering (HPS) and electric power steering (EPS) product lines. From 2012 to 2016, Mr. HARRIS took an international assignment in Nexteer APAC Suzhou, China starting as Senior Manager EPS Product Engineering, followed by Chief Product Engineer, Steering Systems, before being appointed APAC Engineering Director. In 2016, Mr. HARRIS returned to the US as Executive Director for EPS Product Engineering. Mr. HARRIS earned a bachelor's degree in mechanical technology from Purdue University, USA, and an MBA from the University of Michigan-Flint, USA. Mr. HARRIS is retiring in Q2, 2026.

**PASTOR, Ricardo Antonio**, aged 60, was appointed Vice President, Global Quality and Manufacturing Operations on January 15, 2024. Mr. PASTOR is responsible for the Global Quality function including strategic planning, execution, measurement, and administration of quality systems and controls. He also leads manufacturing operations globally, overseeing and optimising the manufacturing processes across multiple international locations, involving strategic planning, coordination, and management of production activities to ensure efficiency, quality, and cost-effectiveness. This oversight includes the Nexteer Production System (NPS), Global Production Control & Logistics (PC&L), and Environmental Health and safety. Mr. PASTOR brings over 42 years of automotive industry experience. Prior to his current role, he served as VP, Global Quality and Programme Launch (November 2017 to January 2024), Executive Director of Global Quality (June 2015 to November 2017), and previously held leadership roles at Nexteer and Delphi Automotive, including Quality Director for the International and China Divisions, senior manager in manufacturing planning, Director of footprint expansion for Asia Pacific, and Chief Engineer for Europe. Over his career, Mr. PASTOR had nine years of expatriate assignments between Europe and China. Mr. PASTOR began his career with General Motors in 1984. He obtained a Bachelor of Science degree in electrical engineering from Saginaw Valley State University, USA, and a Master of Science degree in electrical engineering from Oakland University, USA.

## Directors and Senior Management

**RODRIGUEZ, Alberto Rodriguez**, aged 56, was appointed Executive Director, EMEASA Division COO on March 6, 2023, and redesignated Vice President, EMEASA Division President on November 13, 2025. Mr. RODRIGUEZ is responsible for leading and achieving the strategic and financial objectives of the EMEASA Division. This includes oversight of regional operations, commercial performance, product and customer strategy, operational execution, and industrialisation to ensure successful programme launches and sustainable profitable growth. Mr. RODRIGUEZ brings over 32 years of automotive experience, joining Nexteer in 1994. During his career, he has held various leadership roles in Product Engineering, Manufacturing Engineering, Programme Management, Operations, Product Line, and GSM across France, Spain, US, Mexico, China and Poland. Mr. RODRIGUEZ has a Master of Science in Mechanical Engineering from INSA Lyon, France, and a Postgraduate Diploma in Business Administration from IAE Amiens – France.

**RUIZ, Pascale Crystèle**, aged 54, was appointed Vice President, Chief Human Resources Officer (CHRO) on August 16, 2023. She is responsible for all HR strategies and execution plan in support of the overall business plan and strategic direction of the organisation, including Divisional guidance, Talent Management, Learning & Development, Employee Experience, Inclusion & Belonging, Total Rewards, and HRIS. She is a member of the GSC. Ms. RUIZ offers more than 28 years of service in Nexteer's HR organisation, joining in 1997. She progressed through expanded HR roles in Europe, becoming HR Director for the European Division in 2007. Following the company's transition to Nexteer, Ms. RUIZ oversaw HR for the International Division, which included India, Mexico, Brazil, and Australia. During her role as HR Director for Europe, she also served as Global Talent Manager (2016-2017) and HR Director, EMEA-SA Division before relocating to the United States as CHRO. Ms. RUIZ obtained a bachelor's degree in international business and a master's degree with HR specialisation from the Montpellier Business School, ESC, France.

**TAYLOR, Darlene Marie**, aged 58, was appointed Vice President, Chief Information Officer on November 17, 2025. Ms. TAYLOR leads the global digital technology and the global IT organisations and is responsible for the global technology strategic vision aligned with corporate strategy, including Digital, AI, Information Technology, cybersecurity, compliance, infrastructure, data governance, SAP ERP systems, and major IT projects. Ms. TAYLOR has over 20 years of automotive and technology experience. Prior to joining Nexteer, her most recent role was VP, IT Chief Information Officer and Chief Information Security Officer at Superior Industries International Inc. She previously served as CIO at Novares, and leadership roles at Ford and Visteon. Ms. TAYLOR has a bachelor's degree in mechanical engineering from the University of Michigan and a leadership certification from the Ross School of Business at the University of Michigan. She is a member of the Michigan Council of Women in Technology and board chair for the Inspire Leadership Michigan CIO chapter.

**WILSON, Andrew McKenzie**, aged 44, was appointed Vice President, Global Engineering in December 1, 2025. He replaces Mr. HARRIS, leading Nexteer's global engineering organisation across product engineering, manufacturing engineering, and research and development. Mr. WILSON brings over 20 years of global engineering leadership experience from Robert Bosch LLC (2003 to 2025), where he held senior leadership roles in the United States and China. His roles included leading Bosch's Digital Key product organisation (2022 to 2025) and serving as Vice President and Head of Engineering in Suzhou, China (2020 to 2022), among other engineering leadership positions. Mr. WILSON holds a bachelor's degree in mechanical engineering from Kettering University, USA.

## Directors and Senior Management

**XU, Yingjie**, aged 49, was appointed Vice President, Chief Purchasing Officer, Global Supply Management on July 1, 2024. He is responsible for managing Nexteer's global supply chain operations, including Direct Material, Indirect Material, Advanced Purchasing, and Supplier Quality. Mr. XU has more than 26 years of experience. Since joining Nexteer in 2007 as PC&L Planning Manager, Mr. XU has held various roles across Supply Chain, Quality, Plant Operations, and regional leadership, including China Steering Operations Director, Regional Quality Director, Regional Global Supply Management, AP Central PC&L, and Executive Director, Global Supply Management – Asia Pacific. Mr. XU holds a master's degree in industrial engineering from Shanghai Jiaotong University and an Executive MBA from China Europe International Business School (CEIBS). He is a Certified Supply Chain Professional (CSCP), Certified in Production and Inventory Management (CPIM), and Certified Six Sigma Black Belt.

### **RELATIONSHIPS BETWEEN DIRECTORS AND SENIOR MANAGEMENT**

None of the Directors or members of the Senior Management are related to any other Director or member of the Senior Management.

# Directors' Report

The Directors are pleased to present their report together with the Consolidated Financial Statements.

## CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on August 21, 2012 as an exempted company with limited liability under the Companies Laws (as amended), of the Cayman Islands (the **Companies Law**). The Company's shares (the **Shares**) were listed on the Hong Kong Stock Exchange on October 7, 2013.

## PRINCIPAL ACTIVITIES

The Group develops, manufactures and supplies advanced steering and driveline systems to OEMs throughout the world.

## BUSINESS REVIEW

A review of the business of the Group for the year ended December 31, 2025 and a discussion on the Group's future prospects are provided in the Management Discussion and Analysis on pages 34 through 44 and in the CEO Letter on pages 6 through 8. An analysis of the Group's performance during the year using financial key performance indicators is provided within the Financial Highlights on page 33. In addition, discussions on the Group's key policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Corporate Governance Report on pages 73 through 87 and in this Directors' Report.

## KEY RISK AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks rests with every function at divisional and department levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost-effective to do so.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. Functions such as, but not limited to, internal audit and internal control have the responsibility for providing assurance on the internal control framework. Key operational risk exposures are communicated to Senior Management as early as possible so that appropriate risk response can be taken.

### Financial Risk

In the course of business activities, the Group is exposed to a variety of financial risks, including market, liquidity and credit risks. The currency environment, interest rate cycles and mark-to-market value of investment securities may pose significant risks to the Group's financial condition, results of operations and businesses. The financial risk management objectives and policies of the Group can be found in note 3 to the Consolidated Financial Statements.

## Business Risks

### *Cyclical industry and a decline in production levels*

Our sales are driven by the number of vehicles produced by the automotive manufacturers which is ultimately dependent on consumer demand. The automotive industry is cyclical and sensitive to general economic conditions, including the global credit markets, interest rates, consumer credit, and consumer spending and preferences. Automotive sales and production can also be affected by the age of the vehicle fleet and related scrappage rates, labour relation issues, fuel prices, regulatory requirements, government initiatives, trade agreements, restructuring actions of our customers and suppliers, increased competition and other factors.

### *Concentration of sales and terms and conditions of the agreement with GM*

The supply of products to GM are governed by various agreements and standard terms and conditions applicable to each programme. Certain limited programmes also remain subject to a supply agreement, dated November 30, 2010, pursuant to which we have agreed to continue to manufacture and deliver certain products to GM. For the years ended December 31, 2025 and 2024, our largest customer, GM, accounted for approximately 34% and 36% our consolidated revenues, respectively. A significant decrease in business from GM could materially and adversely impact our business, results of operations and financial condition.

### *Loss of business or lack of commercial success*

Purchase orders generally provide for the supply of a customer's annual requirements for a particular vehicle model, and in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. Lack of commercial success could reduce our revenues or margins and thereby adversely affect our financial condition, operating results and cash flows.

### *Inability to achieve product cost reductions*

During negotiations with the customers, customers tend to demand price reduction over the life of a vehicle model. We also bear significant responsibility on the product design, development and manufacturing engineering. Our financial performance is largely dependent on our ability to achieve product cost reductions through product design enhancement and manufacturing efficiencies. If we fail to achieve cost reductions, it would adversely affect our financial condition, operating results and cash flows.

### *Increase in costs and restrictions on availability of raw materials and component supply*

The cost of raw materials accounted for approximately 65.2% and 64.1% of our consolidated revenues for the years ended December 31, 2025 and 2024, respectively. Raw material, energy, and commodity costs can be volatile. If the costs of raw materials, energy, commodities, and product components increase or the availability thereof is restricted, it could adversely affect our financial condition, operating results and cash flows.

### *Adverse developments affecting or the financial distress of one or more of our suppliers could adversely affect our financial performance*

We obtain components and other products and services from numerous automotive suppliers and other vendors throughout the world. We are responsible for managing our supply chain, including suppliers that may be the sole sources of products that we require, that our customers direct us to use or that have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Additionally, our production capacity, and that of our customers and suppliers, may be adversely affected by natural disasters or other significant disruptions. Any such significant disruption could adversely affect our financial performance. Furthermore, unfavorable economic or industry conditions could result in financial distress within our supply base, thereby increasing the risk of supply disruption. An economic downturn or other unfavorable industry conditions in one or more of the regions in which we operate could cause a supply disruption and thereby adversely affect our financial condition, operating results, and cash flows.

## Directors' Report

### *Substantial international operations*

As a result of our global presence, a significant portion of our revenues and expenses are denominated in currencies other than the US dollar. International operations are subject to certain risks inherent in doing business abroad, including exposure to local economic conditions; political, economic, and civil instability and uncertainty (including acts of terrorism, civil unrest, drug cartel-related and other forms of violence, and outbreaks of war, such as the actions taken by Russia in Ukraine); labour unrest; an outbreak of a contagious disease, an epidemic or pandemic or other public health crises, which may cause us or our suppliers and/or customers to temporarily suspend operations in the affected city or country; currency exchange rate fluctuations; and increases in working capital requirements related to long supply chains.

### *Highly competitive industry and efforts by our competitors to gain market share*

We operate in a highly competitive industry and our competitors are seeking to expand market share with new and existing customers. Our competitors' efforts to grow market share could create downward pressure on our product pricing and margins. If we are unable to differentiate our products or maintain a low-cost footprint, we may lose market share or be forced to reduce prices, thereby lowering our margins. Any such occurrence could adversely affect our financial condition, operating results and cash flows.

### *Our existing indebtedness and the inability to access capital markets*

As at December 31, 2025, we had approximately US\$49.8 million of outstanding indebtedness, as well as US\$332.3 million available but not yet drawn under our credit facilities. The debt instruments governing our indebtedness contain covenants that may restrict our business activities or our ability to execute our strategic objectives, and our failure to comply with these covenants could result in a default under our indebtedness. Our inability to generate sufficient cash flow to satisfy our debt and lease obligations, to refinance our debt obligations or to access capital markets on commercially reasonable terms could adversely affect our financial condition, operating results and cash flows.

### *Impairment charges relating to our long-lived assets*

We regularly monitor our long-lived assets for impairment indicators. Our consolidated balance sheet as at December 31, 2025 reflects a carrying amount of capitalised engineering and product development costs of US\$654.9 million, computer software development costs of US\$2.0 million, a carrying amount of property, plant and equipment of US\$1,008.9 million and a carrying amount of right-of-use assets of US\$46.3 million. In the event that we determine that our long-lived assets are impaired, we may be required to record a significant charge to earnings that could adversely affect our financial condition or operating results as set out in notes 2.4, 6 and 8 to the Consolidated Financial Statements.

### *Our intellectual property portfolio*

We own intellectual property, including patents, trademarks, copyrights and trade secrets. In some cases, we enter into licensing agreements with respect to intellectual property. In addition, we rely on unpatented proprietary technology. These assets play an important role in maintaining our competitive position. We may assert claims against third parties that we believe are infringing on our intellectual property rights. These claims, regardless of their merit or resolution, are typically costly to pursue. Risks related to the protection of our intellectual property could have a material adverse effect on our business, results of operations and financial condition.

#### *Significant product liability lawsuit or warranty claim*

In the event that our products fail to perform as expected, whether alleged or due to an actual fault, we may be subject to product liability lawsuits and other claims or we may be required by our customers or regulators to participate in a recall or other corrective action involving such products. We have also entered into agreements with certain customers where these customers may pursue claims against us for all or a portion of the amounts sought in connection with product liability and warranty claims. We carry insurance for certain product liability claims, but such coverage may be limited. These types of claims could adversely affect our financial condition, operating results and cash flows. As at December 31, 2025, our consolidated balance sheet includes provisions totalling US\$84.1 million related to estimated warranty and product liability obligations.

#### *Information technology*

A failure of our information technology (**IT**) infrastructure could adversely impact our business and operations. We rely on the capacity, reliability and security of our IT systems and infrastructure. IT systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party provided services. Disruptions and attacks on our IT systems pose a risk to the security of our systems and our ability to protect our networks and the confidentiality, availability and integrity of our third-party data. As a result, such attacks or disruptions could potentially lead to the inappropriate disclosure of confidential information, including our intellectual property, improper use of our systems and networks, manipulation and destruction of data, production downtimes and both internal and external supply shortages. This could cause significant damage to our reputation, affect our relationships with our customers and suppliers, lead to claims against the Group and ultimately, adversely affect our business.

#### *Environmental laws and regulations*

Our global facilities are subject to numerous laws and regulations designed to protect the environment. If we fail to comply with present and future environmental laws and regulations, we could be subject to future liabilities, which could adversely affect our financial condition, operating results and cash flows.

#### *Stakeholders' growing expectations on ESG matters*

Increased public awareness and concern regarding global climate change may result in more regional, federal, national and/or international requirements to reduce or mitigate the effects of greenhouse gas (**GHG**) emissions. There continues to be various and complex climate legislation, which creates economic and regulatory uncertainty. Such regulatory uncertainty extends to future incentives for energy efficient vehicles and costs of compliance, which may impact the demand and supply for our products and our results of operations.

There is a growing consensus that GHG emissions are linked to global climate changes. Climate changes, such as acute and chronic conditions, create potential financial risk to our business. For example, the demand for our products and services may be affected by unseasonable weather conditions. Climate changes could also disrupt our operations by impacting the availability, cost of materials and logistics needed for manufacturing and could increase insurance and other operating costs. These factors may impact our decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. Besides physical climate risks, the Group could also be subject to transition climate risks in the form of rising cost of carbon, policy and legal, market and technology risk exposures during transition to a low-carbon economy.

## Directors' Report

Further, stakeholder expectations, such as those from customers, investors, regulators, suppliers and employees in ESG subjects have been rapidly evolving. For example, various stakeholders require that the Group provide information pertaining to ESG-related matters, such as GHG emissions, renewable energy, labour practices and supply chain management. The enhanced stakeholder focus on ESG issues relating to the Group requires the continuous monitoring of various and evolving standards and requirements, improving the level of management, and enhancing ESG-related initiatives. A failure to adequately meet stakeholder expectations may result in the inability to pursue or secure business opportunities, operation and supply chain risks, diluted market valuation, an inability to attract customers or an inability to attract and retain top talent.

### *Income tax legislation and regulatory environment*

The Group continues to monitor the developments by the office of Organisation for Economic Cooperation and Development (**OECD**) and its continued efforts toward Base Erosion and Profit Shifting initiative by focusing on two pillars which could affect the Group's ETR. Pillar One addresses tax presence in a country and profit allocation between countries. Pillar Two, also known as Global-Anti Base Erosion Rules, is designed to ensure large multinational enterprises pay a 15% minimum tax where the ETR is below 15%. The OECD has agreed to enact Pillar Two legislation effective January 1, 2024 for certain jurisdictions and other jurisdictions January 1, 2025. The expected timing of Pillar One is uncertain.

The Group continues to monitor proposed changes to US tax laws and regulations that have been proposed by US Congress which could affect the Group's ETR. Since the likelihood of these or other changes to US tax law being enacted are unclear, the Group is currently unable to determine the impact these changes may have to its tax expense, including if the proposed changes may materially impact the Group's earnings and cash flows.

The preferential tax treatment that our People's Republic of China subsidiaries enjoy may be changed or discontinued, which may adversely affect our business, result of operations and financial condition. Nexteer Automotive (Suzhou) Co., Ltd., Nexteer Lingyun Driveline (Zhuzhou) Co., Ltd. and Nexteer Lingyun Driveline (Wuhu) Co., Ltd. are expected to maintain high-tech certificates, which are scheduled to expire in 2027, 2028, and 2028. In order to maintain eligibility for the preferential income tax rate of 15%, the subsidiaries are obligated to meet ongoing requirements. We cannot assure that we will maintain this preferential tax rate for future periods. Nexteer Automotive Systems (Liuzhou) Co., Ltd. received a special 'Go West' preferential 15% income tax rate through 2030. Any of these changes could impact the Group, our shareholders, and affiliates, and could adversely affect the Group by changing our ETR and limiting the Group's ability to utilise cash in a tax efficient manner.

### *International trade policies, including protectionist trade policies, such as tariffs and sanctions, could adversely affect our financial performance*

Because of the interconnectedness of the global economy, policy changes in one area of the world can have an immediate and material adverse impact on markets around the world. Changes in international trade policies, including: (i) changes in policies pertaining to the environment; (ii) changes to existing trade agreements; (iii) greater restrictions on free trade generally; and (iv) significant increases in customs duties and tariffs on goods imported into the United States, can adversely affect our financial condition and operating results.

The USMCA, which serves as the successor agreement to the North American Free Trade Agreement, became effective on July 1, 2020. There can be no assurance that the ongoing transition to the higher North American automotive content requirements in the USMCA will not adversely affect our business. In addition, China presents unique risks to U.S. automotive manufacturers due to the strain in U.S.– China relations, China's unique regulatory landscape and the level of integration with key components in our global supply chain. It remains unclear what specific actions the current U.S. administration may take to resolve trade-related issues with China and other countries.

Further, the U.S. government, other governments and international organisations could impose additional tariffs, sanctions or export controls that could restrict us from doing business directly or indirectly in or with certain countries or parties, which could include affiliates. Any of the above could impact our supply chain, as well as our operations, and adversely affect our financial condition and operating results.

### **Strategic Objectives Risk**

Our financial performance depends, in part, on our ability to successfully execute our strategic objectives. Our strategy is to deliver superior long-term shareholder value by growing our business through investments and improving our competitive position, while maintaining a strong balance sheet and returning cash to our shareholders. Our failure to execute our strategic objectives could adversely affect our financial condition, operating results and cash flows.

### **Joint Venture Partners Risk**

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries and joint ventures in which the Group shares control with the joint venture partners. There is no assurance that any of these joint venture partners will continue their relationships with the Group in the future or whether their goals or strategies are in line with the Group. Such joint venture partners may have business interests or goals which are different from the Group. They may experience financial and other difficulties or may be unable to fulfill their obligations under the joint ventures which may affect the Group's businesses and operations.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of approximately US\$45.9 million, or US\$0.0183 per Share, which represents approximately 45% of the Group's net profit attributable to equity holders for the year ended December 31, 2025, 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](http://www.hkab.org.hk)) on the day of the approval of the distribution at the AGM.

## **DISTRIBUTABLE RESERVES**

As at December 31, 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, amounted to approximately US\$2,029.9 million (as at December 31, 2024: US\$779.8 million).

## **SHARE CAPITAL**

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 36 to the Consolidated Financial Statements.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Amended and Restated Memorandum and Articles of Association of the Company (the **Articles of Association**) or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## Directors' Report

### EQUITY-LINKED AGREEMENTS

Details of the share options granted in prior years and current year are set out in note 26 of the Consolidated Financial Statements and 'Share Option Scheme' section contained in this Directors' Report. No options were available for grant as at December 31, 2025, as the Share Option Scheme expired on June 5, 2024. For the year ended December 31, 2025, no Shares were exercised. Except as disclosed above, the Company has not entered into any equity-linked agreements for the year ended December 31, 2025.

### ESG SUMMARY

The Group is committed to conducting our business in an environmentally and socially sound manner and has adopted the ESG Code as required by the Listing Rules. The Board will continue to monitor such policies to ensure the Group remains compliant with the relevant laws and regulations that have a significant impact on the Group in relation to the environment, employment, labour and operation. In addition to carrying out the corporate-wide programmes the Group has initiated, all of our employees are required to be familiar with ESG-related laws and regulations relevant to their employment responsibilities and to comply with them. In accordance with the ESG Code, as set out in Appendix C2 to the Listing Rules, details of the above information will be set out in our ESG report (annual Sustainability Report), which is to be published and available on the Company's website (<https://www.nexteer.com/sustainability/>), as well as the Hong Kong Stock Exchange's website (<https://www.hkexnews.hk/>) at the same time as this Annual Report.

If a printed copy of the ESG report is needed, please make your written request to the Company's share registrar – contact information provided on page 84. We appreciate your kind consideration of environmental footprint and encourage your assessing the ESG report via websites provided above.

### CHARITABLE DONATIONS

During 2025, the charitable contributions and other donations made globally by us amounted to US\$0.1 million.

In 2025, our employees volunteered more than 11,000 hours of time supporting local charitable efforts and creating brand awareness through the Group's philanthropic activities.

### DIRECTORS

The Directors in office during the year ended December 31, 2025 and as at the date of this annual report were as follows:

#### Executive Directors

DING, Fengtao (*Chairman*)

MILAVEC, Robin Zane

BOYER, Hervé Paul Gino (resigned with effect from January 19, 2026)

#### Non-Executive Directors

LEI, Zili

WANG, Jian (retired on June 18, 2025)

ZHANG, Wendong

QIAO, Kun

**Independent Non-Executive Directors**

LIU, Jianjun

WANG, Bin

YUE, Yun

Further details of the Directors are set forth in the section headed 'Directors and Senior Management' in this annual report.

Pursuant to Article 16.2 of the Articles of Association, any Director appointed by the Board, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the first AGM of the Company after his or her appointment and shall then be eligible for election at that meeting.

Pursuant to Article 16.18 of the Articles of Association, at every AGM one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation.

Details of the Directors to be re-elected at the AGM will be set out in the circular to the shareholders of the Company prior to its upcoming AGM.

**CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

Mr. WANG, Jian retired as a non-executive Director with effect from June 18, 2025.

Mr. LEI, Zili has resigned as the Chairman and CEO and has been redesignated from executive Director to non-executive Director and has ceased to act as an authorised representative of the Company under the Listing Rules, all with effect from August 13, 2025.

Mr. DING, Fengtao has been appointed as a non-executive Director with effect from June 18, 2025, has been redesignated from non-executive Director to executive Director and appointed as the Chairman and CEO, as well as the authorised representative of the Company under the Listing Rules all with effect from August 13, 2025.

Mr. BOYER, Hervé Paul Gino was appointed as a non-executive Director with effect from November 12, 2025 and resigned with effect from January 19, 2026.

Except as disclosed above and in the section headed 'Directors and Senior Management' in this annual report, there have been no changes to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the 2025 interim report of the Company.

## Directors' Report

### **SERVICE CONTRACTS OF DIRECTORS**

#### **Executive Directors**

Each of the Executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as Executive Directors for a term of three years with effect from June 30, 2023 or August 13, 2025, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment of each of the Executive Directors may be terminated by either party by giving three months' written notice to the other.

#### **Non-Executive Directors**

Each of the non-Executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as a non-Executive Director for a term of three years with effect from, November 13, 2023, August 14, 2024, or August 13, 2025, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment of each of the non-Executive Directors may be terminated by either party by giving at least three months' written notice to the other.

#### **Independent Non-Executive Directors**

Each of the Independent non-Executive Directors has been appointed for a term of three years with effect from June 14, 2025 or June 15, 2025, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment of each of the Independent non-Executive Directors may be terminated by either party giving at least three months' written notice to the other.

All of the appointments of Directors are subject to the provisions of the Articles of Association with regard to vacating the office of Directors, removal and retirement by rotation of Directors. Except for directors' fees, none of the Independent non-Executive Directors is expected to receive any other remuneration for holding their office as an Independent non-Executive Director.

None of the Directors who are proposed for re-election at the forthcoming AGM has or is proposed to have a service contract that is not terminable by the Company within one year without the payment of compensation (other than statutory compensation).

### **DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

There were no transactions, arrangements and significant contracts with any member of the Group as the contracting party and in which the Directors and the Directors' connected party possessed direct or indirect substantial interests, and which was still valid on December 31, 2025 or at any time during such year and related to the business of the Group, required to be disclosed under Chapter 14A of the Listing Rules.

### **DIRECTORS' INTERESTS IN COMPETITIVE BUSINESS**

During the year ended December 31, 2025, none of the Directors are considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## PERMITTED INDEMNITY

Article 33 of the Articles of Association provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful defaults. The Company has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and Senior Management during the year ended December 31, 2025 and as of the date of this report.

## PRINCIPAL SUBSIDIARIES

The Group's operations are conducted on a global basis through its direct or indirect subsidiaries. Details of the subsidiaries of the Company as at December 31, 2025 are set out in note 37 to the Consolidated Financial Statements.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2025, the percentages of purchases attributable to the Group's major suppliers are as follows:

- the largest supplier: 9%
- five largest suppliers in aggregate: 25%

During the year ended December 31, 2025, the percentages of revenue attributable to the Group's major customers are as follows:

- the largest customer: 34%
- five largest customers in aggregate: 76%

As far as the Company is aware, none of the Directors nor any of his associates and none of the shareholders possessing over 5% of the interest in the share capital (excluding treasury shares) of the Company possessed any interests in the abovementioned suppliers and customers.

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on June 5, 2014, the Company adopted a share option scheme (the **Share Option Scheme**). The Share Option Scheme expired on June 5, 2024 after which no further Options shall be granted. Any Options that are outstanding upon the termination of the Share Option Scheme shall remain in force according to the terms of the Share Option Scheme.

### 1. Purpose

The purposes of the Share Option Scheme are: (1) to align the interests of the Company's Directors and Senior Management, as well as other key employees with the Company's performance and strategic objectives so as to lay a foundation for the Company's future development and maximise the shareholders' value and (2) to attract, retain and motivate employees in key positions required for attaining the Company's strategic objectives by offering competitive general remuneration in the human resources market.

## Directors' Report

### 2. Participants

The Board may, at their discretion, invite any Directors (excluding Independent non-Executive Directors), Senior Management, as well as other key employees approved by the Board (which means those who are responsible for the decision-making, operation and management of the Company) as the Participants (as defined under the Share Option Scheme).

### 3. Maximum number of shares subject to Options (as defined under the Share Option Scheme)

- (a) Prior to the expiry of the Share Option Scheme, the shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme(s) adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not in aggregate exceed 249,780,400 shares (the **Scheme Mandate Limit**), which represented approximately 9.95% of the issued share capital (excluding treasury shares) of the Company as at the date of this report.
- (b) The Company may refresh the Scheme Mandate Limit at any time subject to prior approval of the shareholders in a general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the shares in issue as at the date of the aforesaid approval by the shareholders in a general meeting. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed.
- (c) The Company may also seek separate approval of the shareholders in a general meeting to grant Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid shareholders' meeting at which such approval is sought.
- (d) Subject to the requirements of the Listing Rules, the number of securities may be issued upon the exercise of all outstanding Options granted under the Share Option Scheme and any other schemes shall not exceed 30% of the relevant class of securities in issue of the Company (or its related subsidiaries) from time to time.
- (e) Unless approved by the shareholders in the manner set out in this paragraph, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme of the Company to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the **Individual Limit**). Any further grant of Options to a Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the shareholders in a general meeting with such Participant and his associates abstaining from voting.

- (f) Each grant of Options to any Director, Chief Executive Officer of the Company (**Chief Executive or Chief Executive Officer**) or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the Independent non-Executive Directors of the Company. Where any grant of Options to a substantial shareholder, or any of its respective associates, would result in the number of shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
- (i) Representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the shares in issue (excluding treasury shares); and
  - (ii) Having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date on which the Board resolves to make an Offer (as defined under the Share Option Scheme) of that Option to the Participant or such other date as designated by the Board (the Date of Grant), in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Hong Kong Stock Exchange), such further grants of Options shall be subject to the prior approval by the shareholders (voting by way of poll) in a general meeting. The Company shall send a circular to the shareholders in accordance with the Listing Rules and all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the resolution at such general meeting.
- (g) The number of share options available for grant under the scheme mandate as at January 1, 2025 was 166,636,790. No options were available for grant as at December 31, 2025, as the Share Option Scheme expired on June 5, 2024. The Remuneration and Nomination Committee and the Board have reviewed and discussed the Share Option Scheme and its implementation and decided not to renew the plan during the year ended December 31, 2025.
- (h) During the period ended December 31, 2025, there were 1,085,500 shares that may be issued in respect of options granted under the Share Option Scheme, which is 0.04% of the weighted average number of shares in issue (excluding treasury shares), which can be exercised until no later than 10 years from the relevant grant date.

#### 4. **Acceptance period**

A Share Option may be accepted by a Participant within a certain number of days from the date of the offer of the grant of the Option as indicated in the offer.

#### 5. **Exercise period**

The period within which the Options may be exercised must expire no later than 10 years from the relevant Date of Grant.

## Directors' Report

### 6. **Minimum holding period**

The Option must be held for one year from the Date of Grant before it can be exercised. The vesting period shall be three years and one-third shall be vested at each anniversary from the Date of Grant.

### 7. **Consideration for acceptance**

The consideration payable for acceptance of the Option of grant by each Participant is HK\$1.00. If the Participant does not accept such grant of Option pursuant to the procedures specified in the respective grant agreement or notice within the stipulated timeframe, such Option shall be regarded as unaccepted and lapsed.

### 8. **Subscription Price**

The Subscription Price (as defined under the Share Option Scheme) shall be such price determined by the Board in its absolute discretion and notified to the Participant in the Offer and shall be no less than the higher of:

- (a) the closing price of a share as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the Date of Grant;
- (b) the average closing price of the shares as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange for the five business days immediately preceding the Date of Grant; or
- (c) the nominal value of a share.

## Directors' Report

9. There were no options under the Share Option Scheme (**Options**) granted or vested during the year ended December 31, 2025.

The summary of the Options previously granted under the Share Option Scheme that remained outstanding as at December 31, 2025 are as follows:

Grant date	Options Granted	Options held at January 1, 2025	Options granted during the year	Options exercised during the year	Options cancelled/lapsed during the year	Options held at December 31, 2025	Exercise period <sup>(1)</sup>	Exercise price per share (HK\$)	Share price on the grant date <sup>(2)</sup> (HK\$)	Share price on the exercise date (HK\$)	Weighted average closing price of the Company's shares immediately before the exercise date (HK\$)	
<b>Directors</b>												
LEI, Zii <sup>(3)</sup>	October 25, 2022	1,667,970	555,990	-	-	555,990	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
MILAVEC, Robin Zane	May 30, 2018	526,730	175,580	-	-	-	175,580	May 30, 2018 – May 29, 2028	12,456	11,960	N/A	N/A
	August 21, 2019	1,667,970	-	-	-	-	-	August 21, 2019 – August 20, 2029	6,390	6,390	N/A	N/A
	October 25, 2022	2,633,650	877,870	-	-	877,870	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
BOYER, Hervé Paul Gino <sup>(4)</sup>	June 10, 2016	419,070	279,380	-	-	-	279,380	June 10, 2016 – June 9, 2026	7,584	7,340	N/A	N/A
	May 29, 2017	419,070	139,690	-	-	-	139,690	May 29, 2017 – May 28, 2027	11,620	11,620	N/A	N/A
	May 30, 2018	419,070	139,690	-	-	-	139,690	May 30, 2018 – May 29, 2028	12,456	11,960	N/A	N/A
	August 21, 2019	419,070	-	-	-	-	-	August 21, 2019 – August 20, 2029	6,390	6,390	N/A	N/A
	October 25, 2022	1,667,970	555,990	-	-	555,990	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
WANG, Jian <sup>(5)</sup>	August 21, 2019	702,300	-	-	-	-	-	August 21, 2019 – August 20, 2029	6,390	6,390	N/A	N/A
	October 25, 2022	351,150	117,050	-	-	117,050	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
ZHANG, Wendong	October 25, 2022	351,150	117,050	-	-	117,050	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
Sub-total		11,245,170	2,958,290	-	-	2,223,950	734,340					
<b>Other Employee Participants (in aggregate)</b>												
	June 11, 2014	11,236,860	-	-	-	-	-	June 11, 2014 – June 10, 2024	5,150	5,150	N/A	N/A
	June 10, 2015	10,358,990	-	-	-	-	-	June 10, 2015 – June 9, 2025	8,610	8,480	N/A	N/A
	June 10, 2016	10,183,420	-	-	-	-	-	June 10, 2016 – June 9, 2026	7,584	7,340	N/A	N/A
	May 29, 2017	11,500,240	-	-	-	-	-	May 29, 2017 – May 28, 2027	11,620	11,620	N/A	N/A
	May 30, 2018	12,026,970	351,160	-	-	-	351,160	May 30, 2018 – May 29, 2028	12,456	11,960	N/A	N/A
	August 21, 2019	10,885,730	-	-	-	-	-	August 21, 2019 – August 20, 2029	6,390	6,390	N/A	N/A
	October 25, 2022	5,706,230	1,433,840	-	-	1,433,840	-	October 25, 2022 – October 24, 2032	4,268	4,140	N/A	N/A
Sub-total		71,898,440	1,785,000	-	-	1,433,840	351,160					
Total		83,143,610	4,743,290	-	-	3,657,790	1,085,500					

## Directors' Report

### Notes:

- (1) The Options granted in 2014, 2015, 2016, 2017, 2018, 2019, and 2022 must be held for one year from June 11, 2014, June 10, 2015, June 10, 2016, May 29, 2017, May 30, 2018, August 21, 2019, and October 25, 2022, respectively. The Options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third at each anniversary of the Date of Grant of the share option. The October 25, 2022 grant contains various performance targets in order to vest. These performance targets require the Group to achieve a minimum return on invested capital, three-year compound annual growth rate, and operating margin. Also, the Group's return on invested capital, three-year compound annual growth rate, and operating margin must exceed benchmark companies.
- (2) The exercise price for the Options granted on June 11, 2014, May 29, 2017 and August 21, 2019 was the closing price of the shares quoted on the Hong Kong Stock Exchange on the trading day on the Date of Grant of the Options. The exercise price for the Options granted on June 10, 2015, June 10, 2016, May 30, 2018, and October 25, 2022 was the average closing price for five consecutive trading days prior to the Date of Grant of the Options. The closing price of the shares of the Company immediately before the date of the Options (i.e. October 24, 2022) granted during the reporting year was HK\$3.98.
- (3) Mr. LEI Zili, has resigned as the Chairman and CEO and has been redesignated from Executive Director to Non-Executive Director, with effect from August 13, 2025.
- (4) Mr. BOYER, Hervé Paul Gino was appointed as an Executive Director with effect from November 12, 2025 and resigned, with effect from January 19, 2026. All options were lapsed on January 19, 2026.
- (5) Mr. WANG, Jian retired as a non-executive Director with effect from June 18, 2025.

## PENSION SCHEMES

The Group has both defined contribution and defined benefit plans. Various subsidiaries within the Group operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations.

More detailed information regarding pension schemes is set out in note 19 to the Consolidated Financial Statements.

## NON-COMPETITION UNDERTAKING FROM OUR CONTROLLING SHAREHOLDERS

On June 15, 2013, each of AVIC, AVIC Auto, PCM China and Nexteer Hong Kong (together the **Controlling Shareholders**) provided a non-competition undertaking (the **Non-competition Undertaking**), pursuant to which each of the Controlling Shareholders has unconditionally and irrevocably undertaken that apart from the Retained Business as defined in the prospectus of the Company dated September 24, 2013 (the **Prospectus**) it will not, and will procure its subsidiaries not to, whether directly or indirectly through third parties or the provision of support to such third parties, engage in any automotive steering systems and driveline systems business (the **Core Business**) that competes, or is likely to compete, directly or indirectly with our Group. Details of the Non-competition Undertaking were disclosed in the Prospectus under the section headed 'Relationship with our Controlling Shareholders'.

For the year ended December 31, 2025, the Group has not (1) pursued or declined any new business opportunity referred to us by the Controlling Shareholders nor (2) exercised or waived the pre-emptive rights under the Non – competition Undertaking. Certain Controlling Shareholders have provided an annual confirmation of its compliance with the Non-competition Undertaking. The Independent non-Executive Directors have reviewed and were satisfied that such Controlling Shareholders have complied with the Non-competition Undertaking for the year ended December 31, 2025.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There were no contracts of significance (including for the provision of services) with any member of the Group as the contracting party and in which any of the Controlling Shareholders possessed direct or indirect substantial interests, and which was still valid on December 31, 2025 or any time during such year and related to the business of the Group.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARE AND UNDERLYING SHARES

As at December 31, 2025, the interests or short positions of the Directors or Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the **SFO**)) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the **Model Code**) are as follows:

### Interest in the Company

Name	Capacity	Nature of interest	No. of underlying Shares of the Company held <sup>(1)</sup>	Approximate percentage of total issued Shares <sup>(2)</sup>
MILAVEC, Robin Zane	Director	Beneficial owner	175,580 (L)	0.01%
BOYER, Hervé Paul Gino <sup>(3)</sup>	Director	Beneficial owner	558,760 (L)	0.02%

Notes:

(L) Denotes a long position in Shares.

(1) These represent the interests in underlying Shares in respect of the Options granted by the Company.

(2) The calculation is based on the total number of shares in issue as at December 31, 2025 of 2,509,824,293.

(3) BOYER, Hervé Paul Gino resigned as Executive Director with effect from January 19, 2026. All options were lapsed on January 19, 2026.

Except as disclosed above, as at December 31, 2025, none of our Directors and Chief Executive of the Company have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO or (ii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed above, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its subsidiaries were granted to any Director or their respective spouse or children under 18 years of age or any company they control, nor were any such rights exercised by them. Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age or any company they control, to acquire such rights in any other body corporate for the year ended December 31, 2025.

## Directors' Report

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

As at December 31, 2025, the following shareholders (excluding the Directors and Chief Executive of the Company) had interests or short positions in any Shares and underlying Shares of the Company which will be required to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity	No. of Shares	Approximate percentage of total Issued Shares <sup>(1)</sup>
Nexteer Automotive (Hong Kong) Holdings Limited <b>(Nexteer Hong Kong)</b> <sup>(2)</sup>	Beneficial Owner	1,105,000,000 (L)	44.03%
Pacific Century Motors, Inc. <b>(PCM China)</b> <sup>(2)</sup>	Interest of controlled corporation	1,105,000,000 (L)	44.03%
AVIC Automotive Systems Holding Co., Ltd. <b>(AVIC Auto)</b> <sup>(3)</sup>	Interest of controlled corporation	1,105,000,000 (L)	44.03%
Aviation Industry Corporation of China, Ltd. <b>(AVIC)</b> <sup>(3)</sup>	Interest of controlled corporation	1,105,000,000 (L)	44.03%
Beijing E-Town International Investment & Development Co. Ltd. <sup>(4)</sup>	Interest of controlled corporation	400,976,000(L)	15.98%
Beijing E-Town International Automotive Investment & Management Co., Ltd. <sup>(4)</sup>	Beneficial Owner	400,976,000 (L)	15.98%

Notes:

(L) Denotes a long position in Shares.

(1) The calculation is based on the total number of 2,509,824,293 Shares in issue as at December 31, 2025.

(2) Nexteer Hong Kong is wholly-owned by PCM China, which is in turn owned as to 72.88% by AVIC Auto and as to 27.12% by Beijing E-Town International Automotive Investment & Management Co., Ltd. (a direct wholly-owned subsidiary of Beijing E-Town International Investment & Development Co., Ltd.). Each of PCM China and AVIC Auto is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.

(3) AVIC Auto is owned as to 70.11% by AVIC. AVIC is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.

(4) On September 23, 2022, Beijing E-Town International Automotive Investment & Management Co., Ltd. (a direct wholly-owned subsidiary of Beijing E-Town International Investment & Development Co., Ltd.) became a direct holder of 525,000,000 shares of the Company, which then reduced its shares to 400,976,000 at December 31, 2025. Beijing E-Town International Investment & Development Co., Ltd. is deemed to be interested in the 400,976,000 Shares held by Beijing E-Town International Automotive Investment & Management Co., Ltd.

## DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS OF OTHER MEMBERS OF OUR GROUP

So far as our Directors are aware, as at December 31, 2025, the persons other than our Directors and our Chief Executive who were directly interested in 10% or more of the issued and outstanding share capital of our subsidiaries carrying rights to vote in all circumstances at general meetings of each relevant subsidiary, were as follows:

Member of our Group	Person with 10% or more interest (other than the Company)	Capacity	Percentage of the substantial shareholder's interest
Nexteer Lingyun Driveline (Zhuozhou) Co., Ltd.	Lingyun Industrial Corp., Ltd.	Registered owner	40%
Nexteer Lingyun Driveline (Wuhu) Co., Ltd.	Lingyun Industrial Corp., Ltd.	Registered owner	40%
Chongqing Nexteer Steering Systems Co., Ltd.	Chongqing Jianshe Industry (Group) Co., Ltd.	Registered owner	50%

Except as disclosed above, as at December 31, 2025, our Directors are not aware of any person who, as at December 31, 2025, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of any other member of our Group.

## CONNECTED TRANSACTIONS

The Group's related parties transactions for the year ended December 31, 2025 set out in note 33 to the Consolidated Financial Statements did not constitute connected transactions or continuing connected transactions (as defined in Chapter 14A of the Listing Rules).

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2025, 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 EVENTS

Details of subsequent events after December 31, 2025 are set out in note 34 to the Consolidated Financial Statements.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed for the year ended December 31, 2025.

## Directors' Report

### **PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of the annual report, the Company has maintained the public float as required by the Listing Rules up to the date of this annual report.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Shares of the Company, they are advised to consult an expert.

### **AUDITOR**

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu, the Company's external auditor. There has been no changes to the auditor of the Company during the past three years.

### **CLOSURE OF REGISTER OF MEMBERS**

The Company's AGM will be held on June 17, 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 10, 2026 to June 17, 2026, both days inclusive, during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members on June 17, 2026 (i.e. the record date) will be entitled to attend and vote at the annual general meeting. 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 9, 2026.

The final dividend is payable on July 9, 2026 and the record date for entitlement to the proposed final dividend is June 29, 2026. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from June 25, 2026 to June 29, 2026, 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, 2026.

On behalf of the Board

**Mr. DING, Fengtao**

*Chairman and Chief Executive Officer*

Hong Kong, March 24, 2026

# Corporate Governance Report

## 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 Listing Rules.

Except as expressly described below, in the opinion of 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, 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 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 to August 13, 2025, Mr. LEI, Zili (**Mr. LEI**) had been appointed as the Chairman and the CEO. Following his resignation as the Chairman and the CEO with effect from August 13, 2025, Mr. DING, Fengtao (**Mr. DING**), has been appointed as the Chairman and the CEO on the same date, 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 CEO 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 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, 2025.

## Corporate Governance Report

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.

### THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board is responsible for leadership and control of the Company and the Group and for promoting the success of the Group by directing and supervising the Group's affairs. In addition, the Board is responsible for overseeing ESG issues. The Board is also responsible for overseeing the corporate governance and financial reporting of the Company and for reviewing the effectiveness of the Group's system of internal control and risk management. To assist it in fulfilling its duties, the Board has established two board committees: the Audit and Compliance Committee and the Remuneration and Nomination Committee.

The Group is managed collectively by our core management team, which is comprised of the Board and Senior Management of the Group. Members of our Senior Management are responsible for overseeing their respective segments and functions and making day-to-day decisions of the Group. They meet regularly to discuss issues of their respective functions and make relevant decisions and report to our Board regularly and when necessary. Our Senior Management as a whole is also responsible for formulating the overall strategies, annual budget, key business, financial and other operational policies and preparing proposals of any key business, financial and other operational decisions of the Group taking into account inputs from different functions for the Board's approval. The Board will consult with our Senior Management on such proposals and discuss the same at the Board level with an aim to reach a consensus that is in the best interest of the Group. Once the key policies and decisions are formulated and made, our Senior Management as a whole will implement the same throughout the Group. Accordingly, the overall strategic and other key business, financial and operational policies and decisions of the Group are made collectively from its inception to implementation after thorough discussion at both Board and Senior Management levels.

The Board has established clear guidelines with respect to matters that must be approved or recommended by the Board, including, without limitation, approval and adoption of the Group's annual operating budget and capital expenditure budget; the hiring or dismissal of the Chief Executive Officer, Chief Financial Officer (the **CFO**), Company Secretary or certain other members of the Senior Management team; and approving and recommending significant transactions. The Group has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and Senior Management.

## Corporate Governance Report

**Composition of the Board, Number of Board Meetings and Directors' Attendance**

As at the date of this annual report, the Board consists of eight Directors, including two Executive Directors, namely DING, Fengtao (Chairman) and MILAVEC, Robin Zane and three non-Executive Directors namely LEI, Zili, ZHANG, Wendong and QIAO, Kun and three Independent non-Executive Directors, namely LIU, Jianjun, WANG, Bin and YUE, Yun. The biographical details of each current Director and their respective responsibilities and dates of appointment are included in the section headed 'Directors and Senior Management' of this annual report. None of the Directors or chief executive is related to one another.

The following is the attendance record of the Directors at the Board and committee meetings, and general meetings held for the year ended December 31, 2025:

Name of Director	Attendance/number of Meetings in 2025			
	Board	Remuneration and Nomination Committee	Audit and Compliance Committee	Annual General Meeting
DING, Fengtao <sup>(1)</sup>	3/3	N/A	N/A	0/0
MILAVEC, Robin Zane	5/5	N/A	N/A	1/1
BOYER, Herve Paul Gino <sup>(2)</sup>	N/A	N/A	N/A	0/0
LEI, Zili <sup>(3)</sup>	5/5	N/A	N/A	1/1
WANG, Jian <sup>(4)</sup>	2/2	N/A	N/A	0/1
ZHANG, Wendong	5/5	7/7	N/A	1/1
QIAO, Kun	5/5	N/A	4/4	1/1
LIU, Jianjun	5/5	7/7	N/A	1/1
WANG, Bin	5/5	7/7	4/4	1/1
YUE, Yun	5/5	N/A	4/4	1/1

Notes:

- (1) Mr. DING, Fengtao has been appointed as a non-executive Director with effect from June 18, 2025, has been redesignated from non-executive Director to executive Director and appointed as the Chairman and CEO with effect from August 13, 2025.
- (2) Mr. BOYER, Hervé Paul Gino was appointed as an Executive Director with effect from November 12, 2025 and resigned with effect from January 19, 2026.
- (3) Mr. LEI Zili has been redesignated from Executive Director to Non-Executive Director and has resigned as the Chairman and CEO, with effect from August 13, 2025.
- (4) Mr. WANG, Jian retired as a non-executive Director with effect from June 18, 2025.

**PRACTICES AND CONDUCT OF MEETINGS**

Notice of regular Board meetings is given to all Directors at least 14 days in advance, and reasonable notice is generally given for other Board meetings. Annual meeting schedules and the draft agenda of each meeting are normally made available to Directors in advance. Arrangements are in place to allow Directors to include items in the agenda, and final agendas together with relevant supporting documents are sent to Directors at least 3 days before each regular Board meeting, and as soon as practicable before other Board meetings, so that the Board can make informed decisions on matters placed before it. Each Director also has separate and independent access to the Senior Management where necessary. Minutes of the Board meetings are kept by the Company Secretary. Draft minutes are circulated to Directors for comment within a reasonable time after each meeting.

## Corporate Governance Report

If a Director or any of their associates has a material interest in a transaction, that Director is required to abstain from voting and not to be counted in the quorum at the meeting for approving the transaction.

### **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

During the year ended December 31, 2025, the Board met the requirements of the Listing Rules relating to the appointment of at least three Independent non-Executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the Independent non-Executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent non-Executive Directors to be independent.

### **BOARD INDEPENDENCE**

In order to ensure that independent views and input of the Independent non-Executive Directors are made available to the Board, the Remuneration and Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the Independent non-Executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the Independent non-executive Directors regularly without the presence of the Executive Directors.

All Directors are entitled to seek advice from the Company Secretary as well as from independent professional advisors at the Company's expenses. During the year ended December 31, 2025, the Company has reviewed the mechanisms established to ensure independent views and input are available to the Board and was satisfied with the implementation and effectiveness of such mechanisms.

### **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

The Company uses a formal and transparent procedure for the appointment, election and removal of Directors, which is set out in the Company's Articles of Association and is led by the Remuneration and Nomination Committee, which will make recommendations on appointment of new Directors to the Board for approval.

Further details relating to the appointment, election and removal of Directors and the service contracts of Directors are set out in the sections headed 'Directors' and 'Service Contracts of Directors' in the Directors' Report included in this annual report.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives a comprehensive introduction to the Company in order to ensure his understanding of the business and operations of the Group and awareness of a director's responsibilities and obligations. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge by attending internal training and external seminars. For the year ended December 31, 2025, the Company arranged in-house training for all Directors relating to on-going compliance obligations, corporate governance and other related topics.

Mr. DING, Fengtao, who was appointed as non-executive Director and redesignated as executive Director during the year ended December 31, 2025, had obtained legal advice on June 3, 2025, as required under rule 3.09D of the Listing Rules from the legal advisor of the Company and has confirmed that he understood his obligations as a director of a listed company.

During the year ended December 31, 2025, the Directors participated in the following training:

Directors	Types of training
<b>Executive Directors</b>	
DING, Fengtao ( <i>Chairman</i> ) (appointed as a non-executive Director with effect from June 18, 2025, has been redesignated from non-executive Director to executive Director with effect from August 13, 2025.)	A, B, C, D
MILAVEC, Robin Zane	A, B, C, D
BOYER, Herve Paul Gino (appointed as Executive Director with effect from November 12, 2025 and resigned with effect from January 19, 2026.)	A, B, C, D
<b>Non-Executive Directors</b>	
LEI, Zili (redesignated from Executive Director to Non-Executive Director with effect from August 13, 2025)	A, B, C, D
WANG, Jian (retired as a non-executive Director with effect from June 18, 2025)	
ZHANG, Wendong	A, C, D
QIAO, Kun	A, B, C, D
<b>Independent Non-Executive Directors</b>	
LIU, Jianjun	A, B, C, D
WANG, Bin	A, B, C, D
YUE, Yun	A, B, C, D

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: attending in-house training relating to the on-going compliance obligations, corporate governance and other related topics

D: reading newspapers, journals, Company's newsletters and updates relating to the economy, general business, automotive component manufacturing industry or Directors' duties and responsibilities, etc.

## Corporate Governance Report

### COMMITTEES

The Board has established the Audit and Compliance Committee, and the Remuneration and Nomination Committee for overseeing particular aspects of the Group's affairs. All Board committees are established with defined written terms of reference which are posted on the Company's website, the Hong Kong Stock Exchange's website and are available to shareholders upon request. Meetings of the Board committees generally follow the same procedures as meetings of the Board.

### THE AUDIT AND COMPLIANCE COMMITTEE

The Board established 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 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 Board recognises that corporate governance should be the collective responsibility of the Directors and delegates the corporate governance duties to the Audit and Compliance Committee which include:

- Reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;
- Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- Developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board and report to the Board on matters;
- Reviewing the Company's compliance with the Hong Kong CG Code and disclosure in the Corporate Governance Report; and
- Considering any other topics, as determined by the Board.

There were four meetings of the Audit and Compliance Committee held for the year ended December 31, 2025, the attendance record of the committee members is set out above. The following is a summary of the major work performed by the Audit and Compliance Committee during 2025:

- Reviewed the reports and findings from management including Internal Audit on the implementation and refinement of the risk management and internal control measures;
- Reviewed the internal audit plan;
- Confirmed the independence and objectivity of the Company's external auditor, Deloitte Touche Tohmatsu;

## Corporate Governance Report

- Reviewed the Enterprise Risk Management report and internal audit follow-up actions, emphasising mitigation of high-risk operational areas;
- Met with the external auditor and reviewed their 2025 audit plan;
- Reviewed the annual results and the adequacy of the risk management and internal control system for the year ended December 31, 2024;
- Reviewed the effectiveness of shareholder communication policy and the corporate governance policies and practices of the Company; and
- Reviewed the interim results for the six months ended June 30, 2025.

Subsequent to December 31, 2025 and up to the date of this annual report, a meeting of the Audit and Compliance Committee was held on March 23, 2026 to review the annual results and the adequacy of the risk management and internal control system for the year ended December 31, 2025.

## THE REMUNERATION AND NOMINATION COMMITTEE

The Board established the Remuneration and Nomination 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 code provisions B.3.1 and E.1.2 in Part 2 of the Hong Kong CG Code. These terms of reference include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skill as well as time commitments of members. The Remuneration and Nomination Committee consists of, Mr. LIU, Jianjun, Ms. ZHANG, Wendong and Dr. WANG, Bin. All members of the Remuneration and Nomination Committee are non-Executive Directors, among whom Mr. LIU, Jianjun and Dr. WANG, Bin are Independent non-Executive Directors. The chairman of the Remuneration and Nomination Committee is Mr. LIU, Jianjun. The primary functions of the Remuneration and Nomination Committee include, without limitation, (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) making recommendations on the remuneration packages of Executive and non-Executive Directors and Senior Management; (iii) reviewing and approving Senior Management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time; (iv) reviewing the structure, size, composition and diversity of the Board; (v) assessing the independence of Independent non-Executive Directors; (vi) making recommendations to the Board on matters relating to the appointment of Directors; and (vii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The remuneration of Directors and Senior Management is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance. No Director or any of their associates takes part in any discussion about their own remuneration.

There were seven meetings of the Remuneration and Nomination Committee held for the year ended December 31, 2025, the attendance record of the committee members is set out above. The following is a summary of the major work performed by the Remuneration and Nomination Committee during 2025:

- Reviewed the appointment of the Company's Chairman and CEO;

## Corporate Governance Report

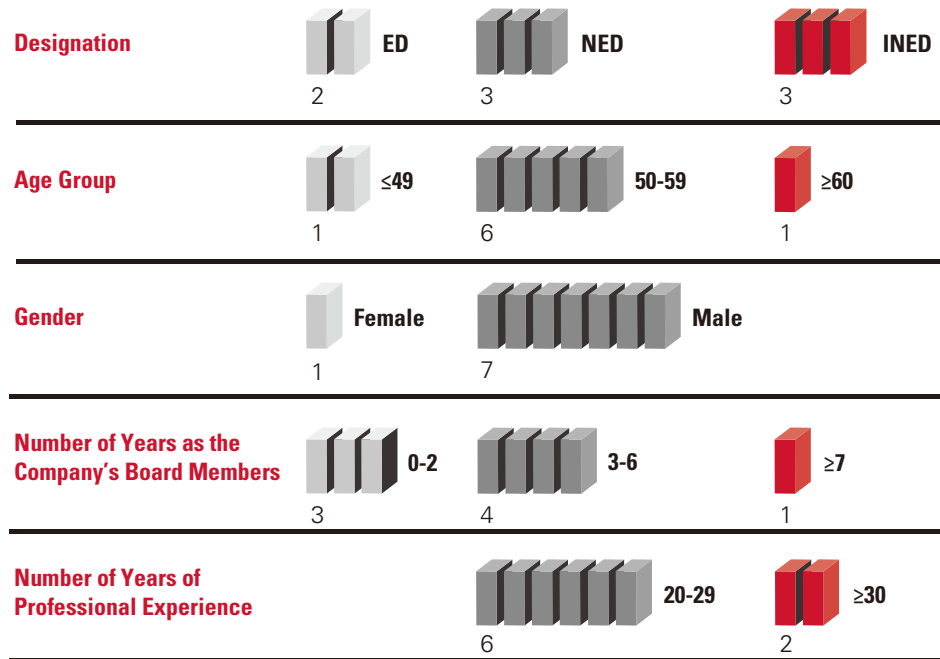
- Reviewed the candidates for board member and senior management;
- Reviewed the Executive employment agreement for CEO and senior management;
- Reviewed the short-term and long-term incentive plan for senior management and Executive Board Directors;
- Reviewed the Value Creation Plan of the Company;
- Reviewed the Board structure, size, composition and board diversity (including ability, knowledge and experience etc.);
- Confirmed the independence of the Independent non-Executive Directors; and
- Considered the retirement and re-election of Directors at the AGM.

Subsequent to December 31, 2025 and up to the date of this annual report, a meeting of the Remuneration and Nomination Committee was held on March 23, 2026 to review the effectiveness of board diversity policy and its implementation, and the mechanisms for independent view and input to the board for the year end of December 31, 2025.

### **BOARD DIVERSITY POLICY**

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. To that end, the Company has adopted a Board diversity policy to set out the approach to achieve diversity on the Board. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, ethnicity, years of work experience, and professional experience. The Company will develop and maintain pipeline of potential successors to the Board to maintain diversity based on such aspects. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Company continues to pursue board diversity in multiple aspects, including appointment of a female Director to the Board in 2020. A visual snapshot of the Board's diversity and certain measurable objectives as at the date of this report is shown on this page.

### DIVERSITY SNAPSHOTS



Directors	Professional experiences include
DING, Fengtao	automotive, manufacturing, industrial, management, leadership, operations, strategy, governance
MILAVEC, Robin Zane	automotive, engineering strategy, operations, business administration, economics, management
LEI, Zili	automotive, aviation technology, strategy, business administration
ZHANG, Wendong	investment, strategy, international marketing management, finance, business administration, economics
QIAO, Kun	finance, accounting, risk management, investment, compliance
LIU, Jianjun	legal, compensation and compliance
WANG, Bin	finance, corporate governance, risk management, compensation, compliance
YUE, Yun	legal, internal control, investment, risk management

## Corporate Governance Report

The Board currently has one female Director out of eight Directors, and is committed to improving gender diversity as and when suitable candidates are identified. The Company is of the view that gender diversity in respect of the Board has been achieved. Of the approximately 12,500 employees (including senior management) of the Group as at December 31, 2025, approximately 3,300 are female. Accordingly, the Company considers that gender diversity is also achieved in its workforce generally.

During the year ended December 31, 2025, the Board, through the Remuneration and Nomination Committee, has reviewed the implementation and effectiveness of the Board diversity policy and confirm that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

### **NOMINATION POLICY**

The Remuneration and Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors of the Company at general meetings or to appoint as directors to fill casual vacancies. The Remuneration and Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.

The factors listed below would be used as reference by the Remuneration and Nomination Committee in assessing the suitability of a proposed candidate: reputation for integrity and good character; judgement and diversity of experience in all its aspects, including but not limited to gender, age, ethnicity, years of work experience, and professional experience – including educational background, skills and knowledge; commitment to the Company in respect of available time and relevant interest; ability to provide insight in relation to the Company's line of business; requirement for the Board to have independent non-executive directors in accordance with the Listing Rules; whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules, taking into account factors like the candidate's relationship with the existing directors and any substantial interest in the Company; understanding of the fiduciary duties required; and compliance with the Board Diversity Policy and any measurable objectives adopted by the Remuneration and Nomination Committee for achieving diversity on the Board. These factors are for reference only, and not meant to be exhaustive and decisive. The Remuneration and Nomination Committee has the discretion to nominate any person, as it considers appropriate. Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a director. The Remuneration and Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

The secretary of the Remuneration and Nomination Committee shall call a meeting of the Remuneration and Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Remuneration and Nomination Committee prior to its meeting. For filling a casual vacancy, the Remuneration and Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Remuneration and Nomination Committee shall make nominations to the Board for its consideration and recommendation. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting. Nomination procedures to be followed by the shareholders shall be in accordance with the Articles of Association (as amended and/or from time to time). A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

## Corporate Governance Report

## DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board and the approval of the Company's shareholders. Subject to applicable laws and regulations, the Company currently intends to pay dividends of not less than 20% of its net profits available for distribution. The Board may recommend a payment of dividends in the future after taking into account the Company's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditures and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to the Company's constitutional documents and the Companies Law (as amended) of the Cayman Islands including the approval of the Company's shareholders. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

## AUDITOR'S REMUNERATION

The Company's external auditor is Deloitte Touche Tohmatsu. A breakdown analysis of the remuneration to Deloitte Touche Tohmatsu for the year ended December 31, 2025 is set out below. The Audit and Compliance Committee has confirmed the independence and objectivity of the external auditor.

Service Category	Fees US\$'000
Audit Services	1,943
Non-audit Services	217
<b>Total</b>	<b>2,160</b>

Non-audit services include allowable tax consulting, compliance services, risk advisory and assurance services.

## COMPANY SECRETARY

The company secretary of the Company (**Company Secretary**) is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

For the year ended December 31, 2025, Mr. WU, Guanhua has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. Except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules. Poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting. There are no provisions under the laws of the Cayman Islands or the Articles of Association that allows shareholders to make proposals or move resolutions at an annual general meeting. Shareholders of the Company who wish to make proposals or move a resolution may, however, request the Board to convene an extraordinary general meeting by following the procedures below.

## Corporate Governance Report

### **PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING**

Extraordinary general meetings may be convened on the written request of any one or more members holding together, as at the date of deposit of the requisition, shares representing at least one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s).

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the extraordinary general meeting to be held within a further 21 days, the requisitionist(s) themselves, or any of them representing more than one-half of the total voting rights of all of them, may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the request, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

### **SHAREHOLDERS' ENQUIRIES**

Enquiries about corporate governance or other related matters (including enquiries to be put to the Board) should be directed to the Company Secretary by email at [company.secretary@nextteer.com](mailto:company.secretary@nextteer.com) or at the Company's headquarters address: 1272 Doris Road, Auburn Hills, Michigan 48326, USA.

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar as follows:

By Mail: 17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

Hong Kong Customer Service Phone: +852 2862 8555

Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)

### **SHAREHOLDERS' COMMUNICATION POLICY**

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

To promote effective communication, the Company adopts and publishes on its website a shareholders' communication policy which sets out various communication channels for establishing a two-way relationship and communication between the Company and the Shareholders. The policy is reviewed on an annual basis to ensure its effectiveness. The Company maintains a website of the Company at <http://www.nextteer.com/>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

## Corporate Governance Report

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

As such, the Company reviewed its shareholders engagement and communication activities conducted in 2025 and was satisfied with the implementation and effectiveness of its shareholders' communication policy.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Group has established a formal and transparent procedure for formulating policies on remuneration of Directors and Senior Management of the Group. Details of the remuneration of each of the Directors for the year ended December 31, 2025 are set out in note 26 to the Consolidated Financial Statements. The remuneration of Directors is determined by the Board, which receives recommendations from the Remuneration and Nomination Committee after considering the experience, knowledge and performance of the Directors. Under the Company's current compensation arrangements, the Executive Directors and Senior Management receive cash compensation in the form of salaries as well as bonuses that are subject to performance targets.

Remuneration paid to or accrued for the Senior Management (including three Executive Directors) for the year ended December 31, 2025 is within the following bands:

Band of remuneration in US\$	No. of person
US\$0 – US\$250,000	5
US\$500,001 – US\$750,000	1
US\$750,001 – US\$1,000,000	4
US\$1,000,001 – US\$1,250,000	4
US\$1,250,001 – US\$1,500,000	2
US\$2,000,001 – US\$2,250,000	1
US\$3,500,001 – US\$3,750,000	1

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company has implemented a series of reports intended to allow the Board to assess the Group's financial and operational performance, as well as business results. On a monthly basis, management of the Group provides the Board with sufficient and adequate information to support its decision-making and oversight responsibilities.

The Board understands and acknowledges its responsibility for overseeing the preparation of the financial information in accordance with IFRS Accounting Standards and for the internal control system necessary to enable the preparation of financial information that is free from material misstatement. This responsibility extends to annual and interim reports, other announcements and other financial disclosures required under the Listing Rules and/or statutory requirements. As at the date of this annual report, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's or the Group's ability to continue as a going concern.

## Corporate Governance Report

The Company's external auditor is responsible for expressing an opinion on whether the Consolidated Financial Statements give a true and fair view of the state of affairs of the Group as at December 31, 2025, and of the Group's profit and cash flows for the year then ended in accordance with IFRS Accounting Standards.

The auditor's statement about their reporting responsibilities on the Consolidated Financial Statements is set out in the section headed 'Independent Auditor's Report' of this annual report.

### **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.

The responsibility for safeguarding the assets, for the prevention and detection of fraud and error, and for ensuring compliance with all applicable laws and regulations rests with the Board, the Audit and Compliance Committee and management of the Group. This responsibility includes implementing and ensuring the continued operation of the Group's risk management and internal control system which is designed to prevent and detect fraud and error.

The Board is responsible for maintaining an adequate system of risk management and internal control and for reviewing its effectiveness. Oversight over risk management and internal control is led by the Audit and Compliance Committee. While Senior Management is responsible for the implementation of such system of risk management and internal control, the Group has established an Internal Audit department to assist the Board and the Audit and Compliance Committee in their oversight and review responsibilities to monitor the compliance and effectiveness of the risk management and internal control measures. This will enable the Board and the Audit and Compliance Committee to conduct necessary reviews and to report to shareholders, at least on an annual basis, on the effectiveness of the Group's system of risk management and internal control. The risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provide reasonable and not absolute assurance against material misstatement or loss.

The head of the Internal Audit department has direct access to the Board through direct communication to the Chairman of the Audit and Compliance Committee. The head of the Internal Audit department has the right to consult the Audit and Compliance Committee without reference to management. With this independence, the Internal Audit department is able to perform key tasks, such as: (a) assessing and monitoring compliance with policies and the effectiveness of risk management and internal control measures with unrestricted direct access to any level of management whenever deemed necessary; and (b) conducting comprehensive internal audits to evaluate the system of financial, operation and compliance controls on a regular basis.

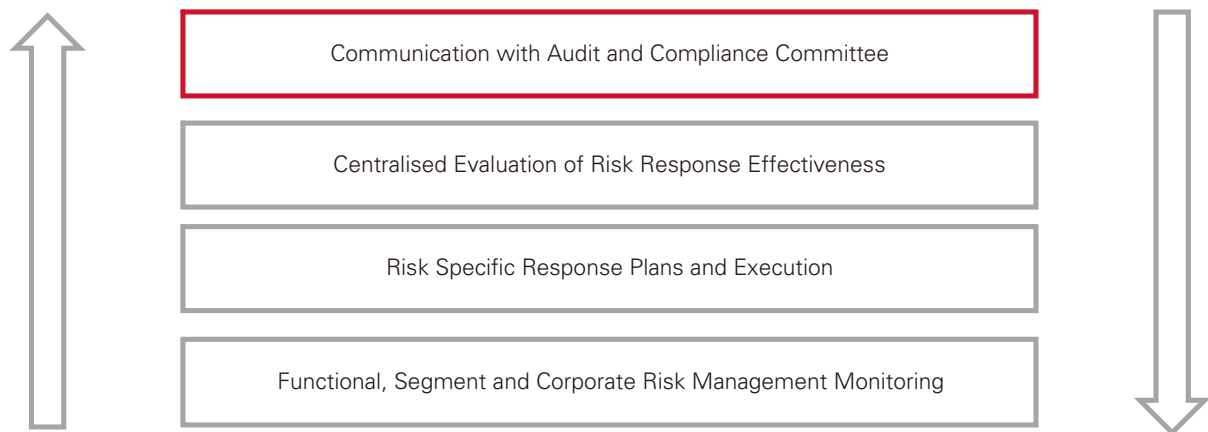
The Internal Audit department has completed a risk assessment process and developed an Internal Audit plan that focuses on the key risks to the Company. The Company reviewed the risk assessment and Internal Audit plans with the Audit and Compliance Committee in 2025. The Internal Audit department executed the Internal Audit plan and conducted a review of the effectiveness of the system of risk management and internal control for key high risk frameworks. The Internal Audit department reported a summary of audit findings and recommendations to the Audit and Compliance Committee. Management is responsible for ensuring that identified control weaknesses are rectified within a reasonable period.

## Corporate Governance Report

Management and the CFO, in conjunction with the Board and the Audit and Compliance Committee, continue to evaluate the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting and Internal Audit functions, as well as that function's training programmes and budget. This exercise continues to result in the hiring of accounting and finance professionals to help ensure that the Group maintains adequate and sufficient staffing levels required for a public company. The Board has delegated to the Audit and Compliance Committee the responsibility for reviewing the Group's system of risk management and internal control and reporting the findings to the Board. The Audit and Compliance Committee conducted a review of (1) the findings and recommendations of the Internal Audit function; (2) the implementation status of recommended internal control recommendations; and (3) the reports and findings from management on the implementation of the internal control measures. Based on its annual review, the Board and the Audit and Compliance Committee are not aware of any material deficiencies in the effectiveness of risk management and internal control for the year ended December 31, 2025 and consider them effective and adequate.

Management identifies, evaluates and manages significant risks to the Group. Management annually self-assesses the effectiveness of the risk management and internal control activities. The Group's risk management and internal control policies and procedures are designed and updated (as necessary) in consideration of jurisdictional regulations, customer requirements and industry practice. The Group has successfully redesigned and continues to operate under its Business System meeting the International Automotive Task Force and customer requirements, as well as promoting and focusing on continual improvements to its business processes and practices.

The risk management process facilitates the following sequence of activities and communication:



Risk management is a continuous process, occurring within functional departments, geographic segments and corporate oversight bodies. Management regularly assesses the nature, extent and magnitude of the identified risks and corresponding risk response plans. Management periodically evaluates the comparative significance of risk occurrence and consequences when considering risk response plans and associated plan effectiveness.

## ANTI-CORRUPTION AND WHISTLEBLOWING POLICY AND SYSTEM

The Group is committed to preventing incidents of bribery, extortion, fraud, and money laundering. We follow global policies that promote the highest ethical standards for behaviour and compliance with laws and regulations where we do business. For details, please refer to the section headed "Preventing Corruption" in the "2025 Sustainability Report".

## CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no change in the Articles of Association of the Company for the year ended December 31, 2025.

# Independent Auditor's Report

# Deloitte.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEXTEER AUTOMOTIVE GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Nexteer Automotive Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 92 to 161, which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the “**IESBA Code**”), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

**Key Audit Matters****How our audit addressed the key audit matter****Capitalisation of product development costs**

Refer to notes 2.3, 4(a)(i) and 8 to the consolidated financial statements.

The Group incurs significant costs and efforts on research and development activities, which include costs to develop customer-specific applications, prototypes and testing. As disclosed in note 8 to the consolidated financial statements, capitalised product development costs within intangible assets as at December 31, 2025 amounted to US\$654.9 million and product development costs capitalised during the year ended December 31, 2025 amounted to US\$125.7 million.

Our audit was focused on this area given the significance of the development costs capitalised during the year ended December 31, 2025, as well as the complexity of the process used by management to account for these costs. Management uses significant judgement as part of this process including assessing whether costs are appropriately identified for capitalisation and that such costs are appropriately associated with programmes in the development phase of production in accordance with the capitalisation criteria as set out in note 2.3 to the consolidated financial statements. The key inputs utilised by management to calculate the development costs to be capitalised include labour hours and labour rates applied, as well as material costs.

We obtained understanding of the Group's process of capitalisation of product development costs and tested the design and implementation of relevant controls identified in this process.

We obtained an analysis prepared by management of all individual development projects costs capitalised in the period and agreed this analysis to the amounts recorded in the general ledger. We considered the product development cost components included in the analysis for capitalisation and assessed the determination for capitalisation of such costs by comparing the nature of the costs capitalised by management to the capitalisation criteria as set out in note 2.3 to the consolidated financial statements.

We also tested samples of projects as follows:

- We met with finance management, inquired of engineers, and reviewed programme documentation to determine whether the programmes had entered the development phase of the projects and whether the associated costs were thus eligible for capitalisation. We conducted interviews with individual project managers responsible for the projects selected to corroborate management's explanations and to obtain an understanding of the development phase of the specific projects. We also inspected agreements between the Group and their customers to support existence of the development programmes. These procedures enabled us to assess whether the projects would allow the underlying expenditure to meet the criteria for capitalisation as set out in note 2.3 to the consolidated financial statements.
- To determine whether costs were directly attributable to projects, we obtained detailed listings of hours worked on individual projects and selected samples of the employees' hours recorded. We obtained timesheets approved by the appropriate project managers to check that the employees selected for testing were involved on the projects and to evaluate the nature of the work they had been performing. We also recalculated the amount of costs capitalised for the projects selected, by applying a labour rate per employee to the timesheet hours.
- We also compared the labour rates, referred to above, that had been applied to the hours identified as appropriate for capitalisation to the employee costs within the general ledger.
- To test whether material costs were directly attributable to projects and capitalisable, we tested samples of capitalised material costs to assess whether the programmes to which they were being applied were in the development phase.

## Independent Auditor's Report

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lee, Wing Cheong, Wilfred.

**Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

March 24, 2026

# Consolidated Balance Sheet

As at December 31, 2025

		As at December 31,	
	Notes	2025 US\$'000	2024 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>1,008,856</b>	981,141
Right-of-use assets	7	<b>46,261</b>	48,283
Intangible assets	8	<b>656,899</b>	675,428
Deferred income tax assets	9	<b>55,566</b>	41,566
Investment in a joint venture	33(b)	<b>27,571</b>	22,715
Income taxes receivable		<b>5,002</b>	5,997
Other receivables and prepayments	13	<b>19,516</b>	19,688
		<b>1,819,671</b>	1,794,818
<b>Current assets</b>			
Inventories	10	<b>279,929</b>	283,826
Trade receivables	11	<b>924,089</b>	820,395
Notes receivable	12	<b>86,975</b>	58,114
Income taxes receivable		<b>5,474</b>	954
Other receivables and prepayments	13	<b>133,598</b>	98,743
Investment in financial asset	14	<b>20,026</b>	–
Restricted bank deposits	15	<b>15</b>	14
Cash and cash equivalents	16	<b>500,721</b>	422,278
		<b>1,950,827</b>	1,684,324
<b>Total assets</b>		<b>3,770,498</b>	3,479,142

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

## Consolidated Balance Sheet

	Notes	As at December 31,	
		2025	2024
		US\$'000	US\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	36	32,377	32,377
Other reserves	17	(4,168)	(58,985)
Retained earnings		2,083,392	2,005,485
		<b>2,111,601</b>	1,978,877
<b>Non-controlling interests</b>		<b>47,527</b>	51,024
<b>Total equity</b>		<b>2,159,128</b>	2,029,901
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	19,874	27,950
Borrowings	18	49,729	47,625
Retirement benefits and compensations	19	23,100	20,883
Deferred income tax liabilities	9	3,685	1,754
Provisions	20	80,557	59,863
Deferred revenue	21	154,883	108,062
Other payables and accruals	23	32,281	30,724
		<b>364,109</b>	296,861
<b>Current liabilities</b>			
Trade payables	22	945,605	873,172
Other payables and accruals	23	201,376	169,017
Current income tax liabilities		24,603	25,782
Retirement benefits and compensations	19	2,652	3,163
Provisions	20	28,147	39,898
Deferred revenue	21	27,454	25,329
Borrowings	18	79	137
Lease liabilities	7	17,345	15,882
		<b>1,247,261</b>	1,152,380
<b>Total liabilities</b>		<b>1,611,370</b>	1,449,241
<b>Total equity and liabilities</b>		<b>3,770,498</b>	3,479,142

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

The Consolidated Financial Statements on pages 88 to 161 were approved by the Board of Directors on March 24, 2026 and were signed on its behalf by:

**DING, Fengtao**

Director

**MILAVEC, Robin Zane**

Director

# Consolidated Income Statement

For the year ended December 31, 2025

	Notes	For the year ended December 31,	
		2025 US\$'000	2024 US\$'000
<b>Revenue</b>	5	<b>4,584,217</b>	4,276,086
Cost of sales	25	<b>(4,061,212)</b>	(3,827,569)
<b>Gross profit</b>		<b>523,005</b>	448,517
Engineering and product development costs	25	<b>(174,786)</b>	(179,804)
Selling and distribution expenses	25	<b>(22,397)</b>	(21,261)
Administrative expenses	25	<b>(170,496)</b>	(146,824)
Other gains, net	24	<b>7,176</b>	14,137
<b>Operating profit</b>		<b>162,502</b>	114,765
Finance income	27	<b>8,516</b>	6,128
Finance costs	27	<b>(8,052)</b>	(7,936)
Share of results of a joint venture	27 33(b)	<b>464</b> <b>4,856</b>	(1,808) 4,275
<b>Profit before income tax</b>		<b>167,822</b>	117,232
Income tax expense	28	<b>(55,303)</b>	(42,121)
<b>Profit for the year</b>		<b>112,519</b>	75,111
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		<b>102,004</b>	61,719
Non-controlling interests		<b>10,515</b>	13,392
		<b>112,519</b>	75,111
<b>Earnings per share for profit for the year attributable to equity holders of the Company (expressed in US\$ per share)</b>			
– Basic and diluted	29	<b>US\$0.041</b>	US\$0.025

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
<b>Profit for the year</b>	<b>112,519</b>	75,111
<b>Other comprehensive (loss) income</b>		
<b><i>Item that will not be reclassified to profit or loss</i></b>		
Actuarial (losses) gains on defined benefit plans, net of tax	(2,262)	982
<b><i>Item that may be reclassified subsequently to profit or loss</i></b>		
Exchange differences	56,840	(41,250)
	<b>54,578</b>	(40,268)
<b>Total comprehensive income for the year</b>	<b>167,097</b>	34,843
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Company	154,559	22,991
Non-controlling interests	12,538	11,852
	<b>167,097</b>	34,843

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to equity holders of the Company						Non-controlling interests US\$'000	Total US\$'000
	Share capital US\$'000	Merger reserve US\$'000 (note 17)	Share-based compensation reserve US\$'000 (note 17)	Exchange reserve US\$'000 (note 17)	Retained earnings US\$'000	Sub-total US\$'000		
As at January 1, 2024	32,377	113,000	6,434	(138,308)	1,950,313	1,963,816	47,025	2,010,841
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	61,719	61,719	13,392	75,111
<b>Other comprehensive (loss) income</b>								
Exchange differences	-	-	-	(39,710)	-	(39,710)	(1,540)	(41,250)
Actuarial gains on defined benefit plans, net of tax	-	-	-	-	982	982	-	982
<b>Total other comprehensive (loss) income</b>	-	-	-	(39,710)	982	(38,728)	(1,540)	(40,268)
<b>Total comprehensive (loss) income</b>	-	-	-	(39,710)	62,701	22,991	11,852	34,843
<b>Transactions with owners</b>								
Value of employee services provided under Share Option Scheme (note 26(a))	-	-	(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)
<b>As at December 31, 2024</b>	<b>32,377</b>	<b>113,000</b>	<b>6,033</b>	<b>(178,018)</b>	<b>2,005,485</b>	<b>1,978,877</b>	<b>51,024</b>	<b>2,029,901</b>
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	102,004	102,004	10,515	112,519
<b>Other comprehensive income (loss)</b>								
Exchange differences	-	-	-	54,817	-	54,817	2,023	56,840
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	(2,262)	(2,262)	-	(2,262)
<b>Total other comprehensive income (loss)</b>	-	-	-	54,817	(2,262)	52,555	2,023	54,578
<b>Total comprehensive income</b>	-	-	-	54,817	99,742	154,559	12,538	167,097
<b>Transactions with owners</b>								
Dividends paid to shareholders	-	-	-	-	(21,835)	(21,835)	-	(21,835)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16,035)	(16,035)
Total transactions with owners	-	-	-	-	(21,835)	(21,835)	(16,035)	(37,870)
<b>As at December 31, 2025</b>	<b>32,377</b>	<b>113,000</b>	<b>6,033</b>	<b>(123,201)</b>	<b>2,083,392</b>	<b>2,111,601</b>	<b>47,527</b>	<b>2,159,128</b>

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	Notes	For the year ended December 31,	
		2025 US\$'000	2024 US\$'000
<b>Operating activities</b>			
Cash generated from operations	31(a)	<b>473,817</b>	492,066
Income tax paid, net		<b>(68,884)</b>	(45,832)
Net cash generated from operating activities		<b>404,933</b>	446,234
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(133,858)</b>	(165,990)
Addition of intangible assets		<b>(123,707)</b>	(110,836)
Addition of right-of-use assets		<b>(4,292)</b>	(4,521)
Investment in financial asset		<b>(20,026)</b>	–
Others		<b>888</b>	1,554
Net cash used in investing activities		<b>(280,995)</b>	(279,793)
<b>Financing activities</b>			
Proceeds from borrowings	31(b)	–	49,913
Repayments of borrowings	31(b)	<b>(141)</b>	(49,913)
Repayments of lease liabilities	31(b)	<b>(14,814)</b>	(15,183)
Finance costs paid		<b>(8,690)</b>	(12,594)
Dividends paid to equity holders of the Company		<b>(21,835)</b>	(7,529)
Dividends paid to non-controlling interests		<b>(16,035)</b>	(7,853)
Net cash used in financing activities		<b>(61,515)</b>	(43,159)
<b>Net increase in cash and cash equivalents</b>		<b>62,423</b>	123,282
Cash and cash equivalents at beginning of year		<b>422,278</b>	311,741
Effect of exchange rate changes on cash and cash equivalents		<b>16,020</b>	(12,745)
<b>Cash and cash equivalents at end of year</b>		<b>500,721</b>	422,278

The notes on pages 98 to 161 are an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 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 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. (**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 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 24, 2026.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. In addition, the Consolidated Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The Consolidated Financial Statements have been prepared under the historical cost convention except for notes receivable and investment in financial asset that are measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 4.

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.2 Property, plant and equipment**

Items of property, plant and equipment (including tools but excluding construction-in-progress) are measured at cost less accumulated depreciation and accumulated impairment losses. Improvements that materially extend the useful life of these assets are capitalised. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on items of property, plant and equipment is calculated using the straight-line basis to allocate their cost to their residual values over their estimated useful lives as follows:

Land improvements	3-20 years
Leasehold improvements	6-18 years or over lease term, whichever is shorter
Buildings	20-40 years
Machinery, equipment and tooling	3-20 years
Furniture and office equipment	3-18 years

Tooling represents tools, dies, jigs and other items used in the manufacturing of customer-specific parts. Tools owned by the Group are capitalised as property, plant and equipment and depreciated to cost of sales over their useful lives.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.4).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other gains, net in the Consolidated Financial Statements.

Construction-in-progress represents leasehold improvements, buildings, machinery and equipment under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction, installation, testing and other direct costs, and capitalised interest. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2 'Inventories'. No depreciation is recognised on construction-in-progress until such time as the relevant assets are completed and ready for intended use.

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.3 Intangible assets***Research and development*

The Group incurs significant costs and effort on research and development activities, which include costs to develop customer-specific applications, prototypes and testing. Research expenditures are charged to the consolidated income statement as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be clearly assigned to a newly developed product or process and all the following can be demonstrated:

- (i) The technical feasibility to complete the development project so that it will be available for use or sale;
- (ii) The intention to complete the development project to use it;
- (iii) The ability to use the output of the development project;
- (iv) The manner in which the development project will generate probable future economic benefits for the Group;
- (v) The availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and
- (vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed and employee costs incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognised in the consolidated income statement as incurred.

Capitalised development costs are amortised using the straight-line method over the life of the related production programme, usually four to eight years.

**2.4 Impairment of non-financial assets**

Intangible development assets not ready to use are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For an individual asset without future economic benefits, impairment is recognised. For the purposes of assessing impairment of cash-generating units, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.4 Impairment of non-financial assets (Continued)

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

### 2.5 Impairment of financial assets

On a forward-looking basis, the Group assesses the expected credit losses associated with its financial assets carried at amortised cost and at fair value through other comprehensive income (**FVOCI**). The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach required by IFRS 9 “Financial Instruments” (**IFRS 9**), which requires lifetime expected credit losses to be recognised from initial recognition of these trade receivables. For other financial assets at amortised cost, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses. Except for notes receivable measured at FVOCI, the Group recognises an impairment gain or loss in profit or loss for all financial assets by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For notes receivable measured at FVOCI, impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of notes receivable.

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

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

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

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.5 Impairment of financial assets** (Continued)

- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group writes off a financial asset when there is no reasonable expectation of recovery. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

**2.6 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Inventory cost includes direct material, direct labour and related manufacturing overhead costs (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

**2.7 Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated balance sheet and consolidated statement of cash flows include:

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

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.8 Current and deferred income tax**

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

*(a) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(b) Deferred income tax**(i) Inside basis differences*

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Such deferred income tax is not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*(ii) Outside basis differences*

Deferred income taxes are recognised on temporary differences arising on investments in subsidiaries and joint arrangements, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

*(c) Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.8 Current and deferred income tax** (Continued)*(d) Uncertainty over income tax treatments*

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

**2.9 Provisions**

Provisions for litigation, environmental liabilities, warranties, decommissioning and other are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.10 Share-based payment**

The Group established an equity-settled, share-based compensation plan in June 2014, under which the Group receives services from certain employees as consideration for equity instruments (**options**) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity (**share-based compensation reserve**). The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market performance and service vesting conditions (for example, profitability, sales growth targets and retaining an employee of the entity over a specified time period).

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

## Notes to the Consolidated Financial Statements

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** (Continued)**2.10 Share-based payment** (Continued)

The Group established restricted and performance units in March 2024 under which the Group receives services from certain employees as consideration for the units that are indexed to the share price of the Group. The fair value of the employee services received in exchange for the grant of the awards or units are recognised as an expense and a corresponding liability. The total amount to be expensed for the restricted units is determined by reference to the stock price on the vesting date. The total amount to be expensed for the performance units is determined by reference to the stock price on the vesting date as well as the performance of total shareholder return, as determined by the Board, when comparing against the performance of selected global peer group.

Non-market performance, if any, and service conditions are included in assumptions about the number of options, performance awards, restricted units, and performance units that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options, performance awards, restricted units, and performance units that are expected to vest based on the non-market performance, if any, and service conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Financial Statements, with a corresponding adjustment to equity for the options and liability for the performance awards, restricted units and performance units.

**2.11 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, 2025.

Amendments to IAS 21	Lack of Exchangeability
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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, 2025 and have not been early adopted:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>(i)</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>(i)</sup>
IFRS 18	Presentation and Disclosures in Financial Statements <sup>(ii)</sup>

Notes:

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

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

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.11 New and amendments to standards (Continued)

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

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.

## Notes to the Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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

The Group's treasury department focuses on minimising potential adverse effects on the Group's financial performance.

(a) *Market risk*

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Foreign exchange risk

The Group operates internationally but is exposed to foreign exchange risk arising from various currency exposures. Management monitors and analyses expected exchange rate developments and considers hedging foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk primarily arises from current and non-current borrowings. Changes in interest rates on borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at December 31, 2025 and 2024, all of the Group's outstanding borrowings and undrawn facilities were in floating interest rates. In the event there is a change in market conditions the Group will assess the costs and benefits of both variable and fixed rate borrowings and enter into interest rate swaps should the need arise. The Group does not currently hold any interest rate swaps.

As at December 31, 2025, if the interest rates had been 100 basis points higher (lower) than the prevailing rate, with all other variables held constant, profit before income tax for the year ended December 31, 2025 would have been approximately US\$490,000 (year ended December 31, 2024: US\$480,000) lower (higher).

(b) *Credit risk*

The Group sells to automotive manufacturers throughout the world. Credit risk primarily arises from deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables. The treasury department is responsible for managing and analysing the credit risk for each new customer before standard payment and delivery terms and conditions are offered. The customer's creditworthiness is assessed based on a number of variables.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. Financial assets are written off when there is no reasonable expectation of recovery, such as the debtor failing to engage in a repayment plan with the Group. Where financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

## Notes to the Consolidated Financial Statements

**3 FINANCIAL RISK MANAGEMENT** (Continued)**3.1 Financial risk factors** (Continued)*(b) Credit risk* (Continued)

The Group's largest customer is General Motors Company and subsidiaries (**GM**) and its affiliates, which comprised 34% of revenues during the year ended December 31, 2025 (year ended December 31, 2024: 36%). Trade receivables from GM and its affiliates was 34% of total trade receivables as at December 31, 2025 (December 31, 2024: 28%).

The Group monitors the credit ratings of its banks and financial institutions. As at December 31, 2025, the Group holds approximately 77% (December 31, 2024: 74%) of its cash in financial institutions with credit ratings of A3 (Moody's) or higher, meaning the institutions have a very strong to extremely strong capacity to meet financial commitments. The majority of the remaining cash is held in banks within investment grade.

*(c) Liquidity risk*

The Group monitors forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient availability on its undrawn committed borrowing facilities as to not breach borrowing limits or covenants (where applicable) on any of its facilities. The Group's forecasting takes into consideration debt financing plans, covenant compliance and if applicable, external regulatory or legal requirements.

The tables below analyse the Group's financial liabilities and lease liabilities. The categories are based on the remaining period as at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows including principal and interest.

	Within 1 year US\$'000	1–2 years US\$'000	2–5 years US\$'000	Over 5 years US\$'000
<b>As at December 31, 2025</b>				
Borrowings	1,274	50,651	–	–
Lease liabilities	19,272	10,902	11,636	934
	20,546	61,553	11,636	934
Trade payables	945,605	–	–	–
Other payables and accruals	104,792	18,782	–	–

## Notes to the Consolidated Financial Statements

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

	Within 1 year US\$'000	1–2 years US\$'000	2–5 years US\$'000	Over 5 years US\$'000
<b>As at December 31, 2024</b>				
Borrowings	1,393	1,389	48,699	–
Lease liabilities	18,020	11,764	16,284	3,875
	19,413	13,153	64,983	3,875
Trade payables	873,172	–	–	–
Other payables and accruals	88,387	21,966	–	–

**3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and maintain an optimal capital structure to reduce the cost of capital. The Group monitors the gearing ratio to evaluate capital efficiency. Gearing ratio is a rate of total borrowings divided by total equity at the end of each year and is displayed as follows:

	<b>As at December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Total borrowings (note 18)	<b>49,808</b>	47,762
Total equity	<b>2,159,128</b>	2,029,901
Gearing ratio	<b>2.3%</b>	2.4%

## Notes to the Consolidated Financial Statements

**3 FINANCIAL RISK MANAGEMENT** (Continued)**3.3 Fair value estimation**

The carrying amounts of the Group's current financial assets and liabilities, including cash and cash equivalents, restricted bank deposits, trade receivables, notes receivable, other receivables, trade payables and other payables and accruals and current borrowings approximate their fair values. The fair value of non-current borrowings for disclosure purposes as disclosed in note 18 is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The Group has notes receivable measured at FVOCI and included in Level 2 of the fair value hierarchy as at December 31, 2025 and 2024. Notes receivable are measured at FVOCI as (i) they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The fair value of financial assets at FVOCI is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group has an investment in financial asset that is measured at fair value through profit or loss (FVTPL) and classified within Level 1 of the fair value hierarchy as at December 31, 2025. This financial asset is traded in active markets and consist of financial instruments for which quoted prices for identical assets are readily and regularly available. Accordingly, the fair value of this asset is determined using unadjusted quoted market prices at the reporting date. The Group's financial asset is held for trading, and changes in fair value are recognised in profit or loss as they arise.

The Group's other financial assets or liabilities are measured at amortised cost using the effective interest method as at December 31, 2025 and 2024.

The different levels of the fair value hierarchy are defined as follows:

- The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in **Level 1**.
- The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in **Level 2**.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in **Level 3**.

There were no transfers of financial assets or financial liabilities between fair value hierarchy classifications.

## Notes to the Consolidated Financial Statements

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition, management has applied judgements in the process of applying the Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, and the critical judgement in applying accounting policies that have significant effect on amounts recognised in the Consolidated Financial Statements are addressed below.

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

### (a) Intangible assets

#### (i) Capitalisation

The Group incurs significant costs and effort on research and development activities, which include costs to develop customer-specific applications, prototypes and testing. Development costs are recognised as assets if they can be clearly assigned to a newly developed product or process and the capitalisation criteria set out in note 2.3 can be demonstrated.

Management uses significant judgement as part of this process including assessing whether costs are appropriately identified for capitalisation and that such costs are appropriately associated with programmes in the development phase of production in accordance with the capitalisation criteria. The key inputs utilised by management to calculate the development costs to be capitalised include labour hours and labour rates applied, as well as material costs.

The Group's development activities are tracked and documented to support the basis of determining if and when the capitalisation criteria were met.

#### (ii) Impairment

The Group is required to test for impairment of intangible development assets not available for use on an annual basis. The recoverable amount is determined based on the higher of fair value less costs of disposal and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the intangible development assets not available for use can be supported by the net present value of future cash flows specific to each development asset. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of future unlevered free cash flows and the selection of discount rates to reflect the risks involved.

The Group uses the most recent detailed calculation of that asset's recoverable amount made in a preceding period when all of the following criteria are met: the assets and liabilities of the Group have not changed significantly from the most recent calculation; the most recent calculation resulted in an amount that exceeded the asset's carrying amount by a substantial margin; and based on an analysis of events that have occurred and circumstances that have changed since the most recent calculation, the likelihood that a current recoverable amount determination would be less than the asset's carrying amount is remote.

## Notes to the Consolidated Financial Statements

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (Continued)**(b) Warranty provisions**

The Group recognises a provision when there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably.

The Group recognises expected warranty costs for products sold principally at the time of sale of the product or when it is determined that such obligations are probable and can be reasonably estimated. Amounts recorded are based on the Group's estimates of the amount that will eventually be required to settle such obligations. These accruals are based on factors such as specific customer arrangements, past experience, production changes, industry developments and various other considerations. The Group's estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims.

**(c) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognised only if it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. This determination requires judgement regarding the realisability of deferred tax assets. For entities with a recent history of losses, there would need to be convincing other evidence that sufficient taxable profits would be available in the future. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION****5.1 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	<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 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.</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/prototypes revenue, performance improvement and business pursuit.</p> <p>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.</p>

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION** (Continued)**5.1 Revenue from contracts with customers** (Continued)*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. 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.

	<b>Contract assets</b> <sup>(i)</sup> US\$'000	<b>Contract liabilities, Current</b> <sup>(ii)</sup> US\$'000	<b>Contract liabilities, Non-current</b> <sup>(ii)</sup> US\$'000
<b>Balances as at December 31, 2025</b>	<b>40,605</b>	<b>27,454</b>	<b>154,883</b>
Balances as at December 31, 2024	46,219	25,329	108,062
Change in account balance	(5,614)	2,125	46,821

Notes:

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

**5.2 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.

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION** (Continued)**5.2 Segment information** (Continued)

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 and property, plant and equipment, 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
<b>For the year ended December 31, 2025</b>					
Total revenue	2,314,875	1,504,529	816,864	6,349	4,642,617
Inter-segment revenue	(24,457)	(35,601)	(17,964)	19,622	(58,400)
Revenue from external customers	2,290,418	1,468,928	798,900	25,971	4,584,217
Adjusted EBITDA	174,341	243,305	68,919	(14,702)	471,863
<b>For the year ended December 31, 2024</b>					
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

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
<b>As at December 31, 2025</b>					
Total assets	1,515,379	1,674,631	781,190	(200,702)	3,770,498
Total liabilities	607,611	798,756	291,302	(86,299)	1,611,370
<b>As at December 31, 2024</b>					
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

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION** (Continued)**5.2 Segment information** (Continued)

Adjusted EBITDA includes a non-cash component for revenue recognised from deferred revenue. For the year ended December 31, 2025, the North America segment, Asia Pacific segment and EMEASA segment recognised US\$18,033,000 (year ended December 31, 2024: US\$32,278,000), US\$8,749,000 (year ended December 31, 2024: US\$9,439,000) and US\$4,359,000 (year ended December 31, 2024: US\$4,164,000), respectively. Reconciliations of reportable segment Adjusted EBITDA to the Group's profit before income tax are as follows:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Adjusted EBITDA from reportable segments	<b>471,863</b>	424,418
Depreciation and amortisation expenses	<b>(285,018)</b>	(286,725)
Impairments on intangible assets	<b>(29,715)</b>	(46,928)
Impairments on property, plant and equipment	<b>(2,571)</b>	–
Customer recovery income related to impairments	<b>7,943</b>	24,000
Finance income	<b>8,516</b>	6,128
Finance costs	<b>(8,052)</b>	(7,936)
Share of results of a joint venture	<b>4,856</b>	4,275
Profit before income tax	<b>167,822</b>	117,232

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, 2025 and 2024 is as follows:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
North America:		
US	<b>1,251,279</b>	1,261,607
Mexico	<b>1,039,139</b>	931,396
Asia Pacific:		
China	<b>1,306,238</b>	1,198,834
Rest of Asia Pacific	<b>162,690</b>	139,014
EMEASA:		
Poland	<b>445,640</b>	418,082
Rest of EMEASA	<b>353,260</b>	299,079
Others	<b>25,971</b>	28,074
	<b>4,584,217</b>	4,276,086

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION** (Continued)**5.2 Segment information** (Continued)

The geographic distribution of non-current assets, excluding deferred income tax assets and financial instruments, as at December 31, 2025 and 2024 is as follows:

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
North America:		
US	370,003	414,671
Mexico	421,220	455,930
Asia Pacific:		
China	488,892	437,460
Rest of Asia Pacific	41,228	36,089
EMEASA:		
Poland	335,863	313,295
Rest of EMEASA	96,839	83,777
Others	10,060	12,030
	<b>1,764,105</b>	1,753,252

*Disaggregation of revenue*

	North America US\$'000	Asia Pacific US\$'000	EMEASA US\$'000	Others US\$'000	Total US\$'000
<b>For the year ended December 31, 2025</b>					
Electric Power Steering (EPS)	1,406,351	1,034,827	661,799	25,959	3,128,936
Steering Columns and Intermediate Shafts (CIS)	343,101	56,072	64,432	–	463,605
Hydraulic Power Steering (HPS)	180,643	612	668	–	181,923
Driveline Systems (DL)	360,323	377,417	72,001	12	809,753
	<b>2,290,418</b>	<b>1,468,928</b>	<b>798,900</b>	<b>25,971</b>	<b>4,584,217</b>

	North America US\$'000	Asia Pacific US\$'000	EMEASA US\$'000	Others US\$'000	Total US\$'000
For the year ended December 31, 2024					
EPS	1,356,138	921,591	582,007	27,655	2,887,391
CIS	321,799	61,836	56,408	158	440,201
HPS	175,512	1,069	588	9	177,178
DL	339,554	353,352	78,158	252	771,316
	<b>2,193,003</b>	<b>1,337,848</b>	<b>717,161</b>	<b>28,074</b>	<b>4,276,086</b>

## Notes to the Consolidated Financial Statements

**5 REVENUE AND SEGMENT INFORMATION** (Continued)**5.2 Segment information** (Continued)*Revenue by type*

	For the year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Production parts	<b>4,535,467</b>	4,215,896
Tooling	<b>16,403</b>	23,269
Engineering design and development/prototypes	<b>32,347</b>	36,921
	<b>4,584,217</b>	4,276,086

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,	
	2025	2024
	US\$'000	US\$'000
GM	<b>1,543,933</b>	1,520,157
Customer A	<b>866,037</b>	753,396
Customer B	<b>672,452</b>	668,980
	<b>3,082,422</b>	2,942,533

## Notes to the Consolidated Financial Statements

## 6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and land improvements US\$'000	Leasehold improvements US\$'000	Buildings US\$'000	Machinery, equipment and tooling US\$'000	Furniture and office equipment US\$'000	Construction- in-progress US\$'000	Total US\$'000
<b>As at January 1, 2024</b>							
Cost	17,096	21,529	95,011	1,801,132	15,585	106,457	2,056,810
Accumulated depreciation	(3,411)	(15,386)	(25,603)	(1,005,365)	(6,818)	–	(1,056,583)
Net book amount	13,685	6,143	69,408	795,767	8,767	106,457	1,000,227
<b>Year ended December 31, 2024</b>							
Opening net book amount	13,685	6,143	69,408	795,767	8,767	106,457	1,000,227
Additions, net <sup>(i)</sup>	66	2,497	2,043	137,025	1,469	11,484	154,584
Disposals	(49)	(32)	(205)	(4,882)	(553)	(64)	(5,785)
Depreciation	(363)	(1,449)	(3,155)	(139,082)	(2,075)	–	(146,124)
Exchange differences	(483)	(127)	(2,232)	(16,070)	(296)	(2,553)	(21,761)
Net book amount as at December 31, 2024	12,856	7,032	65,859	772,758	7,312	115,324	981,141
<b>As at January 1, 2025</b>							
Cost	16,533	23,402	93,942	1,857,020	14,807	115,324	2,121,028
Accumulated depreciation	(3,677)	(16,370)	(28,083)	(1,084,262)	(7,495)	–	(1,139,887)
Net book amount	12,856	7,032	65,859	772,758	7,312	115,324	981,141
<b>Year ended December 31, 2025</b>							
Opening net book amount	12,856	7,032	65,859	772,758	7,312	115,324	981,141
Additions, net <sup>(i)</sup>	18	3,866	37,406	94,135	2,295	9,108	146,828
Impairment <sup>(ii)</sup>	–	–	–	(2,571)	–	–	(2,571)
Disposals	–	(1)	(219)	(4,318)	–	(283)	(4,821)
Depreciation	(370)	(1,893)	(3,830)	(139,007)	(1,331)	–	(146,431)
Exchange differences	680	322	4,266	25,846	403	3,193	34,710
Net book amount as at December 31, 2025	13,184	9,326	103,482	746,843	8,679	127,342	1,008,856
<b>As at December 31, 2025</b>							
Cost	17,307	27,727	135,541	1,942,238	17,838	127,342	2,267,993
Accumulated depreciation	(4,123)	(18,401)	(32,059)	(1,195,395)	(9,159)	–	(1,259,137)
Net book amount	13,184	9,326	103,482	746,843	8,679	127,342	1,008,856

Notes:

- (i) Upon completion, transfers from construction-in-progress to other classes of property, plant and equipment are included in additions, net.
- (ii) During the year ended December 31, 2025, the Group recorded machinery, equipment and tooling impairments of US\$2,571,000 related to programme cancellations on specific programmes recorded in the North American segment. The Group recorded customer recovery income from machinery, equipment and tooling impairments of US\$800,000 in the Consolidated Financial Statements as cost of sales in the North America segment.

## Notes to the Consolidated Financial Statements

**6 PROPERTY, PLANT AND EQUIPMENT** (Continued)

Certain of the Group's property, plant and equipment have been pledged as collateral under the Group's borrowing arrangements. The carrying amounts of property, plant and equipment pledged as collateral were US\$416,569,000 as at December 31, 2025 (December 31, 2024: US\$254,575,000).

Depreciation has been charged to the following function of expenses:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Cost of sales	<b>130,468</b>	129,271
Engineering and product development costs	<b>10,687</b>	11,532
Administrative expenses	<b>5,276</b>	5,321
	<b>146,431</b>	146,124

**7 LEASES**

For all asset classes, the Group accounts for each lease component of a contract and its associated non-lease components as a single lease component, rather than allocating a stand-alone value to each component of the lease. The Group does not recognise right-of-use assets (**ROU assets**) and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group's leases are mainly comprised of real-estate and vehicles. Information about leases for which the Group is a lessee is presented below.

**Right-of-use assets**

	Real-Estate US\$'000	Other US\$'000	Total US\$'000
Balance as at December 31, 2024	38,965	9,318	48,283
Depreciation charge for the year ended December 31, 2024	14,374	2,639	17,013
Balance as at December 31, 2025	<b>38,040</b>	<b>8,221</b>	<b>46,261</b>
Depreciation charge for the year ended December 31, 2025	<b>11,580</b>	<b>3,161</b>	<b>14,741</b>

Additions to the ROU assets during the year ended December 31, 2025 were US\$16,211,000 (year ended December 31, 2024: US\$16,055,000).

## Notes to the Consolidated Financial Statements

**7 LEASES** (Continued)**Right-of-use assets** (Continued)

Depreciation has been charged to the following function of expenses:

	For the year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Cost of sales	10,168	12,502
Engineering and product development costs	2,318	2,083
Administrative expenses	2,255	2,428
	<b>14,741</b>	17,013

**Lease liabilities**

(a) Gross lease liabilities – minimum lease payments:

	As at December 31, 2025	As at December 31, 2024
	US\$'000	US\$'000
Within 1 year	19,272	18,020
Between 1 and 2 years	10,902	11,764
Between 2 and 5 years	11,636	16,284
Over 5 years	934	3,875
	<b>42,744</b>	49,943
Less: future finance charges	(5,525)	(6,111)
	<b>37,219</b>	43,832

(b) Present value of lease liabilities:

	As at December 31, 2025	As at December 31, 2024
	US\$'000	US\$'000
Within 1 year	17,345	15,882
Between 1 and 2 years	9,620	10,306
Between 2 and 5 years	9,334	14,195
Over 5 years	920	3,449
	<b>37,219</b>	43,832
Less: non-current portion	(19,874)	(27,950)
	<b>17,345</b>	15,882

For the year ended December 31, 2025, the Group recognised interest expense on lease liabilities of US\$2,624,000 (year ended December 31, 2024: US\$2,209,000) in the Consolidated Financial Statements.

For the year ended December 31, 2025, the Group's total cash outflow for leases amounted to US\$21,730,000 (year ended December 31, 2024: US\$21,913,000).

## Notes to the Consolidated Financial Statements

## 8 INTANGIBLE ASSETS

	Product development costs US\$'000	Computer software development costs US\$'000	Total US\$'000
<b>Cost</b>			
As at January 1, 2024	1,609,076	27,286	1,636,362
Additions	117,014	–	117,014
Impairment	(46,928)	–	(46,928)
Exchange differences	(6,183)	–	(6,183)
As at December 31, 2024	1,672,979	27,286	1,700,265
<b>Accumulated amortisation</b>			
As at January 1, 2024	876,719	27,083	903,802
Amortisation	123,458	130	123,588
Exchange differences	(2,553)	–	(2,553)
As at December 31, 2024	997,624	27,213	1,024,837
<b>Net book amount</b>			
As at December 31, 2024	675,355	73	675,428
<b>Cost</b>			
As at January 1, 2025	<b>1,672,979</b>	<b>27,286</b>	<b>1,700,265</b>
Additions	<b>125,715</b>	<b>1,950</b>	<b>127,665</b>
Impairment	<b>(29,715)</b>	–	<b>(29,715)</b>
Exchange differences	<b>12,073</b>	<b>32</b>	<b>12,105</b>
As at December 31, 2025	<b>1,781,052</b>	<b>29,268</b>	<b>1,810,320</b>
<b>Accumulated amortisation</b>			
As at January 1, 2025	<b>997,624</b>	<b>27,213</b>	<b>1,024,837</b>
Amortisation	<b>123,774</b>	<b>72</b>	<b>123,846</b>
Exchange differences	<b>4,737</b>	<b>1</b>	<b>4,738</b>
As at December 31, 2025	<b>1,126,135</b>	<b>27,286</b>	<b>1,153,421</b>
<b>Net book amount</b>			
As at December 31, 2025	<b>654,917</b>	<b>1,982</b>	<b>656,899</b>

The additions for the year ended December 31, 2025 include US\$3,958,000 (year ended December 31, 2024: US\$6,178,000) of capitalised interest related to the borrowings associated with product development costs. Borrowing costs were capitalised at the weighted average of the borrowing rates of 4.1% for the year ended December 31, 2025 (year ended December 31, 2024: 5.2%).

## Notes to the Consolidated Financial Statements

**8 INTANGIBLE ASSETS** (Continued)

Amortisation has been charged to the following function of expenses:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Cost of sales	123,774	123,458
Administrative expenses	72	130
	<b>123,846</b>	123,588

**Impairment tests**

Capitalised product development costs not yet available for use amounting to US\$229,500,000 as at December 31, 2025 (December 31, 2024: US\$184,100,000) are tested annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related.

The recoverable amount of the cash-generating units is determined based upon value in use from the most recent detailed calculations. The value in use is estimated using the discounted cash flow approach. For significant cash-generating units, the pre-tax discount rates used for the year ended December 31, 2025 to estimate present value of future cash flows range between 10.5% and 14.0% (year ended December 31, 2024: between 10.5% and 12.5%), which are based on an estimated weighted average cost of capital depending on geographical location and risk factors and includes estimates of country risk premiums. Estimated cash flows are based on the estimated useful life of the cash-generating unit.

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. There is risk in future profitability forecasts including, but not limited to, assumptions of customer volumes and commodity pricing. The assumptions for customer volumes and commodity pricing are reviewed annually as part of management's budgeting and strategic planning cycles.

The assumptions related to customer volume and timing of sales to customers may vary due to a number of factors, including variation in demand for customers' products, customers' attempts to manage their inventories, design changes, changes in customers' manufacturing strategy, etc. Accordingly, the Group's customers do not commit to long-term production schedules.

The assumptions related to commodity pricing may vary as raw material costs are influenced by several commodities and the volatility of these prices may have an adverse impact on the Group's business. However, to mitigate the risk the Group continues its efforts to pass material, component and supply cost increases to the Group's customers.

During the year ended December 31, 2025, the Group recorded product development intangible asset impairments of US\$29,715,000 related to programme cancellations and declining volumes on specific programmes, with US\$25,588,000 US\$3,657,000 and US\$470,000 recorded in the North America, Asia Pacific and Others segments, respectively. In addition, the Group recorded customer recovery income from impaired programmes of US\$7,143,000 in the Consolidated Financial Statements as cost of sales in the North America segment.

During the year ended December 31, 2024, the Group recorded product development intangible asset impairments of US\$46,928,000 related to programme cancellations on specific programmes, with US\$42,216,000, US\$2,574,000 and US\$2,138,000 recorded in the North America, Asia Pacific and EMEASA segments, respectively. In addition, the Group recorded customer recovery income from impaired programmes of US\$24,000,000 in the Consolidated Financial Statements as cost of sales in the North America segment.

## Notes to the Consolidated Financial Statements

**9 DEFERRED INCOME TAXES**

The reconciliation of deferred income tax assets (liabilities), net to the consolidated balance sheet is as follows:

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>US\$'000</b>	US\$'000
Deferred income tax assets	<b>55,566</b>	41,566
Deferred income tax liabilities	<b>(3,685)</b>	(1,754)
Deferred income tax assets, net	<b>51,881</b>	39,812

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Property, plant and equipment US\$'000	Retirement benefits and compensation US\$'000	Provisions and accruals US\$'000	Tax losses and credits US\$'000	Intangible assets US\$'000	Others US\$'000	Total US\$'000
<b>Deferred income tax assets</b>							
As at January 1, 2024	6,064	6,839	9,372	8,044	1,395	12,664	44,378
Credit (charged) to income statement	2,186	(1,734)	2,371	(1,082)	12,693	6,260	20,694
Charged to equity	-	(391)	-	-	-	-	(391)
Reclassification	-	-	-	814	-	-	814
Exchange differences	(531)	(410)	(772)	(97)	-	(171)	(1,981)
As at December 31, 2024	7,719	4,304	10,971	7,679	14,088	18,753	63,514
As at January 1, 2025	<b>7,719</b>	<b>4,304</b>	<b>10,971</b>	<b>7,679</b>	<b>14,088</b>	<b>18,753</b>	<b>63,514</b>
Credit (charged) to income statement	<b>381</b>	<b>1,667</b>	<b>3,079</b>	<b>5,568</b>	<b>641</b>	<b>(295)</b>	<b>11,041</b>
Credit to equity	-	<b>972</b>	-	-	-	-	<b>972</b>
Exchange differences	<b>267</b>	<b>229</b>	<b>463</b>	<b>438</b>	<b>486</b>	<b>609</b>	<b>2,492</b>
As at December 31, 2025	<b>8,367</b>	<b>7,172</b>	<b>14,513</b>	<b>13,685</b>	<b>15,215</b>	<b>19,067</b>	<b>78,019</b>
<b>Deferred income tax liabilities</b>							
As at January 1, 2024	(17,974)	(10)	(13)	-	-	(7,911)	(25,908)
Credit (charged) to income statement	690	8	206	-	(1,189)	2,926	2,641
Exchange differences	(145)	-	(193)	-	-	(97)	(435)
As at December 31, 2024	(17,429)	(2)	-	-	(1,189)	(5,082)	(23,702)
As at January 1, 2025	<b>(17,429)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(1,189)</b>	<b>(5,082)</b>	<b>(23,702)</b>
Credit (charged) to income statement	<b>1,919</b>	<b>(811)</b>	<b>(344)</b>	<b>-</b>	<b>(604)</b>	<b>(1,763)</b>	<b>(1,603)</b>
Exchange differences	<b>(511)</b>	<b>(27)</b>	<b>(11)</b>	<b>-</b>	<b>(59)</b>	<b>(225)</b>	<b>(833)</b>
As at December 31, 2025	<b>(16,021)</b>	<b>(840)</b>	<b>(355)</b>	<b>-</b>	<b>(1,852)</b>	<b>(7,070)</b>	<b>(26,138)</b>

## Notes to the Consolidated Financial Statements

**9 DEFERRED INCOME TAXES** (Continued)

Deferred income tax assets are recognised for tax loss carry-forwards and deductible temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax assets being calculated at applicable tax rates have not been recognised as management believes it is more likely than not that they would not be utilised before expiration as follows:

	As at December 31,	
	2025 US\$'000	2024 US\$'000
Tax losses and credits	<b>129,061</b>	72,088
Deductible temporary differences	<b>17,186</b>	39,603
	<b>146,247</b>	111,691

As at December 31, 2025, the Group has US\$243,926,000 (December 31, 2024: US\$56,933,000) of worldwide gross NOL carry-forwards, excluding gross US state net operating loss carry-forwards, of which US\$190,962,000 does not expire and the remainder expires over the years 2026-2042 (December 31, 2024: 2025-2040). At December 31, 2025, the Group has US\$67,100,000 (December 31, 2024: US\$32,000,000) of gross US state net operating loss carry-forwards, which expire over the years 2035-2045 (December 31, 2024: 2038-2044). The Group has recognised US\$25,095,000 (December 31, 2024: US\$33,579,000) of worldwide losses as deferred tax assets. The remaining worldwide tax losses, excluding US state tax losses, of US\$218,831,000 (December 31, 2024: US\$23,354,000) and remaining US state tax losses of US\$67,100,000 (December 31, 2024: US\$32,000,000) have not been recognised due to unpredictability of future profit streams. Additionally, the Group has US\$82,734,000 (December 31, 2024: US\$71,436,000) of research tax credits which expire over the years 2038-2045 (December 31, 2024: 2038-2044). The Group has not recognised the research tax credits as a deferred tax asset.

As at December 31, 2025, deferred income tax liabilities of US\$3,186,000 (December 31, 2024: US\$1,641,000) have been provided for withholding tax that would be payable on the portion of unremitted earnings of certain subsidiaries intended to be distributed in the foreseeable future and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax liabilities have not been recognised on the remaining unremitted earnings because the Group is able to control the timing of reversal of the temporary differences. Unremitted earnings totaled US\$1,844,852,000 as of December 31, 2025 (December 31, 2024: US\$2,045,293,000).

## Notes to the Consolidated Financial Statements

**10 INVENTORIES**

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
Raw materials	195,640	206,636
Work-in-progress	31,415	32,550
Finished goods	66,760	58,136
	<b>293,815</b>	297,322
Less: allowances for write-down	(13,886)	(13,496)
	<b>279,929</b>	283,826

The cost of inventories recognised as an expense and included in cost of sales for the year ended December 31, 2025 amounted to US\$3,798,218,000 (year ended December 31, 2024: US\$3,547,875,000).

The carrying amounts of inventories pledged as collateral were US\$160,218,000 as at December 31, 2025 (December 31, 2024: US\$102,507,000).

**11 TRADE RECEIVABLES**

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
Trade receivables, gross	925,617	827,051
Less: provision for impairment	(1,528)	(6,656)
	<b>924,089</b>	820,395

Trade receivables (net of provision for impairment) as at January 1, 2024 amounted to US\$750,496,000.

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.

## Notes to the Consolidated Financial Statements

**11 TRADE RECEIVABLES** (Continued)

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,	
	2025	2024
	US\$'000	US\$'000
0 to 30 days	490,572	498,976
31 to 60 days	292,149	237,477
61 to 90 days	90,716	48,557
Over 90 days	52,180	42,041
	<b>925,617</b>	827,051

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

Trade receivables of US\$nil (December 31, 2024: US\$4,439,000) and US\$1,528,000 (December 31, 2024: US\$2,217,000) were credit impaired and non-credit impaired, respectively, as at December 31, 2025 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
	2025	US\$'000
	US\$'000	US\$'000
<b>As at January 1</b>	<b>6,656</b>	1,744
(Reversal) addition of provision, net	(959)	5,046
Write-off of trade receivables	(4,439)	–
Exchange differences	270	(134)
<b>As at December 31</b>	<b>1,528</b>	6,656

The carrying amounts of trade receivables pledged as collateral were US\$494,993,000 as at December 31, 2025 (December 31, 2024: US\$367,049,000).

## Notes to the Consolidated Financial Statements

**12 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\$86,975,000 as at December 31, 2025 (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 December 31,	
	2025	2024
	US\$'000	US\$'000
0 to 30 days	57,150	29,684
31 to 60 days	5,130	17,453
61 to 90 days	7,861	1,939
Over 90 days	16,834	9,038
	<b>86,975</b>	<b>58,114</b>

**13 OTHER RECEIVABLES AND PREPAYMENTS**

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
Other taxes recoverable <sup>(i)</sup>	31,734	17,219
Prepaid assets	62,840	38,324
Contract assets <sup>(ii)</sup>	40,605	46,219
Deposits to vendors	11,335	10,243
Others	6,600	6,426
	<b>153,114</b>	<b>118,431</b>
Less: non-current portion	<b>(19,516)</b>	<b>(19,688)</b>
Current portion	<b>133,598</b>	<b>98,743</b>

Notes:

(i) Balance mainly represents value-added tax recoverable.

(ii) As stated in note 5, the Group has contracts with customers that require revenue to be recognised over time as costs are incurred. Contract assets balance represents rights to consideration for work completed but not billed, at the reporting date on production parts, tooling and engineering and development/prototypes.

## Notes to the Consolidated Financial Statements

**14 INVESTMENT IN FINANCIAL ASSET**

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
<b>Current</b>		
Financial asset mandatorily measured at FVTPL		
– Shares <sup>(i)</sup>	20,026	–
<b>Total Current</b>	20,026	–

Note:

- i. The Group has invested in listed shares in Hong Kong which are held for trading.

**15 RESTRICTED BANK DEPOSITS**

As at December 31, 2025, restricted bank deposits of US\$15,000 (December 31, 2024: US\$14,000) are maintained with banks for issuance of letters of credit and pledges of bank borrowings.

**16 CASH AND CASH EQUIVALENTS**

The Group's RMB balances of US\$193,289,000 (December 31, 2024: US\$213,020,000) are deposited with banks in China as at December 31, 2025. The RMB is not a freely convertible currency. The conversion of these RMB denominated balances into foreign currencies in China is subject to rules and regulations of foreign exchange control promulgated by the China government. Cash balances denominated in RMB will be used as part of the normal operating activities in China and are classified as unrestricted cash on this basis.

## Notes to the Consolidated Financial Statements

**17 OTHER RESERVES**

	<b>Merger reserve<sup>(i)</sup></b> US\$'000	<b>Share-based compensation reserve<sup>(ii)</sup></b> US\$'000	<b>Exchange reserve<sup>(iii)</sup></b> US\$'000	<b>Total other reserves</b> US\$'000
As at January 1, 2024	113,000	6,434	(138,308)	(18,874)
Value of employee services provided under Share Option Scheme (note 26(a))	–	(401)	–	(401)
Exchange differences	–	–	(39,710)	(39,710)
<b>As at December 31, 2024</b>	<b>113,000</b>	<b>6,033</b>	<b>(178,018)</b>	<b>(58,985)</b>
Exchange differences	–	–	<b>54,817</b>	<b>54,817</b>
<b>As at December 31, 2025</b>	<b>113,000</b>	<b>6,033</b>	<b>(123,201)</b>	<b>(4,168)</b>

Notes:

**(i) Merger reserve**

The Company was incorporated on August 21, 2012 and the Group's reorganisation was completed on January 30, 2013. The merger reserve in the Consolidated Financial Statements as at December 31, 2024 and 2023 represent the aggregate amount of share capital of Nexteer North America Holding LLC (f/k/a PCM US Steering Holding LLC) and PCM (Singapore) Steering Holding Pte. Limited.

**(ii) Share-based compensation reserve**

The share-based compensation reserve comprises the value of employee services provided under the Share Option Scheme. The reserve is relieved when options are exercised in the amount of services recognised related to those options.

**(iii) Exchange reserve**

Exchange reserve arises from currency translations of all group entities that have a functional currency different from the US dollar being translated into the Group's presentation currency of US dollar.

## Notes to the Consolidated Financial Statements

## 18 BORROWINGS

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
<b>Non-Current</b>		
Borrowings from banks		
– Unsecured <sup>(1a(ii))</sup>	49,729	47,816
Add: Non-current portion of:		
– Debt issuance costs <sup>(1b)</sup>	–	(191)
<b>Total Non-Current</b>	<b>49,729</b>	<b>47,625</b>
<b>Current</b>		
Borrowings from banks		
– Unsecured <sup>(1a(ii))</sup>	143	137
Add: Current portion of:		
– Debt issuance costs <sup>(1b)</sup>	(64)	–
<b>Total Current</b>	<b>79</b>	<b>137</b>
<b>Total borrowings</b>	<b>49,808</b>	<b>47,762</b>

## (1) Notes:

(a) The Group has the following significant utilised and unutilised bank facilities at the end of the reporting period:

- (i) An unsecured credit facility as at December 31, 2025, obtained by a subsidiary of the Company with a balance of US\$49,808,000 (December 31, 2024: US\$47,762,000) that matures in October 2027. The credit facility bears interest at the China Loan Prime Rate minus 0.73% amortising with fixed principal payments of US\$137,000 and US\$143,000 due annually on each of the first and second anniversaries of the closing date, respectively, with the remaining outstanding principal balance payable in full at maturity as a bullet payment. The credit facility has no remaining unused capacity as at December 31, 2025.
- (ii) A revolving line of credit obtained by a subsidiary of the Company which bears interest at SOFR plus a range of 1.35% to 1.85% (December 31, 2024: 1.35% to 1.85%) per annum, depending on borrowing type, matures in June 2026 and is secured by trade receivables, inventories and machinery and equipment. Availability under the agreement fluctuates according to a borrowing base. In addition, outstanding amounts under the credit facility may become immediately due and payable upon certain events of default, including failure to comply with the financial covenant in the credit agreement, a fixed charge coverage ratio requirement that applies when excess availability under the credit line is less than certain thresholds, or certain other affirmative and negative covenants in the agreement. As at December 31, 2025 the Group has availability of US\$284,148,000 (December 31, 2024: US\$281,158,000) of the US\$325,000,000 line of credit.
- (iii) A factoring facility with availability to borrow up to US\$46,999,000 (December 31, 2024: US\$41,638,000) by a subsidiary of the Company which bears interest at EURIBOR or WIBOR plus 1.50% per annum, and is secured by certain receivables. As of December 31, 2025, the subsidiary has availability to borrow based on collateral up to US\$19,214,000 (December 31, 2024: US\$15,906,000).

## Notes to the Consolidated Financial Statements

**18 BORROWINGS** (Continued)**(1)** Notes: (Continued)

- (a) The Group has the following significant utilised and unutilised bank facilities at the end of the reporting period: (Continued)
- (iv) An overdraft facility with availability to borrow up to US\$22,252,000 (December 31, 2024: US\$19,485,000) by a subsidiary of the Company which bears interest at EURIBOR or WIBOR plus 1.30% per annum, depending on the currency borrowed, is secured by certain receivables and expires in August 2026.
- (v) A revolving line of credit with availability to borrow up to US\$3,340,000 (December 31, 2024: US\$3,506,000) by a subsidiary of the Company which bears interest at the India Repurchase Agreement Interest Rate plus 2.75% per annum (December 31, 2024: India Marginal Cost of Funds Base Lending Rate plus 0.25%), and is secured by property, plant and equipment, trade receivables and inventories.
- (vi) A revolving line of credit with availability to borrow up to US\$3,340,000 (December 31, 2024: US\$3,506,000) by a subsidiary of the Company which bears interest at the India 3M Treasury Bill Rate plus 2.75% per annum (December 31, 2024: India Marginal Cost of Funds Base Lending Rate plus 0.4%), and is secured by property, plant and equipment, trade receivables and inventories.
- (b) The Group capitalised debt issuance costs related to various borrowings as noted above. Amortisation of the debt issuance costs is recognised in the Consolidated Financial Statements as finance cost over the period of the borrowing using the effective interest method. The unamortised balance of debt issuance costs is US\$64,000 as at December 31, 2025 (December 31, 2024: US\$191,000).

**(2) Maturity of borrowings**

	As at December 31,	
	2025 US\$'000	2024 US\$'000
Within 1 year	79	137
Between 1 and 2 years	49,729	137
Between 2 and 5 years	–	47,488
<b>Total borrowings</b>	<b>49,808</b>	<b>47,762</b>

**(3) The carrying amount and fair value of non-current borrowings are as follows:**

	Carrying amount As at December 31,		Fair value As at December 31,	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Bank borrowings	49,729	47,816	49,729	47,984

The fair values of bank borrowings are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics as at the balance sheet dates. Such discount rates were 2.3% (December 31, 2024: 2.6%) as at December 31, 2025, and were within Level 2 of the fair value hierarchy.

**(4) Weighted average annual interest rates**

	As at December 31,
	2025 2024
Bank borrowings	2.6% 4.1%

## Notes to the Consolidated Financial Statements

## 19 RETIREMENT BENEFITS AND COMPENSATIONS

	As at December 31,	
	2025 US\$'000	2024 US\$'000
Pension – defined benefit plans <sup>(a)</sup>	18,396	15,055
Extended disability benefits <sup>(b)</sup>	1,365	1,705
Workers' compensation <sup>(c)</sup>	5,991	7,286
	<b>25,752</b>	24,046
Less: non-current portion	<b>(23,100)</b>	(20,883)
Current portion	<b>2,652</b>	3,163

## (a) Pension – defined benefit plans

The Group sponsors various defined benefit plans that generally provide benefits based on negotiated amounts for each year of eligible service. The Group's most significant plans are under regulatory frameworks in Mexico, Germany, France, Korea and the US. The US Supplemental Executive Retirement Plan (**US SERP**) is a frozen plan. The plans had no curtailments or settlements affecting the defined benefit obligation.

The Group employs Mercer (U.S.) Inc., an independent qualified actuary, to measure pension costs using the projected unit credit method. The amounts recognised in the Consolidated Financial Statements are determined as follows:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
Present value of defined benefit obligations <sup>(i)</sup>	19,229	494	19,723	15,622	638	16,260
Fair value of plan assets <sup>(ii)</sup>	(1,327)	–	(1,327)	(1,205)	–	(1,205)
Deficit of funded plans	<b>17,902</b>	<b>494</b>	<b>18,396</b>	14,417	638	15,055

There is no current requirement for the Group to fund the deficit between the fair value of plan assets and the present value of the defined benefit plan obligations as at December 31, 2025 and 2024.

## Notes to the Consolidated Financial Statements

**19 RETIREMENT BENEFITS AND COMPENSATIONS** (Continued)**(a) Pension – defined benefit plans** (Continued)

(i) Movement in the present value of defined benefit obligations:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
Opening balance	15,622	638	16,260	19,503	859	20,362
Current service cost	1,191	-	1,191	1,284	-	1,284
Interest cost	1,379	26	1,405	1,345	34	1,379
Losses (gains) from changes in financial assumptions	1,048	7	1,055	(1,318)	(1)	(1,319)
Experience losses (gains)	2,178	(8)	2,170	234	(11)	223
Gains from changes in demographic assumptions	1	-	1	(248)	-	(248)
Exchange differences	2,181	-	2,181	(2,866)	-	(2,866)
Benefits paid	(4,371)	(169)	(4,540)	(2,312)	(243)	(2,555)
Ending balance	19,229	494	19,723	15,622	638	16,260

(ii) Movement in the fair value of plan assets:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
Opening balance	(1,205)	-	(1,205)	(1,254)	-	(1,254)
Interest income	(52)	-	(52)	(54)	-	(54)
Loss on plan assets, excluding amounts included in interest income	8	-	8	6	-	6
Administrative expenses	4	-	4	3	-	3
Employer contributions	(4,416)	(169)	(4,585)	(2,390)	(243)	(2,633)
Exchange differences	(37)	-	(37)	172	-	172
Benefits paid	4,371	169	4,540	2,312	243	2,555
Ending balance	(1,327)	-	(1,327)	(1,205)	-	(1,205)

## Notes to the Consolidated Financial Statements

**19 RETIREMENT BENEFITS AND COMPENSATIONS** (Continued)**(a) Pension – defined benefit plans** (Continued)

Plan assets comprise as follows:

	As at December 31,	
	2025	2024
Equities	3%	3%
Bonds	4%	3%
Cash and cash equivalents	3%	2%
Others	90%	92%
	<b>100%</b>	<b>100%</b>

Amounts recognised in other comprehensive income:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
(Losses) gains from changes in financial assumptions	(1,048)	(7)	(1,055)	1,318	1	1,319
Experience (losses) gains	(2,178)	8	(2,170)	(234)	11	(223)
(Losses) gains from changes in demographic assumptions	(1)	–	(1)	248	–	248
Loss on plan assets, excluding amounts included in interest income	(8)	–	(8)	(6)	–	(6)
Total	<b>(3,235)</b>	<b>1</b>	<b>(3,234)</b>	1,326	12	1,338

## Notes to the Consolidated Financial Statements

**19 RETIREMENT BENEFITS AND COMPENSATIONS** (Continued)**(a) Pension – defined benefit plans** (Continued)

Amount recognised in the Consolidated Financial Statements:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
Current service cost	1,191	–	1,191	1,284	–	1,284
Interest cost, net	1,327	26	1,353	1,291	34	1,325
Administrative expenses	4	–	4	3	–	3
<b>Total</b>	<b>2,522</b>	<b>26</b>	<b>2,548</b>	<b>2,578</b>	<b>34</b>	<b>2,612</b>
<i>Included in:</i>						
Cost of sales	1,848	–	1,848	1,825	–	1,825
Engineering and product development costs	513	–	513	484	–	484
Selling and distribution costs	75	–	75	110	–	110
Administrative expenses	86	26	112	159	34	193
	<b>2,522</b>	<b>26</b>	<b>2,548</b>	<b>2,578</b>	<b>34</b>	<b>2,612</b>

Principal actuarial assumptions used were as follows:

	December 31, 2025		December 31, 2024	
	Non-US plans	US SERP	Non-US plans	US SERP
Discount rate	8.37%	4.09%	8.94%	4.84%
Salary increase rate	4.91%	N/A	4.82%	N/A
Price inflation rate	2.00%	N/A	3.58%	N/A
Pension increase rate	3.65%	N/A	2.00%	N/A

## Notes to the Consolidated Financial Statements

**19 RETIREMENT BENEFITS AND COMPENSATIONS** (Continued)**(a) Pension – defined benefit plans** (Continued)

Balances of pension obligations derived from changes in the discount rate and salary increase rate as at the respective year-ends were as follows:

	December 31, 2025			December 31, 2024		
	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000	Non-US plans US\$'000	US SERP US\$'000	Total US\$'000
1% increase in discount rate	17,826	486	18,312	14,536	623	15,159
1% decrease in discount rate	20,881	503	21,384	16,898	653	17,551
1% increase in salary increase rate	20,277	494	20,771	16,441	637	17,078
1% decrease in salary increase rate	18,287	494	18,781	14,885	638	15,523

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation the same actuarial method has been applied in arriving at the pension liability recognised in the Consolidated Financial Statements.

**(b) Extended disability benefits**

Costs associated with extended disability benefits provided to injured employees in the US are accrued throughout the duration of active employment. Workforce demographic data and historical experience are utilised to develop projections of time frames and related expenses for these post-employment benefits based on an actuarially determined estimate.

**(c) Workers' compensation**

The Group is self-insured up to a certain amount of workers' compensation claims for hourly workforce and accrues estimated costs for filed claims based upon an actuarially determined estimate. Workers' compensation liability includes benefits related to medical, dental and vision benefits.

**20 PROVISIONS**

	As at December 31, 2025			As at December 31, 2024		
	Current US\$'000	Non- current US\$'000	Total US\$'000	Current US\$'000	Non- current US\$'000	Total US\$'000
Litigation <sup>(i)</sup>	49	1,204	1,253	15	843	858
Environmental liabilities <sup>(ii)</sup>	150	11,695	11,845	150	11,787	11,937
Warranties <sup>(iii)</sup>	27,948	56,175	84,123	39,733	34,744	74,477
Decommissioning <sup>(iv)</sup>	–	11,483	11,483	–	10,729	10,729
Other provision	–	–	–	–	1,760	1,760
	<b>28,147</b>	<b>80,557</b>	<b>108,704</b>	<b>39,898</b>	<b>59,863</b>	<b>99,761</b>

## Notes to the Consolidated Financial Statements

**20 PROVISIONS** (Continued)

Movement of provisions is as follows:

	Litigation <sup>(i)</sup> US\$'000	Environmental liabilities <sup>(ii)</sup> US\$'000	Warranties <sup>(iii)</sup> US\$'000	Decom- missioning <sup>(iv)</sup> US\$'000	Other provision US\$'000	Total US\$'000
<b>As at January 1, 2024</b>	13,867	11,989	50,682	10,317	500	87,355
(Reversals) additions, net	(6,998)	(5)	48,870	444	1,260	43,571
Payments	(5,751)	(35)	(23,539)	–	–	(29,325)
Exchange differences	(260)	(12)	(1,536)	(32)	–	(1,840)
<b>As at December 31, 2024</b>	858	11,937	74,477	10,729	1,760	99,761
<b>As at January 1, 2025</b>	<b>858</b>	<b>11,937</b>	<b>74,477</b>	<b>10,729</b>	<b>1,760</b>	<b>99,761</b>
Additions (reversals), net	<b>332</b>	<b>98</b>	<b>41,410</b>	<b>689</b>	<b>(1,760)</b>	<b>40,769</b>
Payments	<b>(10)</b>	<b>(195)</b>	<b>(35,330)</b>	<b>–</b>	<b>–</b>	<b>(35,535)</b>
Exchange differences	<b>73</b>	<b>5</b>	<b>3,566</b>	<b>65</b>	<b>–</b>	<b>3,709</b>
<b>As at December 31, 2025</b>	<b>1,253</b>	<b>11,845</b>	<b>84,123</b>	<b>11,483</b>	<b>–</b>	<b>108,704</b>

Notes:

## (i) Litigation

The balance represents a provision primarily for certain labour claims brought against the Group. Litigation is subject to many uncertainties and the outcome of the individual litigated matters is not predictable with assurance. Based on currently available information, it is the opinion of management that the outcome of such matters will not have a material adverse impact on the Group.

## (ii) Environmental liabilities

A provision is recognised for remediation costs to be incurred for the restoration of the manufacturing sites upon the initial recognition of the related assets.

## (iii) Warranties

A provision is recognised for warranty costs associated with products sold to the customer principally at the time of sale or when it is determined that such obligations are probable and can be reasonably estimated.

## (iv) Decommissioning

This represents asset retirement obligations at certain of the Group's facilities.

## Notes to the Consolidated Financial Statements

**21 DEFERRED REVENUE**

Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in a contract. The Group periodically receives upfront consideration from customers in connection with engineering, prototyping and pre-production programme-specific activities and advanced payments related to programmes in production. These revenue amounts are deferred and recognised over the life of the related programme, which typically ranges between four and eight years. The carrying amount of deferred revenue is as follows:

	As at December 31, 2025			As at December 31, 2024		
	Current US\$'000	Non- current US\$'000	Total US\$'000	Current US\$'000	Non- current US\$'000	Total US\$'000
Deferred revenue	27,454	154,883	182,337	25,329	108,062	133,391

Movement of deferred revenue is as follows:

	As at December 31,	
	2025 US\$'000	2024 US\$'000
<b>As at January 1</b>	<b>133,391</b>	137,473
Additions	77,483	43,075
Recognised in profit or loss	(31,141)	(45,881)
Exchange differences	2,604	(1,276)
<b>As at December 31</b>	<b>182,337</b>	133,391

**22 TRADE PAYABLES**

	As at December 31,	
	2025 US\$'000	2024 US\$'000
Trade payables	902,374	821,874
Notes payable	43,231	51,298
	<b>945,605</b>	873,172

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\$43,231,000 as at December 31, 2025 (December 31, 2024: US\$51,298,000).

## Notes to the Consolidated Financial Statements

**22 TRADE PAYABLES** (Continued)

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

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
0 to 30 days	<b>464,585</b>	391,589
31 to 60 days	<b>258,794</b>	243,284
61 to 90 days	<b>140,701</b>	135,169
91 to 120 days	<b>36,371</b>	39,891
Over 120 days	<b>45,154</b>	63,239
	<b>945,605</b>	873,172

**23 OTHER PAYABLES AND ACCRUALS**

	As at December 31,	
	2025	2024
	US\$'000	US\$'000
Accrued expenses	<b>199,997</b>	164,167
Deposits from customers	<b>1,544</b>	1,111
Other taxes payable	<b>11,373</b>	8,096
Others	<b>20,743</b>	26,367
	<b>233,657</b>	199,741
Less: non-current portion	<b>(32,281)</b>	(30,724)
Current portion	<b>201,376</b>	169,017

**24 OTHER GAINS, NET**

	For the year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Foreign exchanges (losses) gains, net	<b>(7,754)</b>	1,546
Loss on disposal of property, plant and equipment	<b>(3,227)</b>	(4,088)
Others	<b>18,157</b>	16,679
	<b>7,176</b>	14,137

## Notes to the Consolidated Financial Statements

## 25 EXPENSE BY NATURE

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Inventories used, including finished goods and work-in-progress	<b>2,997,554</b>	2,739,557
Employee benefit costs	<b>606,880</b>	618,710
Temporary labour costs	<b>140,195</b>	117,953
Supplies and tools	<b>202,565</b>	209,527
Depreciation on property, plant and equipment (note 6)	<b>146,431</b>	146,124
Depreciation on right-of-use assets (note 7)	<b>14,741</b>	17,013
Amortisation on intangible assets (note 8)	<b>123,846</b>	123,588
(Reversal of impairment) impairment charges on		
– trade receivables (note 11)	<b>(959)</b>	5,046
– property, plant and equipment (note 6)	<b>2,571</b>	–
– intangible assets (note 8) <sup>(i)</sup>	<b>29,715</b>	46,928
Customer recovery income related to property, plant and equipment impairments (note 6)	<b>(800)</b>	–
Customer recovery income related to intangible asset impairments (note 8)	<b>(7,143)</b>	(24,000)
Write-down (reversal of write-down) on inventories (note 10)	<b>390</b>	(4,207)
Warranty expenses (note 20)	<b>41,410</b>	48,870
Auditors' remuneration		
– audit services	<b>1,943</b>	1,994
– non-audit services	<b>217</b>	181
Others	<b>129,335</b>	128,174
<b>Total cost of sales, engineering and product development costs, selling and distribution, and administrative expenses</b>	<b>4,428,891</b>	4,175,458

Note:

- (i) Impairments on intangible assets for the year ended December 31, 2025 were US\$29,700,000 (year ended December 31, 2024: US\$46,900,000), of which US\$23,400,000 (year ended December 31, 2024: US\$14,000,000) were recorded within engineering and product development costs and US\$6,300,000 (year ended December 31, 2024: US\$32,900,000) were recorded within cost of sales in the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS**

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Salary expenses	<b>441,891</b>	457,397
Pension costs – defined contribution plans	<b>38,945</b>	37,397
Pension costs – defined benefit plans (note 19)	<b>2,548</b>	2,612
Other employee costs	<b>123,496</b>	121,304
	<b>606,880</b>	618,710

**(a) Share options**

Pursuant to a shareholders' resolution passed on June 5, 2014, the Company adopted a share option scheme (the **Share Option Scheme**). The Share Option Scheme has remained in force for a period of 10 years commencing from June 5, 2014 until its expiration on June 5, 2024 and the period within which the option may be exercised must expire no later than 10 years from the relevant date of grant.

The subscription price for the shares under the option to be granted will be determined by the Board of Directors and will be the higher of: (a) the closing price of the shares of the Company as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheet issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant; or (c) the nominal value of the shares of the Company. The valuation of share options involves the use of option pricing models that involve variables and assumptions that are subject to estimates and subjective assumptions.

The options will be vested and become exercisable after the grantees complete a period of service of 1 to 3 years from the date of grant and subject to the Group achieving its performance targets.

On June 11, 2014, the Board approved an initial grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 11,236,860 shares, representing approximately 0.4499% of the issued share capital of the Company as at the date of grant, were granted to 15 selected participants at the exercise price of HK\$5.150 per share.

On June 10, 2015, the Board approved a second grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 10,358,990 shares, representing approximately 0.415% of the issued share capital of the Company as at the date of grant, were granted to 13 selected participants at the exercise price of HK\$8.610 per share.

On June 10, 2016, the Board approved a third grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 10,602,490 shares, representing approximately 0.424% of the issued share capital of the Company as at the date of grant, were granted to 13 selected participants at the exercise price of HK\$7.584 per share.

On May 29, 2017, the Board approved a fourth grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 11,919,310 shares, representing approximately 0.476% of the issued share capital of the Company as at the date of grant, were granted to 13 selected participants at the exercise price of HK\$11.620 per share.

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS** (Continued)**(a) Share options** (Continued)

On May 30, 2018, the Board approved a fifth grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 12,972,770 shares, representing approximately 0.518% of the issued share capital of the Company as at the date of grant, were granted to 15 selected participants at the exercise price of HK\$12.456 per share.

On August 21, 2019, the Board approved a sixth grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 13,675,070 shares, representing approximately 0.545% of the issued share capital of the Company as at the date of grant, were granted to 16 selected participants at the exercise price of HK\$6.390 per share.

On October 25, 2022, the Board approved a seventh grant of share options under the Share Option Scheme, pursuant to which options to subscribe for 12,378,120 shares, representing approximately 0.493% of the issued share capital of the Company as at the date of grant, were granted to 14 selected participants at the exercise price of HK\$4.268 per share.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Weighted average exercise price (per share) HK\$	Outstanding options (thousands)
As at January 1, 2024	5.126	8,635
Forfeited	4.268	(3,892)
As at December 31, 2024	5.830	4,743
Exercisable as at December 31, 2024	11.094	1,085
<b>As at January 1, 2025</b>	<b>5.830</b>	<b>4,743</b>
<b>Forfeited</b>	<b>4.268</b>	<b>(3,658)</b>
<b>As at December 31, 2025</b>	<b>4.268</b>	<b>1,085</b>
<b>Exercisable as at December 31, 2025</b>	<b>11.094</b>	<b>1,085</b>

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS** (Continued)**(a) Share options** (Continued)

There were no options granted for the years ended December 31, 2025 and December 31, 2024. No options were available for grant as at December 31, 2025 and 2024 as the Share Option Scheme expired on June 5, 2024.

The weighted average remaining contractual life for the share options outstanding as at December 31, 2025 was 2.20 years (December 31, 2024: 6.60 years). The range of exercise prices for options outstanding at the end of the year was HK\$4.268 to HK\$12.456 (December 31, 2024: HK\$4.268 to HK\$12.456).

The fair value of the share options (credited)/charged to the Consolidated Financial Statements was US\$nil for the year ended December 31, 2025 (year ended December 31, 2024: (US\$401,000)).

**(b) Directors' emoluments**

The remuneration of each director for the year ended December 31, 2025 is set out below:

	Fees <sup>(ix)</sup> US\$'000	Salary US\$'000	Annual Incentive Compensation <sup>(ii)</sup> US\$'000	Other benefits <sup>(iii)</sup> US\$'000
Mr. DING, Fengtao* <sup>(i)</sup>	55	–	–	–
Mr. LEI, Zili* *	19	325	–	36
Mr. MILAVEC, Robin Zane <sup>(i)</sup>	–	785	928	182
Mr. BOYER, Hervé Paul <sup>(i)(xiii)</sup>	–	648	–	208
Mr. WANG, Jian <sup>(x)</sup>	24	–	–	–
Ms. ZHANG, Wendong	51	–	–	–
Mr. QIAO, Kun <sup>(xii)</sup>	51	–	–	–
Mr. LIU, Jianjun	82	–	–	–
Mr. WANG, Bin	82	–	–	–
Mr. YUE, Yun	67	–	–	–

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS (Continued)****(b) Directors' emoluments (Continued)**

The remuneration of each director for the year ended December 31, 2024 is set out below:

	Fees <sup>(ix)</sup> US\$'000	Salary US\$'000	Annual Incentive Compensation <sup>(ii)</sup> US\$'000	Other benefits <sup>(iii)</sup> US\$'000
Mr. LEI, Zili**	–	520	650	31
Mr. MILAVEC, Robin Zane <sup>(i)</sup>	–	771	678	166
Mr. WANG, Jian <sup>(x)</sup>	51	–	–	–
Ms. ZHANG, Wendong	49	–	–	–
Mr. SHI, Shiming <sup>(xi)</sup>	31	–	–	–
Mr. QIAO, Kun <sup>(xii)</sup>	19	–	–	–
Mr. LIU, Jianjun	162	–	–	–
Mr. WANG, Bin	82	–	–	–
Mr. YUE, Yun	67	–	–	–

\* Appointed as non-Executive Director with effect from June 18, 2025, and redesignated from a non-Executive Director to an Executive Director and appointed as Chairman and CEO with effect from August 13, 2025.

\*\* Redesignated from an Executive Director to a non-Executive Director and resigned as Chairman and CEO with effect from August 13, 2025.

Notes:

- (i) Individual is a member of senior management.
- (ii) The annual incentive compensation plan is payable within one year from year-end.
- (iii) Other benefits include payments made for dental, disability and healthcare coverage; contributions to social security and health-saving accounts; and other non-monetary benefits.
- (iv) During the year ended December 31, 2025, no retirement benefits by a defined benefit pension plan operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of their services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2024: nil).
- (v) During the year ended December 31, 2025, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to a director (2024: nil).
- (vi) During the year ended December 31, 2025, no consideration was provided to or receivable by third parties for making available director's services (2024: nil).
- (vii) There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2024: nil).
- (viii) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).
- (ix) Fees paid are in respect to service as a director, other emoluments are in respect of other services in connection with management of the Company or its subsidiaries.

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS** (Continued)**(b) Directors' emoluments** (Continued)

Notes: (Continued)

- (x) Mr. WANG, Jian resigned as non-Executive Director with effect from June 18, 2025.
- (xi) Mr. SHI, Shiming resigned as non-Executive Director with effect from August 13, 2024.
- (xii) Mr. QIAO, Kun was appointed as non-Executive Director with effect from August 14, 2024.
- (xiii) Mr. Mr. BOYER, Hervé Paul was appointed as Executive Director with effect from November 12, 2025 and resigned with effect from January 19, 2026. The amounts disclosed above represents his full-year remuneration for the year ended December 31, 2025.
- (xiv) Deferred incentive compensation plans will be settled when all the conditions are met and with approval by the Board (certain of which with estimates based upon the extent of meeting certain performance targets). During the year ended December 31, 2025, the deferred incentive compensation of Mr. LEI, Zili; Mr. MILAVEC, Robin Zane; Mr. BOYER, Hervé Paul; Mr. WANG, Jian, Ms. ZHANG, Wendong; and Mr. SHI, Shiming measured according to IFRS Accounting Standards, were approximately (US\$502,000), US\$1,605,000, (US\$99,000)\*, US\$nil, US\$nil, and US\$nil (2024: US\$275,000, US\$387,000, not applicable, (US\$29,000), (US\$21,000), and (US\$12,000), respectively. The share-based payments of the share option scheme included in the deferred incentive compensation are calculated and disclosed in accordance with the method set out in note 26(a). These disclosed values deviate from the intrinsic value because the Company used the binomial model to calculate the fair value of the options granted on June 11, 2014, June 10, 2015, June 10, 2016, May 29, 2017, May 30, 2018, August 21, 2019, and October 25, 2022 amounting to HK\$2.710, HK\$3.920, HK\$3.320, HK\$4.440, HK\$4.450, HK\$2.590, and HK\$2.061 per option, respectively. When the actual share price is lower than the exercise price of HK\$5.150, HK\$8.610, HK\$7.584, HK\$11.620, HK\$12.456, HK\$6.390, and HK\$4.268 per share for options granted on June 11, 2014, June 10, 2015, June 10, 2016, May 29, 2017, May 30, 2018, August 21, 2019, and October 25, 2022, respectively, the options are out-of-money and the holders will not be benefitted by exercising the options.

\* Representing the full-year amount attributable to Mr. BOYER, Hervé Paul for the year ended December 31, 2025.

**(c) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2025 include two directors (2024: two directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2024: three) individuals during the year are as follows:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Salaries and allowances	1,357	1,515
Annual and deferred incentive compensation	2,024	1,628
Termination benefits	980	–
Other benefits	259	331
	<b>4,620</b>	<b>3,474</b>

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS** (Continued)**(c) Five highest paid individuals** (Continued)

The emoluments of the remaining individuals fell within the following bands:

	For the year ended December 31,	
	2025	2024
	Number of individuals	
HK\$6,000,000 – HK\$6,500,000 (US\$770,000 – US\$835,000)	–	1
HK\$8,500,000 – HK\$9,000,000 (US\$1,092,000 – US\$1,156,000)	1	1
HK\$11,000,000 – HK\$11,500,000 (US\$1,413,000 – US\$1,478,000)	1	–
HK\$12,000,000 – HK\$12,500,000 (US\$1,542,000 – US\$1,606,000)	–	1
HK\$15,500,000 – HK\$16,000,000 (US\$1,992,000 – US\$2,056,000)	1	–

During the year ended December 31, 2025 no emoluments were paid by the Group to the five highest paid individuals as an inducement to join (2024: US\$nil). The Group paid one individual US\$980,000 for loss of office (2024: US\$nil).

**(d) Restricted Units and Performance Units**

On March 26, 2024, the Board approved the adoption of the Value Creation Plan (**VCP**).

Restricted Units granted under the VCP shall be settled in cash and shall vest based on continued service over a three-year vesting period and based on Company's share price. The cash value will be converted into the number of units at the beginning of the service period, using the average closing price per share for the twenty trading dates immediately prior to the first trading day of the service period. At the end of the service period the units will be reconverted into cash value calculated based on the average closing price per share for the twenty trading dates immediately prior to the last trading day of the service period. Dividend equivalents are accrued (without interest) and cash-settled on the vested Restricted Units. If the participant leaves the Company before the end of vesting period for any reasons, the Restricted Units will be forfeited and cancelled.

Performance Units granted under the VCP shall be settled in cash and shall be based on continued service and a three-year performance of total shareholder return, as determined by the Board, when comparing against the performance of selected global peer group, which may range from 0% to 300% for the target award amount. Dividend equivalents are accrued (without interest) and cash-settled on the vested Performance Units. If the participant leaves the Company before the end of vesting period for any reasons, the Performance Units will be forfeited and cancelled.

Restricted Units and Performance Units are expected to be settled in cash and are accounted for as cash-settled share-based payments.

Pursuant to the VCP, the Company granted 1,395,000 Restricted Units and 4,184,000 Performance Units awards to certain eligible individuals on June 28, 2024 (**2024 Awards**). The 2024 Awards remain in force for a service period beginning on January 1, 2024, and will end on December 31, 2026 and include the performance conditions defined above.

Pursuant to the VCP, the Company granted 2,077,000 Restricted Units and 6,232,000 Performance Units awards to certain eligible individuals on March 20, 2025 (**2025 Awards**). The 2025 Awards remain in force for a service period beginning on January 1, 2025, and will end on December 31, 2027 and include the performance conditions defined above.

## Notes to the Consolidated Financial Statements

**26 EMPLOYEE BENEFIT COSTS** (Continued)**(d) Restricted Units and Performance Units** (Continued)

Restricted Unit and Performance Unit transactions and related information for the year ended December 31, 2025 was as follows:

	Outstanding Restricted Units (thousands)	Weighted average fair value of Restricted Units (per unit) HK\$	Outstanding Performance Units	Weighted average fair value of Performance Units (per unit) HK\$
As at January 1, 2024	–	–	–	–
Granted	1,395	4.066	4,184	2.686
Dividend Equivalent Units awarded	32	4.101	98	2.709
As at December 31, 2024	1,427	3.313	4,282	–
As at January 1, 2025	<b>1,427</b>	<b>3.313</b>	<b>4,282</b>	–
Granted	<b>2,077</b>	<b>5.422</b>	<b>6,232</b>	<b>8.133</b>
Forfeited	<b>(935)</b>	<b>6.688</b>	<b>(2,808)</b>	<b>8.927</b>
Dividend Equivalent Units awarded	<b>233</b>	<b>5.530</b>	<b>700</b>	<b>7.634</b>
As at December 31, 2025	<b>2,802</b>	<b>6.235</b>	<b>8,406</b>	<b>8.287</b>

The total fair value of Restricted Units and Performance Units charged to the Consolidated Financial Statements during the year ended December 31, 2025, was US\$4,718,000 (year ended December 31, 2024: US\$123,000). During the years ending December 31, 2025 and 2024, no cash payments were made to settle the 2024 and 2025 Awards. As at December 31, 2025, the payable for Restricted Units and Performance Units of US\$4,842,000 was included in “other payables and accruals” (December 31, 2024: US\$123,000).

The fair value of the Restricted Units is determined based on the closing price of the Company’s shares as of December 31, 2025. The fair value of Performance Units is estimated using a Monte Carlo simulation. Expected volatility was calculated based on historical stock price volatility over the previous year. The dividend yield was based on Company’s historical patterns and future expectation. The fair value of the Performance Units was estimated using the following assumptions:

	For the year ended December 31, 2025 US\$’000	For the year ended December 31, 2024 US\$’000
The 20-day average stock price as of December 31	<b>HK\$6.235</b>	HK\$3.313
Weighted average expected volatilities	<b>96.60%</b>	57.51%
Expected dividend yield	<b>0.94%</b>	0.76%
Range of the expected term	<b>1 – 2 years</b>	2 years
Range of risk-free rates	<b>3.47% – 3.48%</b>	4.25%

## Notes to the Consolidated Financial Statements

**27 FINANCE INCOME/FINANCE COSTS**

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
<b>Finance income</b>		
Interest on bank deposits	8,494	5,605
Interest on income tax refunds/receivables	22	523
	<b>8,516</b>	6,128
<b>Finance costs</b>		
Interest on bank borrowings	3,740	5,338
Interest on leases	2,624	2,209
Other finance costs	5,646	6,567
	<b>12,010</b>	14,114
Less: amount capitalised in qualifying assets (note 8)	(3,958)	(6,178)
	<b>8,052</b>	7,936
	<b>464</b>	(1,808)

**28 INCOME TAX EXPENSE**

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Current income tax expense	(64,741)	(65,456)
Deferred income tax benefit (note 9)	9,438	23,335
	<b>(55,303)</b>	(42,121)

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

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 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%.

## Notes to the Consolidated Financial Statements

**28 INCOME TAX EXPENSE** (Continued)

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.

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. Key provisions impacting our operations in 2025 were (i) the restoration of current year expensing; and (ii) the election to accelerate the deduction of previously-capitalised domestic research and development (**R&D**) expenditures.

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,	
	2025 US\$'000	2024 US\$'000
Profit before income tax	<b>167,822</b>	117,232
Tax calculated at rates applicable to profits in respective countries	<b>(46,511)</b>	(36,231)
Expenses not deductible for tax purposes	<b>(1,332)</b>	(810)
Non-taxable income	<b>178</b>	3,858
Tax credits <sup>(i)</sup>	<b>20,342</b>	19,493
Preferential rates and tax holidays <sup>(ii)</sup>	<b>16,457</b>	11,324
Tax losses and deductible temporary differences for which no deferred tax was recognised	<b>(34,006)</b>	(35,812)
US state and withholding taxes <sup>(iii)</sup>	<b>(4,149)</b>	(1,953)
Others	<b>(6,282)</b>	(1,990)
Income tax expense	<b>(55,303)</b>	(42,121)

## Notes:

- i. Mainly represents research and development incentives and investment credits.
- ii. Derived mainly from profits subject to preferential tax rate in China for high-technology enterprises. Also includes tax exemption fully utilised by 2029 for the Group's investment in Special Economic Zones in Poland according to the relevant Polish tax rules.
- iii. Includes withholding taxes on intercompany dividends anticipated to be paid in the foreseeable future.

## Notes to the Consolidated Financial Statements

**29 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, 2025		2024
Profit attributable to the equity holders of the Company (US\$'000)	<b>102,004</b>		61,719
Weighted average number of ordinary shares in issue (thousands)	<b>2,509,824</b>		2,509,824
Basic earnings per share (in US\$)	<b>0.041</b>		0.025

**(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, 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 year ended December 31, 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 years ended December 31, 2025 and 2024, the details are within the table below. The computation of diluted earnings per share for the year ended December 31, 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 price per share.

	For the year ended December 31, 2025		2024
Profit attributable to equity holders of the Company, used to determine diluted earnings per share (US\$'000)	<b>102,004</b>		61,719
Weighted average number of ordinary shares in issue (thousands)	<b>2,509,824</b>		2,509,824
Adjustment for share options (thousands)	<b>797</b>		-
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	<b>2,510,621</b>		2,509,824
Diluted earnings per share (in US\$)	<b>0.041</b>		0.025

## Notes to the Consolidated Financial Statements

**30 DIVIDENDS**

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Dividend proposed of US\$0.0183 (2024: US\$0.0087) per share	<b>45,930</b>	21,835

This 2025 dividend was proposed by the directors at a meeting held on March 24, 2026, the date of approval of these Consolidated Financial Statements, which is not reflected as a dividend payable in these Consolidated Financial Statements.

**31 CONSOLIDATED STATEMENT OF CASH FLOWS****a. Cash generated from operations**

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit before income tax	<b>167,822</b>	117,232
Adjustments for:		
Finance costs	<b>8,052</b>	7,936
Depreciation on property, plant and equipment	<b>146,431</b>	146,124
Depreciation on right-of-use assets	<b>14,741</b>	17,013
Amortisation on intangible assets	<b>123,846</b>	123,588
Impairment charges on intangible assets	<b>29,715</b>	46,928
Recognition of deferred revenue	<b>(31,141)</b>	(45,881)
(Reversal of impairment) impairment charges on trade receivables	<b>(959)</b>	5,046
Impairment charges on property, plant and equipment	<b>2,571</b>	–
Write-down (reversal of write-down) on inventories	<b>390</b>	(4,207)
Share of results of a joint venture	<b>(4,856)</b>	(4,275)
Share-based compensation	<b>–</b>	(403)
Loss on disposal of property, plant and equipment	<b>3,227</b>	4,088
	<b>459,839</b>	413,189
Changes in working capital:		
Increase in trade receivables, notes receivable and other receivables and prepayments	<b>(130,901)</b>	(88,163)
Decrease in inventories	<b>12,850</b>	14,142
Increase in payables and accruals	<b>51,772</b>	98,967
Increase in provisions	<b>4,728</b>	13,760
Decrease in retirement benefits and compensations	<b>(1,954)</b>	(2,904)
Increase in deferred revenue	<b>77,483</b>	43,075
Cash generated from operations	<b>473,817</b>	492,066

## Notes to the Consolidated Financial Statements

**31 CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**a. Cash generated from operations** (Continued)*Major non-cash transactions*

During the year ended December 31, 2025, the Group purchased property, plant and equipment, which were recorded in payables in the amounts of US\$38,084,000 (year ended December 31, 2024: US\$36,817,000).

During the year ended December 31, 2025, the Group settled trade payables to suppliers with notes received from customers to settle trade receivables in the amount of US\$66,497,000 (year ended December 31, 2024: US\$28,841,000). These transactions were specific to China.

During the year ended December 31, 2025, the Group had non-cash additions to ROU assets and lease liabilities in the amount of US\$7,587,000 (year ended December 31, 2024: US\$11,534,000).

**b. Net borrowings reconciliation**

i. Movements in net borrowings for the year ended December 31, 2025 are as follows:

	<b>Borrowings due within a year</b>	<b>Borrowings due after a year</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
As at January 1, 2024	14,122	34,988	49,110
Cash flows	(13,985)	13,985	–
Foreign exchange adjustments	–	(1,475)	(1,475)
Other non-cash movements	–	127	127
As at December 31, 2024	137	47,625	47,762
Cash flows	<b>(141)</b>	–	<b>(141)</b>
Foreign exchange adjustments	<b>4</b>	<b>1,913</b>	<b>1,917</b>
Other non-cash movements	<b>79</b>	<b>191</b>	<b>270</b>
As at December 31, 2025	<b>79</b>	<b>49,729</b>	<b>49,808</b>

## Notes to the Consolidated Financial Statements

**31 CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**b. Net borrowings reconciliation** (Continued)

ii. Movements in net lease liabilities for the year ended December 31, 2025 are as follows:

	Lease liabilities due within a year US\$'000	Lease liabilities due after a year US\$'000	Total US\$'000
As at January 1, 2024	14,188	37,097	51,285
Cash flows	(15,183)	–	(15,183)
Foreign exchange adjustments	(500)	(3,304)	(3,804)
Other non-cash movements	17,377	(5,843)	11,534
As at December 31, 2024	15,882	27,950	43,832
Cash flows	<b>(14,814)</b>	<b>–</b>	<b>(14,814)</b>
Foreign exchange adjustments	<b>797</b>	<b>(183)</b>	<b>614</b>
Other non-cash movements	<b>15,480</b>	<b>(7,893)</b>	<b>7,587</b>
As at December 31, 2025	<b>17,345</b>	<b>19,874</b>	<b>37,219</b>

**32 COMMITMENTS****Capital commitments**

The Group has capital commitments of US\$84,271,000 (December 31, 2024: US\$55,947,000) as at December 31, 2025 to purchase property, plant and equipment which are contracted but not provided for.

**33 RELATED PARTY TRANSACTIONS****a. Transactions with Yubei Steering Systems Co., Ltd. (Yubei Steering) and Xingxiang Addway Automotive Technology Co., Ltd. (Addway), associates of AVIC**

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Purchase of goods	<b>1,138</b>	2,118

## Notes to the Consolidated Financial Statements

**33 RELATED PARTY TRANSACTIONS** (Continued)**b. Transactions with a joint venture**

The following table sets forth the transactions between the Group and its joint venture.

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Sale of product, equipment and services <sup>(i)</sup>	106,065	116,172
Purchase of services <sup>(i)</sup>	8,660	6,857

Note:

i Services include engineering services, rent, other fees.

Information about the Group's joint venture is disclosed as follows:

Nexteer (China) Holding Co., Ltd. (**Nexteer China Holding**) (a direct, wholly-owned subsidiary of the Company) holds a 50% ownership interest in a joint venture, Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**) in Chongqing, China. The joint venture was formed to manufacture and sell steering parts and the remaining 50% interest is held by Chongqing Jianshe Industry (Group) Co., Ltd.

As at December 31, 2025 the Group's carrying amount of its investment in a joint venture is US\$27,571,000 (December 31, 2024: US\$22,715,000) which is related to Chongqing Nexteer. For the year ended December 31, 2025, the Group's share of results of the joint venture amount to US\$4,856,000 which is related to Chongqing Nexteer (December 31, 2024: US\$4,275,000).

## Notes to the Consolidated Financial Statements

**33 RELATED PARTY TRANSACTIONS** (Continued)**c. Key management compensation**

The remunerations of the CEO, directors and other key management members were as follows:

	For the year ended December 31,	
	2025 US\$'000	2024 US\$'000
Short-term employee benefits	12,950	11,226
Other long-term benefits	418	1,978
Termination benefits	980	238
Share-based payments	2,888	(408)
	<b>17,236</b>	13,034

These remunerations are determined based on the performance of individuals and market trends.

**34 SUBSEQUENT EVENTS**

In 2025, all of the US hourly production employees were subject to a collective bargaining agreement (Union or Agreement) that was scheduled to expire on March 20, 2026. The Company and the Union extended the Agreement indefinitely as negotiations continue. Either party may provide one-week prior notice to allow the existing Agreement to expire.

In March 2026, the Company and the Union reached a tentative Agreement. As of the date of issuance of these consolidated financial statements, the tentative Agreement has not been ratified by the Union local membership. The Company and the Union continue to work toward a new collective bargaining agreement that is acceptable to both the Union local membership and the Company's sustainable growth. There can be no assurances that negotiations with the Union will be resolved favourably or that the Company will not experience a work stoppage or disruption that could adversely affect the Company's operating results and financial condition.

In March 2026, a subsidiary of the Company entered into an amendment of its revolving line of credit. Under the amended agreement, borrowings bear interest at SOFR plus a range of 1.50% to 2.00% per annum, depending on borrowing type, matures in March 2027 and continues to be secured by trade receivables, inventories and machinery and equipment. Availability under the agreement continues to fluctuate according to a borrowing-base calculation. In addition, outstanding amounts under the credit facility may become immediately due and payable upon certain events of default, including failure to comply with the financial covenant in the credit agreement, a fixed charge coverage ratio requirement that applies when excess availability under the credit line is less than certain thresholds, or certain other affirmative and negative covenants in the agreement.

## Notes to the Consolidated Financial Statements

**35 BALANCE SHEET OF THE COMPANY**

The balance sheet of the Company on a non-consolidated basis is as follows:

	<b>As at December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	<b>875,813</b>	915,281
Other receivables and prepayments	–	2,413
	<b>875,813</b>	917,694
<b>Current assets</b>		
Other receivables and prepayments	<b>3,984</b>	2,649
Investment in financial asset	<b>20,026</b>	–
Cash and cash equivalents	<b>4,084</b>	113
	<b>28,094</b>	2,762
<b>Total assets</b>	<b>903,907</b>	920,456
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	<b>32,377</b>	32,377
Other reserves	<b>454,761</b>	454,761
Retained earnings	<b>377,033</b>	325,074
<b>Total equity</b>	<b>864,171</b>	812,212
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	<b>38,502</b>	106,879
Current income tax liabilities	<b>254</b>	106
Other payables and accruals	<b>980</b>	1,259
	<b>39,736</b>	108,244
<b>Total liabilities</b>	<b>39,736</b>	108,244
<b>Total equity and liabilities</b>	<b>903,907</b>	920,456

The balance sheet of the Company was approved by the Board of Directors on March 24, 2026 and was signed on its behalf by:

**DING, Fengtao**

*Director*

**MILAVEC, Robin Zane**

*Director*

## Notes to the Consolidated Financial Statements

**35 BALANCE SHEET OF THE COMPANY** (Continued)

The movement in reserves of the Company on a non-consolidated basis is as follows:

	Share-based compensation reserve US\$'000	Capital reserve US\$'000	Retained earnings US\$'000	Total reserves US\$'000
As at January 1, 2024	6,434	448,728	114,415	569,577
Profit for the year	–	–	218,188	218,188
Value of employee services provided under Share Option Scheme (note 26(a))	(401)	–	–	(401)
Dividends paid to shareholders	–	–	(7,529)	(7,529)
As at December 31, 2024	6,033	448,728	325,074	779,835
Profit for the year	–	–	<b>73,794</b>	<b>73,794</b>
Dividends paid to shareholders	–	–	<b>(21,835)</b>	<b>(21,835)</b>
<b>As at December 31, 2025</b>	<b>6,033</b>	<b>448,728</b>	<b>377,033</b>	<b>831,794</b>

**36 SHARE CAPITAL**

	Number of ordinary shares	Amount
<i>Issued and fully paid:</i>		
HK\$0.10 each as at December 31, 2024	2,509,824,293	HK\$250,982,429
HK\$0.10 each as at December 31, 2025	<b>2,509,824,293</b>	<b>HK\$250,982,429</b>

There were no changes to the Company's share capital during both years.

## Notes to the Consolidated Financial Statements

## 37 PARTICULARS OF PRINCIPAL SUBSIDIARIES AND JOINT VENTURE

	Place of operation, incorporation and date of incorporation	Issued and paid up capital	Attributable equity interest	Principal activities
<b>Subsidiaries</b>				
<i>Directly held:</i>				
Nexteer (China) Holding Co., Ltd. <sup>(i)</sup>	China June 16, 2014	US\$30,000,000	100%	Investment holding
Nexteer Cayman Finance Limited	Cayman Islands October 21, 2019	US\$7	100%	Investment holding
Nexteer UK Holding Ltd.	United Kingdom February 5, 2015	US\$2	100%	Investment holding
PCM (Singapore) Steering Holding Pte. Limited	Singapore November 4, 2010	US\$149,600,000 and SGD1	100%	Investment holding
<i>Indirectly held:</i>				
Nexteer Automotive (Changshu) Co., Ltd. <sup>(i)</sup>	China November 27, 2023	US\$100,000,000	100%	Manufacturing of steering components
Nexteer Automotive (Suzhou) Co., Ltd. <sup>(i)</sup>	China January 24, 2007	US\$32,800,000	100%	Manufacturing of steering components, regional technical centre
Nexteer Automotive (Thailand) Limited	Thailand January 20, 2025	THB108,000,000	100%	Manufacturing of steering components
Nexteer Automotive Australia Pty Ltd.	Australia January 23, 2008	AUD\$2,849,108	100%	Customer service centre
Nexteer Automotive Components (Changshu) Co., Ltd. <sup>(i)</sup>	China August 26, 2025	US\$20,000,000	100%	Manufacturing of steering components
Nexteer Automotive Corporation	Delaware, US January 2, 2008	US\$1	100%	Manufacturing of steering and driveline components, global technical centre
Nexteer Automotive France SAS	France March 25, 2008	EUR1,287,000	100%	Customer service centre, engineering centre

## Notes to the Consolidated Financial Statements

**37 PARTICULARS OF PRINCIPAL SUBSIDIARIES AND JOINT VENTURE** (Continued)

	Place of operation, incorporation and date of incorporation	Issued and paid up capital	Attributable equity interest	Principal activities
Nexteer Automotive Germany GmbH	Germany January 2, 2008	EUR25,000	100%	Customer service centre, engineering centre
Nexteer Automotive India Private Limited	India February 25, 2008	INR207,917,940	100%	Manufacturing of steering and driveline components, software service centre, regional technical centre
Nexteer Automotive Italy S.r.l.	Italy January 30, 2008	EUR10,000	100%	Customer support, engineering centre
Nexteer Automotive Japan LLC	Japan February 21, 2008	JPY1	100%	Customer support, engineering centre
Nexteer Automotive Korea Limited	Korea February 28, 2008	KRW3,400,000,000	100%	Customer support, engineering centre
Nexteer Automotive Mexico S.de R.L. de C.V.	Mexico June 10, 2014	MXN129,912	100%	Distribution company
Nexteer Automotive Morocco S.a r.l.	Morocco October 12, 2017	EUR59,153,600	100%	Manufacturing of steering and driveline components
Nexteer Automotive Poland sp. z o.o.	Poland January 2, 1997	PLN20,923,750	100%	Manufacturing of steering components, regional technical centre
Nexteer Automotive Systems (Liuzhou) Co., Ltd. <sup>(i)</sup>	China January 8, 2015	US\$10,000,000	100%	Manufacturing of steering components
Nexteer Automotive US LLC	Delaware, US November 5, 2013	–	100%	Investment holding
Nexteer Hungary Finance Kft. "v.a."	Hungary March 5, 2019	US\$10,000	100%	Investment holding
Nexteer Hungary Investment Kft. "v.a."	Hungary February 24, 2020	US\$10,000	100%	Investment holding
Nexteer Industria e Comercio de Sistemas Automotivos Ltda.	Brazil February 22, 2007	BRL311,423,316	100%	Manufacturing of steering and driveline components
Nexteer Lingyun Driveline (Wuhu) Co., Ltd. <sup>(i)</sup>	China December 22, 2006	US\$22,400,000	60%	Manufacturing of driveline components

## Notes to the Consolidated Financial Statements

**37 PARTICULARS OF PRINCIPAL SUBSIDIARIES AND JOINT VENTURE** (Continued)

	Place of operation, incorporation and date of incorporation	Issued and paid up capital	Attributable equity interest	Principal activities
Nexteer North America Holding LLC (f/k/a PCM US Steering Holding LLC)	Delaware, US March 9, 2009	–	100%	Investment holding
Nexteer Lingyun Driveline (Zhuozhou) Co., Ltd. <sup>(i)</sup>	China October 6, 1995	US\$22,000,000	60%	Manufacturing of driveline components
Nexteer Otomotiv Sanayi ve Ticaret Limited Sirketi	Turkey March 28, 2008	TRY1,105,000	100%	Manufacturing of steering components
Nexteer US Holding I LLC	Delaware, US May 18, 2007	–	100%	Investment holding
PT Nexteer Automotive Indonesia	Indonesia March 23, 2016	US\$1,600,000	100%	Manufacturing of steering components
Rhodes Holding I S.à r.l.	Luxembourg January 15, 2008	EUR4,000,000	100%	Investment holding
Rhodes Holding II S.à r.l.	Luxembourg January 15, 2008	EUR4,331,151	100%	Investment holding
Steering Holding Pte. Ltd.	Singapore February 15, 2008	US\$6,400,000 and EUR1	100%	Engineering centre, investment holding
Steering Solutions Expat Holding Corporation	Delaware, US January 2, 2008	US\$1	100%	Employee support services
Steering Solutions IP Holding Corporation	Delaware, US January 2, 2008	US\$1	100%	Intellectual property management
Steeringmex S. de R.L. de C.V.	Mexico December 14, 2007	MXN100,292,971	100%	Manufacturing of steering and driveline components, regional technical centre
<i>Joint venture:</i>				
Chongqing Nexteer Steering Systems Co., Ltd. <sup>(i)</sup>	China January 22, 2014	RMB120,000,000	50%	Manufacturing of steering components

(i) Foreign-invested enterprise registered under People's Republic of China law.

## Five Years' Financial Summary

	For the year ended December 31,				
	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>RESULTS</b>					
Revenue	<b>4,584,217</b>	4,276,086	4,206,793	3,839,703	3,358,725
Profit before income tax	<b>167,822</b>	117,232	64,227	91,947	114,013
Income tax (expense) benefit	<b>(55,303)</b>	(42,121)	(19,052)	(26,434)	12,390
Profit for the year	<b>112,519</b>	75,111	45,175	65,513	126,403
Profit for the year attributable to:					
Equity holders of the Company	<b>102,004</b>	61,719	36,737	58,013	118,440
Non-controlling interests	<b>10,515</b>	13,392	8,438	7,500	7,963
	<b>112,519</b>	75,111	45,175	65,513	126,403
Earnings per share (US\$ per share)					
Basic and diluted	<b>0.041</b>	0.025	0.01	0.02	0.05
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>3,770,498</b>	3,479,142	3,404,593	3,335,281	3,206,499
Total liabilities	<b>1,611,370</b>	1,449,241	1,393,752	1,358,131	1,203,910
Total equity	<b>2,159,128</b>	2,029,901	2,010,841	1,977,150	2,002,589
Capital and reserves attributable to equity holders of the Company	<b>2,111,601</b>	1,978,877	1,963,816	1,933,825	1,954,629
Non-controlling interests	<b>47,527</b>	51,024	47,025	43,325	47,960
	<b>2,159,128</b>	2,029,901	2,010,841	1,977,150	2,002,589