北京汽車股份有限公司
BAIC MOTOR CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code：1958

* For identification purpose only

2025
ANNUAL REPORT

CONTENTS

Official website

WeChat Official account

Section I Corporate Information

- **LEGAL NAME OF THE COMPANY**
  BAIC Motor Corporation Limited

- **ENGLISH NAME OF THE COMPANY**
  BAIC Motor Corporation Limited[1]

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  5/F, No. 99 Shuanghe Street, Shunyi District, Beijing, China

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  Ms. Yu Dan
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1 For identification purpose only

- **PRINCIPAL BANKS**

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- **H SHARE STOCK CODE**
  1958

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Section II Letter from the Board of Directors (Operating Review and Outlook)

DEAR SHAREHOLDERS,

The board (the "Board") of directors (the "Directors") of the Company, hereby present the 2025 annual report of BAIC Motor Corporation Limited (the "Company", together with its subsidiaries, the "Group" or "we").

In 2025, China's economy maintained steady progress, with its GDP growing by 5% year-on-year. Solid progress was made in pursuing high-quality development, with proactive macro policies being effectively implemented. Policies to boost consumption and curb excessive internal competition continued to take effect, and the automobile consumer market grew steadily. According to data from the China Association of Automobile Manufacturers ("CAAM"), China recorded automotive sales of 34.4 million units in 2025, ranking first in the world for the 17th consecutive year. Exports of vehicles reached 7.098 million units, an increase of 21.1% year-on-year. Sales of passenger vehicles reached 30.103 million units, up 9.2% year-on-year. Among these, domestic sales of new energy passenger vehicles reached 13.005 million units, an increase of 17.7% year-on-year, with new energy penetration reaching 54%. Exports of new energy passenger vehicles surged to 2.532 million units, doubling year-on-year.

In 2025, the Group accelerated the implementation of strategies for the three-year leap forward action. We actively responded to changes in the market situation, seized the development opportunities of the industry, focused on the "domestic and international" dual strategic markets, concentrated on the star product portfolio, optimized operational efficiency continuously and steadily improved business quality. Adhering to intensified efforts in products with multiple technical routes, our products cover diverse categories such as fuel-powered, pure electric, hybrid, extended range and off-road vehicles. During the reporting period, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz achieved a total wholesale sales volume of 868,000 units, with consolidated revenue reaching RMB164.05 billion and an annual net profit of RMB5.78 billion.

2025 is the year of leap forward, dedicated to action. In 2025, the Group, with the market as its core and sales as its driving force, has optimized its production and sales structure and continuously promoted transformation. Independent brands have gained momentum in the leap-forward development and focused on the off-road vehicle segment. Its flagship products, including BJ40e REEV, BJ40 Fuel and BJ30 series, performed brilliantly. The transformation results of the "inventor of Chinese off-road vehicles" were remarkable. Mercedes-Benz accelerated its breakthroughs in intelligent electric vehicles. As the first vehicle built on the MMA platform, the all-new pure electric CLA made its debut, showcasing impressive performance with its 800V electrical architecture, MB.OS system, and the Momenta-partnered pilot assistance system. The new luxury pure electric MPV project on the VAN.EA platform was also steadily progressing. Beijing Hyundai achieved significant breakthroughs in intelligent electric vehicles and export businesses; its first all-electric SUV-EO was launched. Vehicle exports achieved leapfrog development, covering all overseas markets except North America and Europe, with exports of all models and forms. Furthermore, the Group actively implemented the national and Beijing municipal "dual carbon" strategy deployment, we incorporated a green low-carbon development into the entire process of operation, management and business development to enhance our green core competitiveness.

Shareholders: in 2025, with unwavering determination and proactive efforts, we achieved the first production and sales target of the "three-year leap forward action". While consolidating our achievements, we must continue to move forward.

2026 marks the first year of the 15th Five-Year Plan. Adhering to the general principle of pursuing economic progress while maintaining stability, China will implement more proactive and effective macro policies, expand domestic demand in all aspects, and boost resident consumption. The transformation of the global automotive industry will continue to deepen. Against the backdrop of the phasing-out of new energy vehicle subsidies, adjustments to trade-in policies, and the release of production capacity through overseas expansion, China's automotive industry is expected to stage a mild recovery. 2026 will be a pivotal year for enhancing both the scale and quality-efficiency of China's automobile sector, presenting both opportunities and challenges for automakers.

A new journey begins, striving for new heights. 2026 is another pivotal year of transition and significant advancement for our Group. The Group will comprehensively consider changes in the internal and external environment and set its sights on a three-year leap forward, using the "three top-priority projects" as the key to implementation, effectively improving operational quality and moving towards the strategic objectives of the 15th Five-Year Plan.

In 2026, we will confront the severe challenges of industry transformation pains and corporate profit pressures — facing myriad difficulties to conquer them all! Working in unison, we strive to achieve breakthrough growth and jointly write a new chapter in the high-quality development of China's automotive industry.

Lastly, I would like to express my gratitude to all our staff and partners for their hard work, and to our shareholders for their long-lasting support.

Board of Directors
March 25, 2026

2 Mr. Zhang Guofu has been appointed as the Chairman and a non-executive Director of the Company with effect from April 14, 2026.

Summary of operations of the Group for 2021 to 2025 is as follows:

(Unit: RMB million)

	For the year ended December 31,				
Item	**2025**	**2024**	**2023**	**2022**	**2021**
Sales volume (units)	**867,548**	945,593	1,042,005	947,061	1,031,203
Revenue	**164,047**	192,496	197,949	190,463	175,916
Cost of sales	**(145,035)**	(161,609)	(159,651)	(148,128)	(138,273)
Gross profit	**19,012**	30,887	38,298	42,334	37,643
Selling and distribution expenses	**(6,650)**	(8,569)	(10,068)	(11,177)	(10,312)
General and administrative expenses	**(4,389)**	(4,936)	(5,113)	(5,338)	(5,799)
Net impairment losses on financial assets and contract assets	**(199)**	(97)	(565)	(475)	(87)
Other (losses)/gains, net	**2,502**	(104)	17	664	2,515
Finance gains, net	**(107)**	50	31	1	61
Share of loss of investments accounted for using equity method	**(471)**	(1,254)	(1,600)	(1,281)	(1,101)
Profit before income tax	**9,698**	15,977	21,000	24,729	22,920
Income tax expense	**(3,921)**	(6,144)	(7,374)	(8,394)	(7,769)
Profit for the year	**5,777**	9,833	13,626	16,335	15,151
Attributable to					
Equity holders of the Company	**123**	956	3,030	4,197	3,858
Non-controlling interests	**5,654**	8,877	10,596	12,138	11,293

	As at December 31,				
Total assets, total liabilities and interests attributable to equity holders of the Company	**2025**	**2024**	**2023**	**2022**	**2021**
Total assets	**166,505**	172,044	168,723	173,375	180,844
Total liabilities	**89,420**	93,563	89,340	94,438	105,957
Interests attributable to equity holders of the Company	**57,945**	57,315	57,009	54,497	52,583

Note: Information on sales volume includes total wholesale sales of Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz. Information for 2021 to 2024 is extracted from the Company's 2024 annual report.

I. OVERVIEW

We are a leading passenger vehicle enterprise in China, and are one of the passenger vehicle manufacturers with the most optimized brand layout and business system in the industry. Our brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid-to-high-end passenger vehicles and proprietary brand passenger vehicles, among others, which can maximally satisfy various consumers' demands.

The Company completed its H shares initial public offering and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 19, 2014 (H shares stock abbreviation: BAIC Motor; H shares stock code: 1958).

II. MAJOR BUSINESS OPERATIONS

The Group is principally engaged in the research and development, manufacturing, sales and after-sales services of passenger vehicles, production of core parts and components of passenger vehicles, car financing, international businesses and other related businesses. It keeps optimizing its industry chain and strengthening its brands.

Passenger Vehicles

The Group is accelerating its transformation and upgrade towards new energy and intelligence. Its passenger vehicle product lineup covers internal combustion engine and new energy models. The business of the Group is carried out through four business divisions, namely, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz.

1. Beijing Brand

Beijing Brand, our proprietary brand, covers sedans, SUVs and off-road vehicles in both internal combustion engine and new energy models, providing users with a full range of travel experiences.

In 2025, adhering to technological progress, product upgrading and model innovation, Beijing Brand built a user-centric enterprise around the concept of "building high-quality vehicles for users". In terms of off-road vehicle electrification, through the two-way integration of off-road capabilities and new energy, we empowered off-road vehicles with electrification; in terms of off-road vehicle intelligence, relying on BAIC Group's "Yuanjing" intelligence, we continuously improved the intelligence level of off-road vehicles and provided consumers with a full-scenario travel solution from urban to off-road scenarios.

Drawing on its technical heritage as the "inventor of Chinese off-road vehicles", Beijing Brand has continuously advanced brand and product innovation, and made every effort to develop off-road and light off-road products. BJ30 Traveler targets the entry-level light off-road vehicle market, while BJ40e REEV aims to be the king of extended-range hard-core SUVs. BJ40 Fuel is positioned as a "full-scenario professional off-road SUV", achieving off-road accessibility for all. BJ60 EREV Executive Edition, equipped with plateau oxygen generation and satellite communication, is a luxury intelligent hard-core extended-range SUV, meeting the demands of high-end users.

In the future, Beijing Brand will continue to deepen technological innovation and promote product upgrades, forming a product lineup of over ten models across three major categories: gasoline vehicles, pure electric vehicles and hybrid vehicles. We are committed to providing users with an exciting, safe, and intelligence mobility experience through high-quality products, innovative technologies and attentive services.

2. **Beijing Benz**

Beijing Benz Automotive Co., Ltd. ("Beijing Benz") is a subsidiary of the Company. The Company holds 51.0% equity interest of Beijing Benz, while Mercedes-Benz Group AG ("Mercedes-Benz Group") and its wholly-owned subsidiary, Mercedes-Benz (China) Investment Co., Ltd. (梅賽德斯－奔馳（中國）投資有限公司), together hold another 49.0% equity interest in Beijing Benz. Beijing Benz commenced the manufacturing and sales of passenger vehicles of Mercedes-Benz brand in 2006.

At present, Beijing Benz has become a joint venture enterprise of Mercedes-Benz Group, which has three major vehicle model platforms in the world, namely front wheel drive vehicle, rear wheel drive vehicle and electric vehicle, and an engine plant and a power battery factory, and has realized the export of core parts and components of the engine and the whole machine, which makes Beijing Benz an important part of the global production network of Mercedes-Benz. On this basis, Beijing Benz currently offers models such as the all-new Mercedes-Benz all-electric CLA, C-Class, E-Class, and GLC SUV. At the historic turning point of the automotive industry from fuel-powered to electric vehicles, Beijing Benz has responded proactively and continuously accelerated its transformation towards "electrification, digitization and low-carbonization". In terms of its electric product matrix, Beijing Benz has cumulatively put into production three types of power batteries and six pure electric vehicle models. In the future, it will also develop more "next-generation luxury" and "core luxury" models based on the all-new Mercedes-Benz Modular Architecture (MMA) platform and the MB.EA pure electric platform.

3. **Beijing Hyundai**

Beijing Hyundai Motor Co., Ltd. ("Beijing Hyundai") is a joint venture of the Company. The Company holds 50.0% equity interest of Beijing Hyundai through its subsidiary BAIC Investment Co., Ltd. ("BAIC Investment"), while Hyundai Motor Company holds another 50.0% equity interest of Beijing Hyundai. Beijing Hyundai has been manufacturing and selling Hyundai passenger vehicles since 2002.

Beijing Hyundai has established an industry-leading quality operation system and has a nationwide leading production and manufacturing plant. It produces and sells a wide range of compact and mid-size sedans and SUVs, including the Elantra CN7, the 11th-generation Sonata, the all-new Tucson L, the MUFASA (updated ix35), the fifth-generation Santa Fe, the Custo and pure electric SUV EO etc. With these models, Beijing Hyundai fully caters to various consumer needs.

4. **Fujian Benz**

Fujian Benz Automotive Co., Ltd. ("Fujian Benz") is a joint venture of the Company. The Company holds 35.0% equity interest of Fujian Benz, and establishes an acting-in-concert agreement with Fujian Motor Industry Group Co., Ltd., which holds another 15.0% equity interest of Fujian Benz. The consensus will be reached while making decisions regarding the operation, management and other matters of Fujian Benz, as well as the exercising of power by the directors appointed by Fujian Motor Industry Group Co., Ltd. Mercedes-Benz Vans Hong Kong Limited holds the remaining 50.0% equity interest of Fujian Benz.

Fujian Benz commenced the manufacturing and sales of multi-purpose passenger vehicles of Mercedes-Benz brand in 2010. At present, Fujian Benz stays on the leading edge in the field of joint venture premium business purpose vehicles, with production and sales of Mercedes-Benz V-Class vehicles and New Vito products.

Core Parts and Components for Passenger Vehicles

In addition to manufacturing of vehicles, we also produce engines, powertrain, power batteries and other core parts and components for passenger vehicles through the manufacturing bases of Beijing Brand, Beijing Benz and Beijing Hyundai.

We manufacture engines, range extenders, transmissions, new energy reducers and other core automobile parts and components through entities including BAIC Motor Powertrain Co., Ltd., mainly for use in our self-produced vehicles as well as for sale to other automobile manufacturers. Through the combination of cooperative and independent development, we have broken through many technological difficulties, successively completed the development of multiple internal combustion and hybrid engines, range extenders and transmission products, and put them into mass production. Such products have been widely used for Beijing Brand passenger vehicles. In addition, we are gradually expanding product sales to external customers.

Beijing Benz currently has two engine factories and the first power battery factory outside of Germany, producing a variety of engines and power batteries such as M282, M260, M254. In 2025, the EB5 power battery of Beijing Benz was officially put into production. The battery is adapted to the MMA pure electric platform with large capacity, ultra-fast charging, long battery life, low energy consumption and high safety performance, which features the core power solution of the new generation of domestic luxury pure electric models of Benz.

Beijing Hyundai has been manufacturing engines since 2004. Its current products are mainly Gamma II series 1.5L/1.6L displacement engines. The engines produced are industry leading in terms of technology and power, etc. The products are mainly used in Hyundai passenger vehicles manufactured by Beijing Hyundai.

Car Financing

We conduct car financing and automobile aftermarket-related businesses of Beijing Brand, Mercedes-Benz brand and Hyundai brand through associates and joint ventures including Beijing Automotive Group Finance Co., Ltd., Mercedes-Benz Leasing Co., Ltd ("MBLC"), Beijing Hyundai Auto Finance Company Limited and BH Leasing Co., Ltd. and continuously promote the rapid development of car financing businesses by methods including capital investment and business cooperation.

In respect of car financing business, we have conducted group strategic cooperation with various automobile financial companies, commercial banks and finance lease companies, offering clients a great variety of financial products covering all car models for sale and meeting different customer demands.

International Business

We conduct the international marketing business through an associate, BAIC International Development Co., Ltd. ("BAIC International"), and we promote the rapid development of international business through overseas sales companies, representative offices, KD technology[2] cooperation, vehicle distribution, etc. In addition, BAIC Automobile SA Proprietary Limited, a joint venture of the Company, is responsible for the production and operation businesses of the South African production base and the marketing business in South African and Southern Africa Development Community (SADC) markets. In 2025, we implemented the localization strategy and restarted BAIC Mexico to build a brand image and deepen the foundation of the localization market by directly operating subsidiaries. We registered BAIC GULF AUTOMOBILE TRADING FZ to achieve full coverage in the Gulf area and stimulate overseas sales volume.

2 knocked-down

III. CORE COMPETITIVENESS

The Group adheres to sales as the key driver of reform, products as the cornerstone of development, and quality as the core value. It steadily promotes high-quality development despite fierce market competition and continuously enhances its core competitiveness.

1. Enhanced product innovation model for diverse needs adaptation

The Company's passenger vehicle brand portfolio is profoundly competitive and highly complementary and can satisfy the purchase demands of different groups for vehicles at different stages by leveraging our comprehensive product-defined development strategy.

In terms of brand portfolio, Beijing Brand adheres to transition strategy to new energy and seeks to identify market opportunities. By integrating the entire value chain of research, production, supply, sales and service, it has effectively enhanced product competitiveness. Beijing Benz has established the largest-scale research and development center among joint ventures under the Mercedes-Benz Group, along with the only fully functional prototype plant located overseas. Beijing Benz has a high-level research and development team, with a leading level technology in China in localization of components, problem analysis of new energy electric drive and etc., Beijing Hyundai has steadily promoted the intelligent and electric transformation, and further accelerated the introduction and application of new technologies including the transition to new energy vehicles, intelligence and networking.

In terms of product definition, we continuously refine the product definition methodology, which includes conducting co-creation with seed dealers and users for accurate identification of users' needs; attaching importance to multi-dimensional and in-depth monitoring of competing products with the establishment of a nine-dimensional comprehensive benchmarking system; achieving quantitative assessment of full-scenario experiences via a scenario-based experience evaluation system; and strengthening big data-driven insights into user ecosystems for precise coverage of product value. We carry out targeted optimization of high-perception product features by adopting a parallel mechanism of user co-creation and innovation definition to consistently deliver exceptional products to the market and our users.

2. Diversified equity structure and good strategic partnership

BAIC Group, a Controlling Shareholder of the Company as well as one of the main automobile groups in China, has established a relatively complete automobile industry chain covering businesses including research, development and manufacturing of vehicles, components and parts, automobile service trade, comprehensive commuting service, finance and investment. Other Shareholders of the Company include state-owned investment platforms, key state-owned enterprises, Mercedes-Benz Group, related strategic and financial investors, which is a diversified and internationalized equity structure. Such diversified equity structure is conducive to sufficient utilization of resources of Shareholders, improvement in the management ability by the Company and deep exploitation of the development potential of the Company.

The Company has established close joint venture and cooperation relationships with Mercedes-Benz Group, Hyundai Motor and other famous enterprises in the industry, and has further expanded the breadth and depth of the cooperation. In addition to establishment of Beijing Benz, Fujian Benz, Beijing Mercedes-Benz Sales Service Co., Ltd. and MBLC by the Company and Mercedes-Benz Group, both parties have cooperated and exchanged with each other in technology, platform, human resource and other aspects to a greater extent. Close cooperation with strategic partners enhances the research and development ability of the Company, expands the talent team and enriches the experience of the Company in management, production and operation.

3. Experienced management team and professionally excellent research and development team

The management team has deep industry experience. All team members have working experience at renowned domestic and international automotive companies, which results in extensive experience in corporate management as well as a multi-disciplinary cross-functional knowledge structure and professional competence. The management team's grounding in the local market and culture, combined with an international perspective, enables precise identification and understanding of the development trend, technology evolution directions and industry operation patterns of passenger vehicles, thereby formulating efficient and forward-looking research and development strategies. Meanwhile, with continuous improvement of the talent training system through multi-dimensional enhancements in influencing capability, leadership, general competencies and professional capability, the Company has facilitated the ongoing advancement of the management team's comprehensive competence and the continuous increase of its overall effectiveness.

The core research and development team possesses first-class research and development competitiveness. Currently, the Company has established a professional research and development task force with excellent competence and scientific structure. The team gathers domestic and overseas senior technical professionals in the automotive industry, and its operations landscape covers core sectors including intelligent networking, software development, power system, vehicle architecture, vehicle performance, as well as trial production and testing, etc. With a solid research and development foundation and rich practical experience, the research and development team adheres to independent innovation, focuses on tackling critical core technical barriers, and continues to consolidate its core competitiveness of independent research and development, which leads to steady delivery of outcomes. A complete research and development capability of whole-process development of vehicle system, independent research and production of core components, technology integration of key subsystems, as well as integration and implementation of vehicle system has been established, making it an important supporting platform for technology research and development and innovation of Beijing Brand.

4. Geographic advantage of headquarters in Beijing

The headquarters of the Company is located in Beijing, the capital of China, where there are many scientific research institutions, colleges and universities, a great number of industry experts and talents, and the Company is able to obtain more high-quality human resource support, attract high-end industry talents and keep abreast of new technologies and breakthroughs in the industry in a timely manner, in order to support the improvement in the research and development strength of the Company. Meanwhile, Beijing boasts more convenient transportation, a more developed logistics system, more complete supporting facilities and infrastructures, which satisfy the demands of the Company for support necessary for production and operation.

5. Advanced manufacturing, techniques, quality and process management

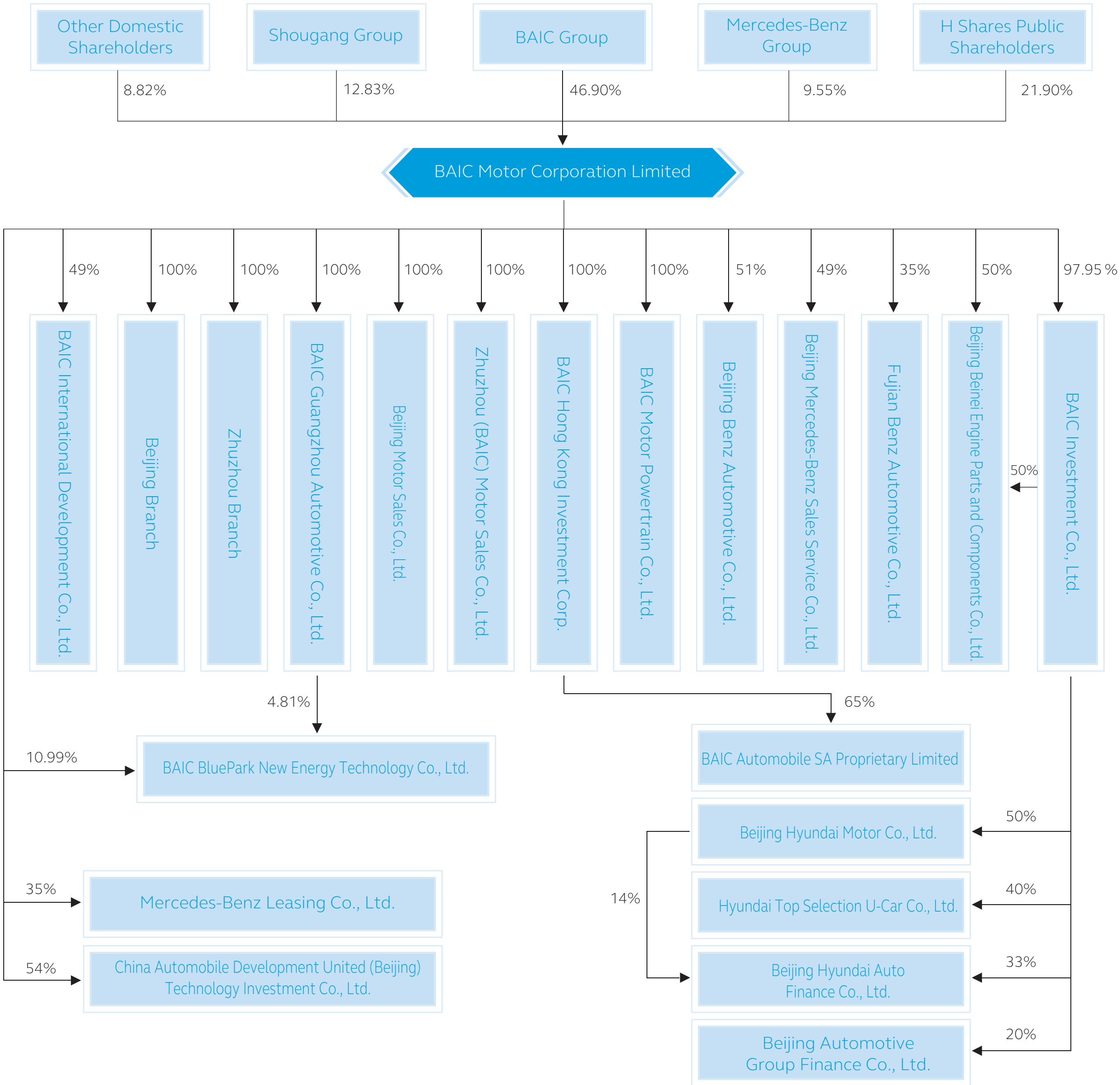
We rely on specialized production facilities to produce passenger vehicles products, and are committed to continuously improving operational efficiency and product quality. By deploying flexible production lines, we can flexibly implement differentiated production processes and accurately adapt to diversified needs for products. In order to ensure the high quality operation of the manufacturing system, we strictly perform regular maintenance of the facilities. On this basis, a set of quality control system which strictly follows domestic and foreign advanced standards is built and fully operated, which puts the consistency of product quality at the core position and runs through the whole manufacturing process.

IV. CONTROLLING SHAREHOLDER

BAIC Group is the sole Controlling Shareholder of the Company and held 46.90% equity interest in the Company as of the Date of Issue of the Report. BAIC Group is one of the major automobile manufacturing groups in China and has been ranked among the world's top 500 companies for 13 consecutive years. BAIC Group has an operating history of over 60 years. It has now developed into a comprehensive and modern automobile conglomerate with diversified business portfolio and integrating vehicle research and development and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries. The Group is a key platform established by BAIC Group for passenger vehicle resource integration and business development.

V. BRIEF OF EQUITY STRUCTURE

The major shareholding and investment structure of the Company (as of December 31, 2025) are as follows:



Note: Entrusted by BAIC Group, the Company is responsible for managing BAIC Group Off-road Vehicle Co., Ltd..

VI. INDUSTRY DEVELOPMENT OF PASSENGER VEHICLES IN 2025

In 2025, against a complex and evolving backdrop, China's automotive market continued to demonstrate strong resilience and vitality, showing a development profile characterized by "dual growth in production and sales, structural optimization, and exports exceeding expectations". Automobile production and sales maintained a scale of over 30 million units for three consecutive years; new energy vehicle production and sales continued to maintain rapid growth. The innovative vitality of the industry continued to burst forth: the first batch of L3-level autonomous driving models has been approved to carry out road pilot operations, breakthroughs have been made in the research and development and application of cutting-edge technologies such as hydrogen fuel cell vehicles and solid-state batteries, and the first-mover advantage in intelligent connected new energy vehicles has been transformed into an industrial leading advantage. New breakthroughs have been made in globalization, a new chapter has been opened for automotive exports, and joint ventures and cooperation have entered a new phase.

According to the CAAM data, during the year 2025, China's passenger vehicle sales reached 30.103 million units, a year-on-year increase of 9.2%, among which the passenger vehicle sales of Chinese brand reached 20.936 million units for the year, a year-on-year increase of 16.5%, with a market share of 69.5%. During the year 2025, China's new energy passenger vehicle sales reached 15.537 million units, a year-on-year increase of 26.4%, marking a new stage in the new energy vehicle transition. From the perspective of overseas sales, during the year 2025, China's passenger vehicle exports reached 6.038 million units, a year-on-year increase of 21.9%; among these, new energy passenger vehicle exports reached 2.532 million units, a year-on-year increase of 104.3%. 2025 was also a year of accelerated implementation for the automotive industry's intelligent and green transformation. Intelligent equipment such as industrial robots and 3D printing devices were widely applied in the complete vehicle manufacturing process.

VII. BUSINESS OPERATIONS OF THE GROUP IN 2025

In 2025, the Group accelerated the implementation of strategies for the three-year leap forward action. We actively responded to changes in the market situation, seized the development opportunities of the industry, focused on the "domestic and international" strategic markets, concentrated on the star product portfolio, optimized operational efficiency continuously and steadily improved business quality. Adhering to intensified efforts in products with multiple technical routes, our products cover diverse categories such as fuel-powered, pure electric, hybrid, extended range and off-road vehicles. During the reporting period, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz collectively achieved vehicle wholesale of 868,000 units.

1. **Focusing on the new energy strategy**

Steadfastly adhering to the new energy development direction, we focused on the diverse needs of users in segmented markets, continuously improved our new energy product matrix, and consistently enhanced product market recognition and core competitiveness. During the reporting period, since the launch of BJ40e REEV of Beijing Brand, it has continuously led the boxy off-road vehicle segment and achieved a dual advancement in off-road vehicles and new energy technologies. In the future, with the dual empowerment of new energy and intelligent technologies, Beijing Brand's models will undergo a complete revitalization and iteration. Beijing Benz continued to refine its "dual-track" product lineup of gasoline and electric vehicles. As the first model built on the MMA platform, the new all-electric long-wheelbase CLA has launched, further expanding its pure electric vehicle portfolio. In the future, Beijing Benz will continue to introduce more new energy products to maintain its competitiveness in the domestic luxury vehicle market. Beijing Hyundai launched its first pure electric SUV-EO, embarking on a new journey to comprehensively layout the new energy vehicle market. Fujian Benz has fully initiated the construction of the VAN.EA platform in China, steadily advancing the new luxury all-electric MPV project developed on this platform, which will bring a new level of upgrade and leap forward to its product matrix.

2. **Building a user-centric enterprise**

With the user at its core, we are committed to developing a user-centric enterprise. We listen to users' voices, focus on users' needs, and deeply cultivate user value. During the reporting period, an efficient voice of customer (VOC) response mechanism was established, transforming from listening to users into rapid action. We have implemented an ecological brand strategy, launched the "Joyful Off-Road China" IP, and built a three-dimensional operating model of "major events + bases + user celebrations", connecting the goal of brand strategy through the whole chain by upgrading user activities. Using "clubs" as a vehicle, we have built a multi-dimensional user ecosystem. Focusing on emotional connections and co-creating value with core users, we ensured that our terminal service system resonates with user-centric thinking. Beijing Benz has continuously deepened the concept of "China Research and Development + China Intelligent Manufacturing for China", focused on customers' high-frequency usage scenarios and driving habits, built a product matrix suitable for the Chinese market, and met the increasingly diversified luxury travel needs of Chinese customers. Beijing Hyundai has continuously advanced the transformation of customer service, empowered the customer purchase journey with digitization, and strengthened interaction with customers by integrating and optimizing mainstream media platforms to connect with them directly. In the future, we will continuously enhance user satisfaction and contribute to pleasant mobility by persistently improving our product system, upgrading brand services, and optimizing ecosystem experience.

3. Deepening marketing transformation

In 2025, the Group built a new media communication matrix and a premium content ecosystem for the integration of "research, production, supply, sales and service". During the reporting period, Beijing Brand was dedicated to deeply unlocking the full lifecycle value of customers through model innovation and digital tools. We have been driving the transformation from single product sales to a new model of "product + service + ecosystem", optimizing the dealer cooperation mechanism for full-cycle empowerment, deepening the NPS (net promoter score) management system, and boosting sales by leveraging the new media communication matrix. Beijing Brand has strengthened product awareness through precise exposure and innovated user operation and experience with circle-breaking contents. Beijing Benz has further built its "Beijing Benz Intelligent Manufacturing" IP, explored and utilized the highlights of production and manufacturing, and piloted a new retail model of direct connection with users and online-offline integration for new energy models. Beijing Hyundai has expanded its brand visibility through live streaming and co-creation with vehicle owners, driving sales growth.

In terms of sales networks, Beijing Brand has advanced both channel expansion and operational empowerment, significantly increasing market coverage and steadily expanding channel scale. Meanwhile, structures have been optimized, improving both channel quality and operational capability. Beijing Benz has improved customer experience and sustainable business development with a high-quality and efficient retail network, through multiple measures such as enhancing network capabilities, cost efficiency and personnel empowerment. Beijing Hyundai has actively optimized network layout, maintaining the stability of existing channels while proactively exploring new markets. Concurrently, it has focused on strengthening channel foundations and enhancing comprehensive operational capabilities at dealerships, including customer acquisition, conversion, and service.

4. Solidifying overseas presence

In 2025, in view of the coexistence of risks and opportunities in the reshaping of the global automobile trade landscape, the Group focused on accelerating the globalization development and steadily increased the export scale, with overseas operations becoming a significant pillar of the Group's growth. Beijing Brand focused on its core base, restructured its business structure and resource allocation, achieved rapid growth in key markets and efficient development of untapped markets, and made substantial breakthroughs in high-end and mature regions such as Australia and Europe, thus entering a new stage of market development. At the same time, we actively promoted the introduction of KD project products in key markets such as Malaysia and Indonesia. Beijing Hyundai's export was in a period of rapid growth, forming incremental breakthroughs in full coverage, all models and all forms.

Deploying the dual carbon strategy

In response to the national and Beijing municipal "dual carbon" strategic deployment, the Company has integrated green and low-carbon development into the entire operation management and business development. Focusing on energy conservation and emission reduction, new energy technology applications, and energy structure optimization, the Company has continuously promoted operational carbon reduction and collaborative carbon reduction across the industrial chain. While reducing energy consumption and carbon emissions, it has improved resource utilization efficiency, enhanced the ability to respond to policy and market changes, and promoted high-quality business development. Focusing on cost reduction, efficiency improvement and green and low-carbon development, Beijing Brand has proactively innovated automotive materials at the material end and extended carbon reduction from source design to the entire value chain. Beijing Benz's front-wheel-drive vehicle factory has obtained the ISO14068 carbon neutrality verification statement certificate, becoming the first zero-carbon vehicle factory in China to receive this certification; the "Green Mountain Reading Corner", the first green culture and ecological civilization education project in China's manufacturing industry, was launched at Beijing Benz. Focusing on energy efficiency improvement, energy substitution and supply chain collaboration, Fujian Benz has built a carbon reduction system covering the production end and supply chain, and was rated as one of the first batch of "Zero-Waste Enterprises" in Fuzhou in 2025.

Production Facilities

We have dedicated production facilities to manufacture and assemble our products, all of which are equipped with flexible production lines. The ability to flexibly change production schedules and quickly respond to demand changes in the market also reduces capital expenditure and operating costs.

In order to ensure excellent product quality, we have established an advanced digital and intelligent quality management system in the Beijing Brand plants. The system is deeply integrated into the whole process of vehicle design and manufacturing, realizing precise management and control of core processes and data-driven decision-making and enabling continuous improvement of product quality with the digital accuracy.

Guided by the principle of "digitalization, flexibility, effectiveness and sustainability", Beijing Benz continuously builds Mercedes-Benz's most comprehensive production base in the world to continuously promote its own high-quality development. Beijing Benz has established a quality centre based on Mercedes-Benz Group's global standards to ensure that every unit of Mercedes-Benz vehicles is up to its globally unified standards and quality management system.

Upholding the production philosophy of "greenness, quality, intelligence and high efficiency", Beijing Hyundai relies on intelligent production equipment, international management systems and more than 90% automation rate to fully ensure accuracy and manufacture high-quality products. In the meantime, it reasonably uses flexible production plans and mixed model production to effectively reduce manufacturing costs.

Industry Chain Extension and Cooperation

In 2025, the Group focused on deepening the synergy between industry and finance and industrial linkage, continued to optimize the layout of the whole industrial chain of research, production, supply, sales and services, built up the core competitive advantages of its main business, accelerated the expansion of overseas business and comprehensively consolidated the foundation of global operation.

On November 21, 2025, the Company entered into an Equity Acquisition Agreement with BAIC Group, pursuant to which the Company has conditionally agreed to sell, and BAIC Group has conditionally agreed to purchase, 51% equity interest in BAIC International (hereinafter referred to as the "Disposal"). After completion of the Disposal, BAIC Group can leverage its platform advantages to comprehensively empower BAIC International's operations in overseas product development, brand building, investment and financing, thereby providing robust group-level resource support for the accelerated advancement of the Company's internationalization strategy.

Please refer to the relevant announcements of the Company for details of the above collaborations. In the future, the Group will adhere to its overall business strategy, deepen the layout of high-quality cooperation empower various internal business reform initiatives and comprehensively enhance its core competitiveness.

VIII. PROSPECT FOR THE DEVELOPMENT OF PASSENGER VEHICLE INDUSTRY IN 2026

2026 marks the inaugural year of the "15th Five-Year Plan". China's economic work will adhere to the principles of seeking progress while maintaining stability, improving quality and efficiency, and prioritizing domestic demand. Characterized by "solidifying foundations and making comprehensive efforts", it will consolidate the industrial system and institutional framework established during the "14th Five-Year Plan" period, accelerating policy implementation in development and reform. Under the macro guidance of "adhering to expanding domestic demand" and "stimulating the intrinsic driver of resident consumption", the extension of new energy vehicle "purchase tax" and the continuous optimization and implementation of automotive "Upgrade & Trade-in" initiative policies have expanded automotive consumption; multi-party efforts to comprehensively address "excessive internal" competition have encouraged the industry to return to a benign and orderly development ecosystem; concurrently, expanding high-level opening up and guiding the reasonable and orderly cross-border layout of industrial and supply chains have accelerated the global layout for China's automotive industry and its deep integration into the global development pulse.

In 2026, China's passenger vehicle market is expected to transition from high-speed expansion to a mature cycle of deep cultivation within existing stock and structural optimization, entering a new phase of high-quality development characterized by high sales, low growth and strong structural differentiation. The core evolution will focus on four major themes: slight overall sales growth, new energy leading the way, value competition and deepening globalization. With the continuation and optimization of automotive consumption policies, and the support of new products and new technologies, China's automotive market will continue to develop steadily, and the advantages of new energy vehicles will be further solidified. CAAM and other authoritative institutions predict that in 2026, China's automobile market sales will reach 34.75 million units, a year-on-year increase of 1%; among these, passenger vehicle sales will be 30.25 million units, a year-on-year increase of 0.5%; new energy vehicle sales will reach 19 million units, a year-on-year increase of 15.2%, and automobile exports will be 7.4 million units, a year-on-year increase of 4.3%.

IX. OPERATIONAL STRATEGY OF THE GROUP FOR 2026

In 2026, the Group will focus on the goal of the three-year leap forward action by considering internal and external environmental changes and strategic goal progress. With the "three top-priority projects" as the implementation tools, we will effectively improve operational quality and steadily advance towards the "15th Five-Year Plan" strategic goals.

Beijing Brand operates under the guideline of "brand elevation, balancing volume and profit, and effectively enhancing operational quality". Through consolidating its production capacity advantages, Beijing Benz will continuously introduce more future-oriented electric and intelligent products, promoting the "electrification, digitization and low-carbon" transformation, and solidifying its sustainable development foundation. By implementing its localization strategy of "In China, For China, To the World", Beijing Hyundai will deepen collaborative innovation, accelerate its new energy transformation, and continuously expand exports. By prioritizing economic efficiency, Fujian Benz will steadily advance its electrification transformation, and strive to achieve the goal of "becoming a respected leader in the high-end commercial vehicle market in the new era". Overseas exports will serve as a growth driver. Through localization, a diversified product portfolio and other measures, the Group will steadily enhance its ability to explore international markets and make every effort to achieve new goals.

REVENUE AND NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group is principally engaged in the research and development, manufacturing, sales and after-sales services of passenger vehicles. The above businesses have brought sustained and stable revenue to the Group. The Group generated the revenue of RMB164,047.0 million in 2025, representing a decrease of 14.8% as compared to that of 2024, mainly due to the impact of price competition and changes in the decrease in sales volume.

The Group recorded a net profit attributable to equity holders of the Company of RMB122.7 million, representing a decrease of 87.2% as compared to the same period in 2024; basic earnings per share was RMB0.02 in 2025.

GROSS PROFIT

The Group recorded a gross profit of RMB19,012.4 million in 2025, representing a decrease of 38.4% as compared to 2024, mainly due to the impact of price competition and decrease in sales volume.

WORKING CAPITAL AND FINANCIAL RESOURCES

The Group usually satisfies its daily working capital requirements through self-owned cash and borrowings. The Group generated net cash from operating activities of RMB10,039.4 million in 2025, representing a decrease of 65.6% as compared to the same period in 2024, mainly due to the decrease in net cash inflow from operating activities.

As at the end of 2025, the Group had cash and cash equivalents of RMB23,366.4 million, notes receivable of RMB12,042.4 million, notes payable of RMB11,296.4 million, outstanding borrowings of RMB7,921.5 million, unutilised short-term and long-term banking facilities of approximately RMB24,253.5 million and commitments for capital expenditure of RMB9,501.6 million.

CAPITAL STRUCTURE

The Group maintained a reasonable combination of equity and debt to ensure an effective capital structure.

The Group's asset-liability ratio (total liabilities/total assets) was 53.7% as at December 31, 2025, representing a decrease of 0.7 percentage point as compared to that as at December 31, 2024 (the "end of 2024").

The Group's net gearing ratio ((total borrowings less cash and cash equivalents)/(total equity plus total borrowings less cash and cash equivalents)) was negative 25.1% as at December 31, 2025, representing an increase of 21.7 percentage points as compared to the end of 2024, mainly due to the significant decrease in cash and cash equivalents.

As at the end of 2025, the total outstanding borrowings were RMB7,921.5 million, including short-term borrowings of RMB5,934.7 million in aggregate and long term borrowings of RMB1,986.8 million in aggregate. The Group will repay the aforesaid borrowings in a timely manner at maturity.

As of the end of 2025, none of the Group's loan agreements in effect includes any agreement on the obligations to be performed by the controlling shareholder of the Company. In the meantime, the Group also strictly followed all the terms and conditions in its debt covenants, and no default took place.

SIGNIFICANT INVESTMENTS

The Group incurred total capital expenditures of RMB5,637.3 million in 2025, compared to RMB5,379.7 million in 2024.

The Group incurred total research and development expenditures of RMB3,601.8 million in 2025, compared to RMB4,292.4 million in 2024. Research and development expenditures were mainly incurred by the Group for its product research and development activities. Based on accounting standards and the Group's accounting policy, expenses of the aforesaid research and development complied with capitalization conditions had been capitalized accordingly.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not carry out material acquisitions during 2025.

Regarding a material disposal in 2025: On November 21, 2025 (after trading hours), the Company entered into the equity acquisition agreement with BAIC Group, pursuant to which the Company has conditionally agreed to sell, and BAIC Group has conditionally agreed to purchase, 51% of the equity interests in BAIC International, for a total consideration of RMB1,607.5740 million in cash. After completion of the Disposal, BAIC International will be owned as to 51% by BAIC Group and 49% by the Company, and BAIC International will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts. For details of the Disposal, please refer to the Company's announcement of "Discloseable and Connected Transaction in Relation to the Disposal of 51% of the Equity Interests in a Wholly-owned Subsidiary" published on the HKEXnews website of the Stock Exchange on November 21, 2025. At the end of February 2026, the registration procedures for the change of equity ownership of the Disposal were completed at the registration authority.

FOREIGN EXCHANGE LOSSES[3]

The Group incurred foreign exchange losses of RMB103.3 million in 2025, as compared to foreign exchange losses of RMB399.2 million in 2024, mainly due to (i) the effective control on the foreign exchange rate risks due to the judgment in foreign exchange forward contracts; and (ii) the decrease in amount due from Euro-denominated payments.

The Group used foreign currencies (primarily Euro) to pay for part of its imported parts and components. It had borrowings denominated in foreign currencies. Foreign exchange fluctuations may affect the Group's operating results.

The Group has a well-developed foreign exchange management strategy that continuously and orderly controls foreign exchange rate risks of foreign exchange exposure. At present, the Group mainly uses foreign exchange forward contracts as its hedging tool.

REMUNERATION POLICIES

Staff costs incurred by the Group decreased from RMB5,678.7 million in 2024 to RMB5,232.6 million in 2025, representing a year-on-year decrease of 7.9%, which was mainly attributable to the impact of control measures such as the decrease in production and sales volume and the optimization of refined scheduling.

Based on the core remuneration philosophy of post-based salary, the Group conducts internal value assessment based on the position value and comprehensively considers the job responsibilities and scope of work. At the same time, it deeply integrates the annual operational objectives into the performance appraisal system, combined with the salary level in the external market to build a scientific, complete and differentiated salary system with distinct levels, providing solid talent attraction, retention, cultivation and incentive support for the implementation of the Group's strategy.

In addition, the Group has established an enterprise annuity system to provide the qualified and voluntary employees with the supplementary pension system with certain guarantee on retirement income.

PLEDGE OF ASSETS

As at the end of 2025, the Group had pledged bills receivable amounting to RMB7,390.2 million.

CONTINGENT LIABILITIES

As at the end of 2025, the Group had no material contingent liabilities.

3 Foreign exchange gains include foreign exchange forward contracts at fair value through profit or loss

PRINCIPAL RISKS AND UNCERTAINTIES

1. Risks relating to macroeconomic volatility

Macroeconomic performance has an impact on consumer demands for automobiles, and therefore affects the Group's operating performance. The Group's operations and development will face certain risks in the event of adverse factors such as weak demand in the domestic automotive market, compressed profitability due to rising raw material prices, and increased pressure on exports caused by heightened global trade barriers. The Group will strengthen the monitoring of market dynamics, adjust production and operation strategies in a timely manner, enhance the added value of products and market competitiveness and actively expand overseas markets to enhance its ability to resist macroeconomic volatility and mitigate potential risks.

2. Risk of increased market competition

The Group operates in a highly competitive industry. Although the "involution competition" in the industry has been alleviated by the policy guidance, the price war has not yet completely subsided. Coupled with challenges such as fluctuations in raw material prices and shortages of automotive-grade chips, the cost pressure on enterprises has intensified significantly. According to the statistics of CAAM, it is expected that passenger vehicles will maintain a steady development trend in 2026. The automobile industry, as one of the new driving forces to promote the quality of the economy, is facing increased pressure from transformation and upgrading. In addition, the industry will experience continuous technological reforms in the development of electrification, networking and intelligence, intensifying the competition. The Group will continuously pay attention to the market conditions, remain customer-centric, and promote the optimization of supply chain by focusing on the research and development of core technologies to reduce production costs. Shifting from price to value competition, we will create differentiated competitive advantages and enhance our market position.

3. Risks relating to the price fluctuation and supply of raw material

The key raw materials used by the Group in the research and development, production and sales of automobiles include core materials of battery (such as lithium and cobalt), steel, aluminum, rubber, plastics and paint, etc. With the increase in production and sales, the volume of production factors procured by the Group from suppliers has also increased year-on-year. Chip shortage and increased prices of bulk raw materials will adversely affect the Group's results of operations. The Group will respond to risks by improving the strategic procurement mechanism for bulk raw materials, expanding supply channels, optimizing material formulations and processes, and strengthening early warnings for the supply chain.

The Board of Directors hereby presents the report of the Board of Directors to the shareholders of the Company (the "Shareholders") and 2025 audited consolidated financial statements of the Group as prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

COMPANY PROFILE AND INITIAL PUBLIC OFFERING

The Company was incorporated as a joint stock limited company in the PRC on September 20, 2010. On December 19, 2014, the Company's H Shares have been listed on the Main Board of the Stock Exchange in Hong Kong Special Administrative Region ("Hong Kong") of the PRC.

BUSINESS REVIEW

Please refer to the chapters headed "Company Profile and Business Overview" on pages 14 to 19 and "Management Discussion and Analysis" on pages 20 to 22 in this report for details regarding the business conditions and principal risks and uncertainties exposed to the Group in 2025, and the prospect of 2026. In addition, please refer to relevant information on pages 23 to 24 in this report for events after balance sheet date, information regarding the Group's environmental performance and policies, the compliance with the relevant laws and regulations that have a significant impact on the Group and the Group's relations with employees, suppliers and customers in 2025.

PRINCIPAL BUSINESS

Please refer to the section headed "MAJOR BUSINESS OPERATIONS" on pages 7 to 9 of "Company Profile and Business Overview" in this report for details.

OUTLOOK

Please refer to the chapter headed "OPERATIONAL STRATEGY OF THE GROUP FOR 2026" on page 19 of "Company Profile and Business Overview" in this report for details.

PERFORMANCE

The 2025 annual results and the financial position as at the end of 2025 of the Company and the Group are set out on pages 154 to 160 of the audited consolidated financial statements in this report.

PROPERTY

Changes of property, plant and equipment of the Group in 2025 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

As of the Date of Issue of the Report, the total share capital of the Company is RMB8,015,338,182 and the total number of Shares is into 8,015,338,182 Shares, at par value of RMB1.0 per Share (comprising 5,494,647,500 Domestic Shares and 2,520,690,682 H Shares).

TAXATION

The tax position of the Group for 2025 is set out in Note 10 to the consolidated financial statements.

EVENT AFTER BALANCE SHEET DATE

The details for event after balance sheet date of the Group are set forth in Note 43 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The details of the change in the reserves of the Company and the Group for 2025 are set forth in Note 35 to the audited consolidated financial statements, and in the consolidated statement of changes in equity on pages 158, respectively, among which the information of the reserve distributable to Shareholders is set forth in Note 35 to the consolidated financial statements.

PROFIT DISTRIBUTION

The Board does not recommend the payment of a final dividend for 2025 to the Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities in 2025 (including sale of treasury Shares). As at the end of 2025, the Company did not hold any treasury Shares.

MAJOR CLIENTS AND SUPPLIERS

Major clients

The transaction amount of the top five clients of the Group in 2025 accounted for 5.4% of the Group's total revenue in 2025. The transaction amount of the single largest client of the Group accounted for 2.7% of the Group's total revenue in 2025.

Major suppliers

The transaction amount of the top five suppliers of the Group in 2025 accounted for approximately 60.8% of the Group's cost of raw materials used in the cost of sales in the year. The transaction amount of the single largest supplier of the Group accounted for approximately 33.2% of the Group's cost of raw materials used in the cost of sales in the year.

In 2025, Mercedes-Benz Group (the largest supplier of the Group), BAIC Group Offroad Vehicle Co., Ltd. (the second largest supplier of the Group), and Beijing BAIC Yanfeng Automotive Parts Co., Ltd. (the fourth largest supplier of the Group), and Beijing Hainachuan Lear Automotive System Co., Ltd. (the fifth largest supplier of the Group) are the related parties of the Group.

None of the Directors, their close associates or any Shareholders (who to the best of the Directors' knowledge held more than 5% of the issued Shares of the Company) had interests in the major clients and suppliers of the Group during anytime in 2025.

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CLIENTS

The Group provides a competitive remuneration portfolio to attract and incentivize employees. The Group reviews the employees' remuneration portfolio on a regular basis and makes necessary adjustment in order to be in line with the market standard. The Group also understands that it is of great importance to maintain good relations with suppliers and clients for the realization of the short-term and long-term goals. For the purpose of maintaining its brand competitiveness and dominance, the Group is committed to providing consistently premium products and services to clients. In 2025, the Group had no material and significant dispute with suppliers and clients.

ENVIRONMENTAL PERFORMANCE AND POLICIES

The Group has actively responded to the environmental policies and strictly complied with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and other laws, regulations and relevant policies. In adhering to the environmental concept of "green operation for sustainable development", it promoted cleaner production, developed green products through eco-design, and reduced the impact on the environment throughout the product life cycle. The Group strengthened the management and control over pollutants to reduce the impact of the production process on the environment by enhancing production efficiency, improving technologies and processes, optimizing emission management and treatment systems as well as environmental monitoring.

The Group, through the business philosophy of "improving efficiency through cost reduction", promoted both management-related energy conservation and project-related energy conservation, explored energy-saving potential, improved energy utilization efficiency and reduced energy consumption, achieving continuous improvement in energy performance and transforming into a "carbon neutral" enterprise. It has established its operating policy of planning energy consumption, promoting energy conservation and increasing productivity and effectiveness through energy conservation. The Group saved energy through technologies and management methods, and continuously reduced its own energy consumption and carbon dioxide emissions, thus achieving the coordinated development of economic development and resource conservation.

In 2025, the Group strictly complied with relevant laws, regulations and China's environmental policies, and established corresponding compliance operation mechanisms. It prepared the environmental, social and governance report according to the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange. For details, please refer to the chapter headed "Environmental, Social and Governance Report" on pages 70 to 146 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is a joint stock company incorporated in China with limited liability, and is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance. The Shares of the Company are traded on the Main Board of the Stock Exchange. The Company continuously reviews its current systems and procedures, emphasizes and strives to comply with the Company Law of the People's Republic of China (the "Company Law"), the Listing Rules, the Securities and Futures Ordinance (the "SFO"), applicable Hong Kong Companies Ordinance, and other relevant laws and regulations which have a significant impact on the Company. The Company endeavors to safeguard its Shareholders' interests, enhance corporate governance and strengthen the functions of the Board of Directors.

Laws and regulations that have a significant impact on the operation of the Group include but are not limited to the Company Law, the Regulation of the People's Republic of China on the Administration of Company Registration, the Securities Law of the People's Republic of China, the Foreign Investment Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on the Administration on Recall of Defective Auto Products, the Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and the Product Quality Law of the People's Republic of China. In case of violation of the aforesaid laws and regulations, the Group may be subject to corresponding civil legal liabilities and administrative penalties imposed by competent authorities, or corresponding criminal liabilities if such violation constitutes a crime. The business operation of the Group has always complied with national and local laws and regulations. The Group upholds honesty and integrity, and performs its social responsibility. In 2025, there was no material litigation or dispute against the Group.

The Group has always been adhering to putting the exercise of power under institutional checks, continuously improving and strengthening the Company's employee management system improvement. In 2025, the Group further deepened and perfected the management system matching with the governance requirements of listed companies, and further optimized the system which is easy to comply with, operate and implement.

The Company and its employees have been exercising their best endeavors to strictly follow the applicable rules, laws and industry standards. The Directors are not aware of any breach of laws or regulations which have a significant impact on the Group, nor are they aware of any litigation or cases of corruption, bribery, extortion, fraud and money laundering involving the Group in 2025.

DONATIONS

In 2025, the Group donated an aggregate amount of approximately RMB2.6 million to the post-disaster reconstruction project in Shigatse, Tibet and the public welfare desertification control project in Hotan, Xinjiang.

BANK LOANS AND OTHER BORROWINGS

The details for bank loans and other borrowings of the Group at the end of 2025 are set forth in Note 31 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

The basic information of the Directors and senior management of the Company is set out in the chapter headed "Directors and Senior Management" on pages 63 to 69 of this report.

As of the Date of Issue of the Report, Mr. Wang Hao has obtained legal advice from law firms qualified to advise on Hong Kong law on March 13, 2025; Mr. Gu Xin, Mr. Chen Geng and Ms. Zhu Yan have obtained legal advice from law firms qualified to advise on Hong Kong law on December 29, 2025; and Mr. Zhang Guofu, Ms. Zheng Mingying and Mr. Zhou Jianyu have obtained legal advice from law firms qualified to advise on Hong Kong law on April 14, 2026, and they have confirmed that they understood all the requirements of the Listing Rules applicable to them as directors of a listed issuer and the possible consequences of making a false statement or providing false information to the Stock Exchange.

The Company has received a confirmation from each of the independent non-executive Directors in respect to their independence pursuant to Rule 3.13 of the Listing Rules. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent persons pursuant to Rule 3.13 of the Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following sets out changes in information of the Directors, the supervisors of the Company (the "Supervisors") and senior management from January 1, 2025 to the Latest Practicable Date:

Directors and Supervisors

Due to work adjustment, Mr. Chen Wei ceased to be the Chairman, a non-executive Director, the chairman of the Strategy and Sustainability Committee and the Nomination Committee on March 13, 2025. On the same day, the Company convened the 2025 first extraordinary general meeting, at which Mr. Wang Hao was appointed as a non-executive Director and appointed as an executive Director at the Board meeting held on the same day, for a term of office commencing from March 13, 2025 until the expiration of the term of the fifth session of the Board. On the same day, Mr. Wang Hao was elected as the Chairman, and was appointed as the chairman of the Strategy and Sustainability Committee and the Nomination Committee by the fifth session of the Board of Directors. For details, please refer to the announcements of the Company dated February 23, 2025 and March 13, 2025, and the circular of the Company dated February 25, 2025.

On December 29, 2025, due to work adjustment, (i) Mr. Hu Hanjun ceased to be a non-executive Director, a member of the Strategy and Sustainability Committee and a member of the Audit Committee; (ii) Mr. Chen Hongliang ceased to be a non-executive Director and a member of the Strategy and Sustainability Committee; (iii) Mr. Song Wei ceased to be an executive Director, a member of the Strategy and Sustainability Committee, a member of the Remuneration Committee and a member of the Nomination Committee; and (iv) Mr. Peng Jin ceased to be a non-executive Director and a member of the Strategy and Sustainability Committee. On the same day, the Company convened the 2025 third extraordinary general meeting, at which (i) Mr. Gu Xin was appointed as a non-executive Director; (ii) Mr. Chen Geng was appointed as an executive Director; and (iii) Ms. Zhu Yan was appointed as an executive Director, all for a term commencing from December 29, 2025 until the expiration of the term of the fifth session of the Board. The appointments of (i) Mr. Gu Xin as a member of each of the Strategy and Sustainability Committee and the Audit Committee; (ii) Mr. Chen Geng as a member of each of the Strategy and Sustainability Committee, the Remuneration Committee and the Nomination Committee; and (iii) Ms. Zhu Yan as a member of the Strategy and Sustainability Committee by the Board also became effective on December 29, 2025, all for a term commencing from December 29, 2025 until the expiration of the term of the fifth session of the Board. For details, please refer to the announcements of the Company dated November 30, 2025 and December 29, 2025 and the circular of the Company dated December 10, 2025.

On December 29, 2025, Mr. Zhao Jinlun has been elected as an employee representative Director at an employees' representative meeting of the Company, for a term commencing from December 29, 2025 until the expiration of the term of the fifth session of the Board. For details, please refer to the announcement of the Company dated December 29, 2025.

On April 14, 2026, due to work adjustment, (1) Mr. Wang Hao ceased to be the Chairman, an executive Director and the chairman of the Strategy and Sustainability Committee and the Nomination Committee; (2) Ms. Zhu Yan ceased to be an executive Director and a member of the Strategy and Sustainability Committee; and (3) Mr. Sun Li ceased to be a non-executive Director and a member of the Strategy and Sustainability Committee. On the same day, the Company convened the 2026 first extraordinary general meeting, at which (1) Mr. Zhang Guofu was appointed as a non-executive Director; (2) Ms. Zheng Mingying was appointed as an executive Director; and (3) Mr. Zhou Jianyu was appointed as a non-executive Director, all for a term commencing from April 14, 2026 until the expiration of the term of the fifth session of the Board. On the same day, the Board convened a Board meeting and resolved to appoint (1) Mr. Zhang Guofu as the Chairman and the chairman of the Strategy and Sustainability Committee and the Nomination Committee; (2) Ms. Zheng Mingying as a member of the Strategy and Sustainability Committee; (3) Mr. Zhou Jianyu as a member of the Strategy and Sustainability Committee; and (4) Mr. Zhao Jinlun as a member of the Strategy and Sustainability Committee, all for a term commencing from April 14, 2026 until the expiration of the term of the fifth session of the Board. For details, please refer to announcements of the Company dated March 20, 2026 and April 14, 2026, and the circular of the Company dated March 25, 2026.

On January 16, 2025, Ms. Zhu Yan ceased to be a non-employee representative Supervisor of the board of supervisors of the Company (the "Board of Supervisors") due to work adjustment. For details, please refer to the relevant announcement of the Company dated January 17, 2025.

On March 13, 2025, the Company convened the 2025 first extraordinary general meeting, at which Mr. Xia Peng was appointed as a non-employee representative Supervisor for a term commencing from March 13, 2025 until the expiration of the term of the fifth session of the Board of Supervisors. For details, please refer to the announcements of the Company dated February 23, 2025 and March 13, 2025 and the circular of the Company dated February 25, 2025.

On December 29, 2025, the Company convened the 2025 third extraordinary general meeting, at which the amendments to the Articles of Association of the Company (the "Articles of Association") were considered and approved. The Board of Supervisors shall be formally dissolved, with its relevant responsibilities assumed by the Audit Committee and the duties of Supervisors of the members of the original Board of Supervisors shall be naturally dispensed with. The rules of procedures for the Board of Supervisors shall be repealed simultaneously. For details, please refer to the circular of the Company dated December 10, 2025 and the announcement of the Company dated December 29, 2025.

SENIOR MANAGEMENT AND COMPANY SECRETARY

On March 28, 2025, Mr. Wang Jianhui resigned as the company secretary of the Company (the "Company Secretary"). On the same day, Ms. Yu Dan has been appointed as the Company Secretary and Ms. Ng Sau Mei has been appointed as the joint Company Secretary.

On January 17, 2025, Ms. Zhu Yan was elected as the vice president of the Company at the tenth meeting of the fifth session of the Board for a term commencing from January 17, 2025 until the expiration of the term of the fifth session of the Board. Starting from January 17, 2025, Mr. Ding Zuxue ceased to serve as the vice president of the Company due to job changes.

On February 21, 2025, Mr. Li Jian was elected as the vice president of the Company at the eleventh meeting of the fifth session of the Board for a term commencing from February 21, 2025 until the expiration of the term of the fifth session of the Board. Starting from February 21, 2025, Mr. Peng Gang ceased to serve as the vice president of the Company due to job changes.

On June 5, 2025, Mr. Jiang Qing was elected as the vice president of the Company at the 15th meeting of the fifth session of the Board for a term commencing from June 5, 2025 until the expiration of the term of the fifth session of the Board. Starting from June 5, 2025, Mr. Li Deren and Mr. Yang Xueguang ceased to be the vice president of the Company due to job changes.

On November 29, 2025, Mr. Song Wei ceased to be the president of the Company, and Mr. Chen Geng was elected as the president at the 20th meeting of the fifth session of the Board for a term commencing from November 29, 2025 until the expiration of the term of the fifth session of the Board. For details, please refer to the relevant announcement of the Company dated November 30, 2025.

On November 29, 2025, Mr. Dong Hao was elected as the vice president of the Company at the 20th meeting of the fifth session of the Board for a term commencing from November 29, 2025 until the expiration of the term of the fifth session of the Board. Starting from November 29, 2025, Mr. Zhang Kai ceased to serve as the vice president of the Company due to job changes.

On March 20, 2026, Ms. Zheng Mingying was elected as the vice president of the Company at the 23rd meeting of the fifth session of the Board for a term commencing from March 20, 2026 until the expiration of the term of the fifth session of the Board. Starting from March 20, 2026, Ms. Zhu Yan ceased to serve as the vice president of the Company due to job changes.

Save as disclosed above, there was no change in the Directors, Supervisors, senior management and Company Secretary from January 1, 2025 and up to the Latest Practicable Date. Meanwhile, the Directors, Supervisors, senior management and Company Secretary confirmed that there was no information required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

SERVICE CONTRACTS OF DIRECTORS

Each Director of the Board of Directors has entered into a service contract with the Company for a term of three years or ending on the expiry of the term of office for the current session of the Board of Directors. The service contracts set out the main terms, key conditions and relevant rights, obligations and responsibilities of the appointed Directors, with particular emphasis on the duties of the independent non-executive Directors and the executive Directors, and they can be terminated in accordance with the relevant terms in the service contracts.

In 2025, none of the Directors entered into a service contract with the Company that cannot be terminated by the Company within a year without compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS

Details of remuneration of Directors in 2025 are set out in Note 8 to the consolidated financial statements.

REMUNERATION FOR FIVE INDIVIDUALS WITH THE HIGHEST REMUNERATION

Details of remuneration for five individuals (excluding Directors) with the highest remuneration in the Company in 2025 are set forth in Note 9 to the consolidated financial statements.

MANAGEMENT CONTRACTS

In 2025, no contract regarding the management and administration of overall business and any substantial part of the business has been entered into or maintained by the Company.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONNECTED TRANSACTIONS" on pages 32 to 43 in this report, none of the Company or any of its subsidiaries entered into any contracts of significance with the Controlling Shareholder or any of its subsidiaries other than the Group, nor was there any contract of significance between the Group and the Controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services in 2025.

MATERIAL INTERESTS OF DIRECTORS IN CONTRACTS, TRANSACTIONS OR ARRANGEMENTS

In 2025, save as disclosed in this report, none of the Directors or their connected entities directly or indirectly has material interest in any contracts, transactions or arrangements, which are significant to the businesses of the Group and entered into by the Company or any of its subsidiaries.

INTERESTS OF DIRECTORS ON COMPETING BUSINESSES

In 2025, save for certain Directors who also hold positions in BAIC Group and its connected companies (for details, please refer to the relevant details in "Section VIII Directors and Senior Management" of this report), none of the Directors or their associates has any competing interests in the businesses which compete or are likely to compete with businesses of the Company, either directly or indirectly or have other conflicts of interests with the Group.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register of the Company as referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at the end of 2025, none of the Directors or any of their respective associates was granted by the Company or its subsidiaries any rights to, or exercised any rights to acquire shares or debentures of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at the end of 2025, to the best knowledge of the Directors, the following entities/persons (except for the Directors and senior management) had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept of the Company under section 336 of the SFO, or who were directly and/or indirectly deemed to have 5% or more interest of the nominal value of any class of share capital carrying rights to vote in all circumstances at the annual general meetings:

Name of Shareholder	Class of Shares	Number of Shares/Underlying Shares Held[Note 1]	Percentages of Relevant Class of Shares (%) [Note 2]	Percentage of the Total Share Capital (%)
Beijing Automotive Group Co., Ltd.	Domestic Shares	3,758,798,622(L)	68.41	46.90
Shougang Group Co., Ltd.	Domestic Shares	1,028,748,707(L)	18.72	12.83
Mercedes-Benz Group AG	H Shares	765,818,182(L)	30.38	9.55

Note 1: (L) – Long position, (S) – Short position, (P) – Lending pool.

Note 2: The percentage is calculated based on the number of Shares held by relevant persons/the number of relevant classes of Shares of the Company in issue as at the end of 2025.

ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2025, no arrangement for share pre-emptive right and share option was made by the Company, and there is no specific provision under the PRC laws or the Articles of Association regarding share pre-emptive right.

DEBENTURES ISSUED

In 2025, the Group did not issue debentures.

As at the end of 2025, the total outstanding borrowings was RMB7,921.5 million, including short-term borrowings of RMB5,934.7 million in aggregate and long-term borrowings of RMB1,986.8 million in aggregate.

EQUITY-LINKED AGREEMENTS

In 2025, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisted.

PERMITTED INDEMNITY PROVISION

In 2025, no permitted indemnity provision (whether made by the Company or otherwise) was made which was or is in force for the benefit of the Directors of the Company or any directors of the associated companies of the Company (if made by the Company).

The Company has liability insurance to protect Directors and senior management against certain relevant lawsuits.

RETIREMENT AND EMPLOYEE BENEFIT SCHEMES

For details of the retirement and employee benefit schemes of the Group, please refer to the section headed "Employees" on pages 43 to 44 of this report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For details, please refer to the chapter headed "Corporate Governance Report" on pages 45 to 62 of this report.

AUDIT COMMITTEE

The Audit Committee has reviewed the Company's and the Group's 2025 annual results, and the audited consolidated financial statements for 2025 prepared in accordance with the IFRS Accounting Standards.

AUDITORS

On June 24, 2025, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP retired as the Company's international and domestic auditors, respectively. Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the Company's auditors in relation to the financial statements prepared under the IFRS Accounting Standards and China Accounting Standards, respectively, for the year of 2025.

FIVE-YEAR FINANCIAL SUMMARY

Summary of the Group's operation performance, assets and liabilities for the last five financial years is set out in the chapter headed "Summary of Operations" on page 6 in this report. This summary does not form part of the audited consolidated financial statements.

COMPLIANCE OF BAIC GROUP WITH THE NON-COMPETITION UNDERTAKING

The Company has received a confirmation letter from BAIC Group, which confirms that in 2025, BAIC Group has complied with every undertaking in the Non-competition Undertaking given to the Company.

PUBLIC FLOAT

According to the information publicly available to the Company, or to the knowledge of the Directors, as at the Date of Issue of the Report, the public held no less than 21.90% of Shares issued by the Company, which complies with a waiver regarding public float granted to the Company when it got listed. For details, please refer to the Prospectus, the announcement of the Company on partial exercise of over-allotment option dated January 12, 2015, and the announcement of the Company on completion of the placing of H Shares dated May 3, 2018.

MATERIAL LITIGATION

As of the end of 2025, the Company was not involved in any material litigation or arbitration. To the best knowledge of the Directors, there is also no pending material litigation or claim against the Company or material litigation or claim against the Company which may have material adverse effect to the Company.

CONNECTED TRANSACTIONS

Non-fully-exempted continuing connected transactions

1. **Trademark Licensing Framework Agreement between the Company and BAIC Group**

   The Company and BAIC Group entered into a trademark licensing framework agreement on March 24, 2023, which took effect from the date of approval by the Shareholders at the 2022 annual general meeting of the Company to December 31, 2025, and was subject to renewal by mutual consent.

   Pursuant to the agreement, the Group is licensed by BAIC Group to use certain trademarks in the products manufactured and services supplied by the Group and in the documents of the Group. The actual trademark licensing fees and payment method shall be determined in accordance with the principles, terms and conditions of the agreement and set out in a specific agreement to be entered into between the parties.

   The annual caps for the trademark licensing fees paid by the Group to BAIC Group under the trademark licensing framework agreement for 2023, 2024 and 2025 are as follows:

	Annual cap for the year ended December 31, (RMB in million)		
Item	2023	2024	**2025**
Trademark licensing fees paid by the Group to BAIC Group	985.0	992.0	**996.0**

The above continuing connected transactions and annual caps were considered and approved by the Board of Directors on March 24, 2023 and approved by the Shareholders on June 26, 2023 at the 2022 annual general meeting of the Company. For further details of the trademark licensing framework agreement, please refer to the announcement dated March 24, 2023 and the circular dated May 24, 2023 of the Company.

In 2025, the actual trademark licensing fees paid by the Group to BAIC Group under the above agreement were RMB546.7 million.

2. Property and Facility Leasing Framework Agreement between the Company and BAIC Group

The Company entered into a property and facility leasing framework agreement (the “Property and Facility Leasing Framework Agreement”) with BAIC Group on December 2, 2014, with the term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. Both parties renewed the Property and Facility Leasing Framework Agreement on October 20, 2016 and April 27, 2022 with the term from January 1, 2023 to December 31, 2025, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, the Group will lease properties and facilities from BAIC Group and/or its associates for manufacturing specific passenger vehicles. The rent payable under the agreement was agreed based on arm’s length negotiation between the parties to the agreement with reference to the local market price, in compliance with relevant rules and regulations of the PRC; Specific agreements shall be entered into stipulating the specific terms and conditions (including property rentals, payment methods and other usage fees) in respect of relevant leased properties and facilities.

The annual caps for the total annual rentals payable by the Group to BAIC Group and/or its associates for the property and facility leasing and the total annual rentals to be received from BAIC Group and/or its associates for the property and facility leasing under the Property and Facility Leasing Framework Agreement are set out below:

	Annual cap for the year ended December 31, (RMB in million)		
Item	2023	2024	**2025**
Total annual rentals paid by the Group to BAIC Group and/or its associates for property and facility leasing	425.8	425.8	**425.8**
Total annual rentals received by the Group from BAIC Group and/or its associates for property and facility leasing	255.9	255.9	**255.9**

The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on April 27, 2022. For other details on the Property and Facility Leasing Framework Agreement, please refer to the announcement of the Company dated April 27, 2022.

In 2025, the actual rentals for property and facility leasing paid by the Group to BAIC Group and/or its associates were RMB99.0 million, and the rentals received by the Group from BAIC Group and/or its associates for property and facility leasing were RMB25.1 million.

3. **Financial Services Framework Agreement between the Company and BAIC Finance**

The Company entered into a financial services framework agreement (the "BAIC Finance Financial Services Framework Agreement") with BAIC Finance on December 2, 2014, for an initial term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. The Company renewed the BAIC Finance Financial Services Framework Agreement with BAIC Finance on October 20, 2016 and April 27, 2022 with the term from January 1, 2023 to December 31, 2025, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, BAIC Finance will provide financial services to the Company, mainly including (i) deposits; (ii) loans and entrusted loans; (iii) other financial services inclusive of notes discount and acceptance, finance leasing, settlement and entrusted loan agency; and (iv) any other services subject to relevant approvals from the National Financial Regulatory Administration ("NFRA").

The BAIC Finance Financial Services Framework Agreement provides for the following pricing principles:

(a) Deposit services. Interest rates for the deposits placed by the Group with BAIC Finance will not be lower than: (i) the lower limit of interest rate published by the People's Bank Of China ("PBOC") for deposits of a similar type for the same period; (ii) the interest rate for deposits of the same type for the same period placed by subsidiaries of BAIC Group (other than the Group); or (iii) the interest rate for deposits of the same type for the same period offered by independent commercial banks to the Company and its subsidiaries.

(b) Loans services. Interest rates for the loans to be advanced by BAIC Finance to the Group will not be higher than: (i) the caps (if any) of the loan interest rate published by the PBOC for loans of a similar type for the same period; (ii) the interest rate for loans of the same type for the same period offered by BAIC Finance to other subsidiaries of BAIC Group (other than the Group); or (iii) the interest rate for loans of the same type for the same period offered by independent commercial banks to the Company and its subsidiaries.

(c) Other financial services. The interest rates or services fees will be (i) subject to the prevailing benchmark fee (if applicable) for similar types of financial services published by the PBOC or NFRA; (ii) comparable to or not exceeding the interest rates or fees charged by independent commercial banks or financial institutions to the Group for financial services of the same type; and (iii) comparable to, or no less favourable to the Group than, fees charged by BAIC Finance to the subsidiaries of BAIC Group other than the Group for financial services of the same type.

As BAIC Group, the Controlling Shareholder and a connected person of the Company, holds 56.00% equity interest in BAIC Finance, an associate of BAIC Group, BAIC Finance is also a connected person of the Company. The transactions under the BAIC Finance Financial Services Framework Agreement between the Company and BAIC Finance constitute connected transactions of the Company, pursuant to Chapter 14A of the Listing Rules.

As the loan services provided by BAIC Finance to the Group are on normal commercial terms and on terms that are no less favourable than those offered by independent third parties to the Group for comparable services in China, and no security over the assets of the Group was granted in respect of the loans, the loan service transactions are exempted from the reporting, announcement and independent Shareholders' approval requirements under the Rule 14A.90 of the Listing Rules.

The annual caps on the maximum daily balance of deposits and the interest income from deposits under the BAIC Finance Financial Services Framework Agreement for 2023, 2024 and 2025 are as follows:

	Annual cap for the year ended December 31, (RMB in million)		
Item	2023	2024	**2025**
Maximum daily balance of deposits placed by the Group with BAIC Finance	22,000.0	22,000.0	**22,000.0**
Interest income from deposits placed by the Group with BAIC Finance	490.1	490.1	**490.1**
Charges payable to BAIC Finance by the Group for other financial services	457.5	775.7	**761.4**

The above continuing connected transactions and annual caps were considered and approved by the Board of Directors on April 27, 2022 and March 24, 2023 and approved by the Shareholders at the 2021 annual general meeting of the Company on June 28, 2022 and the 2022 annual general meeting of the Company on June 26, 2023, respectively. For further details of the BAIC Finance Financial Services Framework Agreement, please refer to the announcements of the Company dated April 27, 2022 and March 24, 2023 and the circulars dated April 27, 2022 and March 24, 2023.

In 2025, the actual amount of the maximum daily balance deposits placed by the Group with BAIC Finance was RMB14,019.9 million, the actual amount of interest income from deposits placed by the Group with BAIC Finance was RMB93.9 million, and the actual amount of charges payable to BAIC Finance by the Group for other financial services was RMB9.1 million.

4. BAIC Auto Finance Financial Services Framework Agreement between the Company and BAIC Auto Finance

The Company entered into a financial services framework agreement (the "BAIC Auto Finance Financial Services Framework Agreement") with BAIC Automotive Finance (Hangzhou) Co., Ltd. ("BAIC Auto Finance") on March 31, 2025, for an initial term from March 31, 2025 to December 31, 2025, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, BAIC Auto Finance will provide automotive financial services to the Company, subject to the approved business scope of BAIC Auto Finance.

The BAIC Auto Finance Financial Services Framework Agreement provides for the following pricing principles:

Automotive financial services, the interest rates or services fees will be (i) subject to the prevailing benchmark fee (if applicable) for similar types of financial services published by the PBOC or NFRA; and (ii) not exceeding the interest rates or fees charged by BAIC to the subsidiaries of BAIC Group (excluding the Group) for financial services of the same type.

As BAIC Group, the Controlling Shareholder and a connected person of the Company, holds 100% equity interest in BAIC Auto Finance, an associate of BAIC Group, BAIC Auto Finance is also a connected person of the Company. The transactions under the Financial Services Framework Agreement between the Company and BAIC Auto Finance constitute connected transactions of the Company, pursuant to Chapter 14A of the Listing Rules.

The annual caps on the charges for financial services under the BAIC Auto Finance Financial Services Framework Agreement for 2025 are as follows:

Item	Annual cap for the year ended December 31, (RMB in million) 2025
Charges payable to BAIC Auto Finance by the Group for financial services	761.4

The above continuing connected transactions and annual caps were considered and approved by the Board of Directors on March 31, 2025. For further details of the BAIC Auto Finance Financial Services Framework Agreement, please refer to the announcement of the Company dated March 31, 2025.

In 2025, the actual amount of charges payable to BAIC Auto Finance by the Group for financial services was RMB413.9 million.

5. Products and Services Purchasing Framework Agreement between the Company and BAIC Group

The Company entered into a products and services purchasing framework agreement (the "Products and Services Purchasing Framework Agreement") with BAIC Group on December 2, 2014, for an initial term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. In order to effectively meet the Company's requirements for stable supply and high quality of products and integrated services, the Company renewed the Products and Services Purchasing Framework Agreement with BAIC Group on October 20, 2016 and April 27, 2022, with the term from January 1, 2023 to December 31, 2025, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, BAIC Group and/or its associates will provide the Group with commodities including equipment, raw materials, parts and components and vehicles, and related technologies, related derivatives arising from such commodities (including but not limited to energy credits and carbon emission policy trading), and services including labor services, logistics services, transportation services, technical services and consulting services. In order to ensure that the terms of individual transaction in respect of the purchase of products and comprehensive services by the Group from BAIC Group are fair and reasonable and in line with market practices, the Group has adopted the following pricing policies and measures: to have regular contact with the suppliers of the Group (including BAIC Group) to keep abreast of market developments and the price trend of comprehensive services; before placing an individual purchase order, to invite a certain number of suppliers (including BAIC Group) from the list of approved suppliers of the Group to submit quotations or proposals; and to have the suppliers and pricing of products and integrated services determined by the collective decision of the Company's tender assessment board according to the Company's administrative measures for market quotations.

The annual caps for purchase of products and purchase of services under the Products and Services Purchasing Framework Agreement for 2023, 2024 and 2025 are as follows:

	Annual cap for the year ended December 31, (RMB in million)		
Item	2023	2024	**2025**
Purchase of products	38,209.4	49,511.1	**56,883.5**
Purchase of services	6,037.4	5,797.6	**5,746.3**

The above continuing connected transactions and annual caps were considered and approved by the Board of Directors on April 27, 2022 and March 24, 2023 and approved by the Shareholders at the 2021 annual general meeting of the Company on June 28, 2022 and the 2022 annual general meeting of the Company on June 26, 2023, respectively. For further details of the Products and Services Purchasing Framework Agreement, please refer to the announcements dated April 27, 2022 and March 24, 2023 and the circulars dated April 27, 2022 and March 24, 2023 of the Company.

In 2025, the actual amounts of products and services purchased under the Products and Services Purchasing Framework Agreement were RMB38,937.9 million and RMB4,192.1 million respectively.

6. Provision of Products and Services Framework Agreement between the Company and BAIC Group

The Company entered into a provision of products and services framework agreement (the "Provision of Products and Services Framework Agreement") with BAIC Group on December 2, 2014, for an initial term from the Listing date of the Company to December 31, 2016, subject to renewal through mutual consents by both parties. The Company renewed the Provision of Products and Services Framework Agreement with BAIC Group on October 20, 2016 and April 27, 2022 with the term from January 1, 2023 to December 31, 2025, subject to renewal through mutual consents by both parties.

Pursuant to the agreement, BAIC Group and/or its associates will purchase the various types of products (including commodities such as facilities, raw materials, components and parts and vehicles etc. and related technologies, and derivatives derived from such commodities (including but not limited to energy credits and carbon emissions policy trading)) ("Supply of Products") and services (including sales agency, processing agency, labour, logistics, transportation, technical services and consultancy) ("Provision of Services") from the Group. In order to ensure that the terms under such agreement are fair, the said agreement specifically provides that the terms of transactions contemplated thereunder are to be no less favorable than those entered into between the Company and independent third parties. The service fees charged to BAIC Group by the Group are determined on the basis of arm's length negotiations between the relevant parties. To ensure that the terms of supplying products and services to BAIC Group are fair and reasonable, the Group made reference to the relevant historical prices of products and services and based such on the principle of cost coupled with a fair and reasonable margin.

The annual caps for Supply of Products and Provision of Services under the Provision of Products and Services Framework Agreement for 2023, 2024 and 2025 are as follows:

	Annual cap for the year ended December 31, (RMB in million)		
Item	2023	2024	**2025**
Supply of Products	33,849.7	48,097.3	**46,060.2**
Provision of Services	310.6	316.1	**313.9**

The transaction for Supply of Products and annual caps were considered and approved by the Board of Directors on April 27, 2022 and March 24, 2023 and approved by the Shareholders on June 28, 2022 at the 2021 annual general meeting of the Company and on June 26, 2023 at the 2022 annual general meeting of the Company. The transaction for Provision of Services and the annual caps were considered and approved by the Board of Directors on April 27, 2022. For further details of the transactions for Supply of Products and Provision of Services, please refer to the announcements dated April 27, 2022 and March 24, 2023 and the circulars dated April 27, 2022 and March 24, 2023 of the Company.

In 2025, the actual amounts of Supply of Products and Provision of Services under the Provision of Products and Services Framework Agreement were RMB18,972.3 million and RMB242.1 million respectively.

7. Continuing connected transactions in relation to Mercedes-Benz Group and its associates

In 2025, the Group has entered into a number of continuing connected transactions with Mercedes-Benz Group and its associates. In view of factors including protection of trade secrets and avoidance of unnecessary burden and losses to the business and operation of the Group, the Stock Exchange, at the time of Listing of the Company, has granted the Company an exemption from strict compliance with the written agreement and/or annual cap, announcements, annual reporting and/or independent Shareholders' approval requirements under the Listing Rules in respect of certain transactions with Mercedes-Benz Group, as follows:

Nature of transaction	Transaction summary and pricing policy	Exemption granted
Sales of vehicles by Beijing Benz to Mercedes-Benz Group and its associates	• **Transaction summary:** Mercedes-Benz Group and its associates purchased vehicles from Beijing Benz for the purposes of research and development, testing, marketing and promotion and self-use. • **Pricing policy:** The market prices of relevant vehicles have been taken into consideration to ensure that the prices are fair and reasonable and on normal commercial terms.	Signing of written agreement
Purchases of parts and accessories by Beijing Benz from Mercedes-Benz Group and its associates	• **Transaction summary:** Beijing Benz purchased from Mercedes-Benz Group and its associates' components (including chassis), spare parts and accessories for the purposes of production. • **Pricing policy:** The market prices of similar products available in the market will be taken into consideration by Beijing Benz to ensure that the prices offered by Mercedes and/or its associates are reasonable and competitive in the market. • **Transaction amount:** Not applicable.	Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval

Nature of transaction	Transaction summary and pricing policy	Exemption granted
Provision of the right to use intellectual property rights (including trademarks and technologies) by Mercedes-Benz Group and its associates to Beijing Benz	• **Transaction summary:** Beijing Benz is granted by Mercedes-Benz Group a nonexclusive license for the use of trademarks (including the "Benz" trademark in its company name) and technologies in the manufacture and assembly of Mercedes- Benz branded passenger vehicles upon the periodic payment of royalties to Mercedes- Benz Group and its associates. • **Pricing policy:** The prices for the use of technologies and trademarks have been agreed by Mercedes-Benz Group and the Group on arm's length negotiations subject to our internal control procedures. The royalties payable for such licenses of technologies and trademarks are calculated as a percentage of the net revenue from vehicles and automobile parts and components which use the licensed technologies and trademarks. This net revenue is calculated based on the manufacturer's suggested retail price less the value-added tax, gross margin of dealers, sales rebates to dealers, consumption tax and sales discounts. • **Transaction amount:** Not applicable.	Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval

Nature of transaction	Transaction summary and pricing policy	Exemption granted
Provision of services by Mercedes-Benz Group and its associates to Beijing Benz	• **Transaction summary:** Beijing Benz has entered into service procurement agreements with Mercedes-Benz Group and its associates, pursuant to which Mercedes-Benz Group and its associates provided technical support, training, specialist assistance, IT support, sales consulting, marketing and operational management services. • **Pricing policy:** The service fees charged by Mercedes-Benz Group and its associates to the Group are determined based on arm's length negotiations subject to internal control procedures. In relation to technical support services and specialist assistance services, Mercedes-Benz Group and the Company agreed that the service fees to be paid will be determined on a fixed fee rate on a daily basis with reference to the historical rates paid by Beijing Benz for the provision of similar services. The Group will take into account the market prices and comparable prices of similar services. • **Transaction amount:** Not applicable.	Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval
Beijing Benz provides Mercedes-Benz Group and its associates with services, parts and accessories	• **Transaction summary:** Beijing Benz sold components and spare parts and provided aftersales referral services to Mercedes-Benz Group and its associates. • **Pricing policy:** In relation to the aforesaid transactions, the Group will take into account the market prices of the relevant parts, components and services offered by other suppliers to Mercedes-Benz Group and its associates to ensure that the prices Beijing Benz offered to Mercedes-Benz Group and its associates are fair and reasonable and on normal commercial terms. The Group determines the prices of our components, parts and accessories by reference to the average profit margin in the market or based on the principle of the cost plus a reasonable margin. • **Transaction amount:** Not applicable.	Signing of written agreement, annual cap, annual reporting, announcement and independent Shareholders' approval

Upon completion of the placing of H Shares by the Company on May 3, 2018 and as of the Latest Practicable Date, Mercedes-Benz Group held 9.55% equity interest in the Company and ceased to be a connected person at the listed company level; since Mercedes-Benz Group at the same time held 49% equity interest in Beijing Benz, a significant subsidiary of the Company, Mercedes-Benz Group and its associates remained connected persons of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules, and the transactions entered into between the Group and Mercedes-Benz Group and its associates continued to constitute connected transactions of the Company and shall be regulated as transactions with connected persons at the subsidiary level.

The annual caps for the continuing connected transactions arising from the sales of vehicles by Beijing Benz to Mercedes-Benz Group and its associates for 2023, 2024 and 2025 are RMB500.0 million, RMB630.0 million and RMB500.0 million respectively. The above continuing connected transactions and the annual caps were considered and approved by the Board of Directors on April 27, 2022. As each of applicable percentage ratios of the annual caps is less than 1% or exceed 0.1% but is less than 5%, pursuant to the Listing Rules, the aforesaid continuing connected transactions shall be exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In 2025, the actual amount of such transactions was RMB66.6 million.

Independent non-executive Directors' review and confirmation

Independent non-executive Directors have reviewed the aforesaid continuing connected transactions and have confirmed that in 2025, they have been entered into in the ordinary and usual course of the Group's business; on normal commercial terms or better; with the terms no less favorable to the Company than those offered to or by (as the case may be) independent third parties, if those available for comparison are insufficient to determine whether the terms of such transaction is normal commercial terms; and in accordance with relevant agreements whose conditions are fair and reasonable and in the interest of the Shareholders as a whole.

Auditor's letter

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged our auditor, E&Y Hua Ming, to report on the Group's continuing connected transactions in accordance with HKSAE3000 (Revised) "Hong Kong Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accounts. Based on its work, the Company's auditor provided the Board of Directors with a letter confirming that, with respect to the aforesaid continuing connected transactions: (1) nothing has come to our auditor's attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors; (2) for transactions involving the provision of goods or services by the Group, nothing has come to our auditor's attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (3) nothing has come to our auditor's attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (4) with respect to the aggregate amount for each of the aforesaid continuing connected transactions, nothing has come to our auditor's attention that causes it to believe that the disclosed continuing connected transactions has exceeded the annual cap as set by the Company.

The auditor's letter has been addressed to the Board pursuant to Rule 14A.56 of the Listing Rules.

The Company confirmed that the entering into and implementation of specific agreements in relation to the above continuing connected transactions for 2025 has complied with the pricing principles of these continuing connected transactions.

Save as disclosed above and as in this annual report, there are no other related party transactions or continuing related party transactions set out in Note 39 to the consolidated financial statements which are discloseable connected transactions or continuing connected transactions under the Listing Rules. The connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding dealing in securities of the Company by all Directors, Supervisors and senior management of the Company. In response to the Company's enquiries, all Directors and senior management confirmed that they have complied with the Model Code during 2025.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of 2025 audited consolidated financial statements are consistent with the principal accounting policies for the preparation of 2024 audited consolidated financial statements.

EMPLOYEES

Number of employees

As of the end of 2025, the Company, its subsidiaries and joint ventures had a total of 35,298 (31,705 as of the end of 2024) employees.

Employee motivation

The Group has established a comprehensive performance evaluation and management system to link the annual business objectives with the performance evaluation of different departments and employees, thereby increasing the proportion of incentive-based and variable compensation. The Group implements a rigorous and comprehensive performance evaluation system built across the Company and cascaded down to its branches, departments and individuals to ensure full coverage of key indicators as well as effective implementation and achievement of indicators by level-by-level management. Through multiple measures and approaches, the Group's business and individual motivation are connected, thereby stimulating the creative capability of the organization and the individuals. In line with the notion of pursuing shareholder value and corporate social responsibility, the Group hopes to achieve sustainable development.

Employee training

In 2025, relying on supporting the core strategic objectives of the organization, and combining with the challenges of core businesses, the Group aimed to effectively enhance organizational effectiveness, fully stimulate the vitality of talents, and assist in the resilient growth of the enterprise as the overall goal. Through the coordinated efforts in three aspects, namely strategic talent cultivation, the integration of business and training, and the improvement of employees' capabilities and efficiency, the Group ensured to provide support for the short-term organizational objectives and accumulate energy for the long-term goals.

In the talent training system, the Group took into account the business characteristics and talent training needs while strengthening the holistic training via internal and external teaching, special training camp, community operations and so forth, increased the organizational effectiveness and energized the staff, providing a strong guarantee for the career development of employees and the implementation of its strategies.

Employees' remuneration

Based on human resources strategies, the Group has established a performance and competence-oriented remuneration system with a focus on the post value, and a competitive remuneration standard with reference to the remuneration level of relevant enterprises in Beijing and the same industry, providing effective guarantee for recruiting, retaining and motivating talents, as well as the realization of human resources strategy of the Group.

Pension plans

In 2025, the Group had a total of 95 retired individuals who enjoyed the basic pension insurance granted by the local social security bureau.

The Group has established an enterprise annuity system to provide the qualified and voluntary employees with the supplementary pension system with certain guarantee on retirement income. The employees participating in the plan shall make relevant payment by a certain proportion. A third-party legal person trustee is entrusted to act as the account manager, custodian and investment manager to carry out fund management and investment activities. In accordance with the provisions of the pension system, such payment shall be payable at the time of employee retirement.

The Group makes fixed monthly contributions to various retirement benefit schemes based on a specified percentage of eligible employees' salaries and the relevant contribution ceilings, including:

(a) Mandatory Chinese government-funded pension scheme: The Group is required to make contributions to pension schemes established by municipal and provincial governments in the PRC under these schemes. In accordance with the relevant government policy, the Group is not allowed to use the relevant contributions to reduce the existing contribution level even if the employee withdraws from the relevant scheme before the contributions are vested in him/her. In 2025, the Group did not use any forfeited contributions in the relevant schemes to reduce the existing level of contributions. As of December 31, 2025, the Group also had no forfeited contribution balances available for such purposes; and

(b) Voluntary supplementary pension scheme: The Group did not use forfeited contributions under these schemes (i.e., contributions that employees withdrew from the schemes before the contributions were vested in him/her and were processed by the Group on behalf of the employees) to reduce the current level of contributions in 2025. As of 31 December 2025, the balance of forfeited contributions available to the Group for such purpose was RMB13.98 million.

Tax relief

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

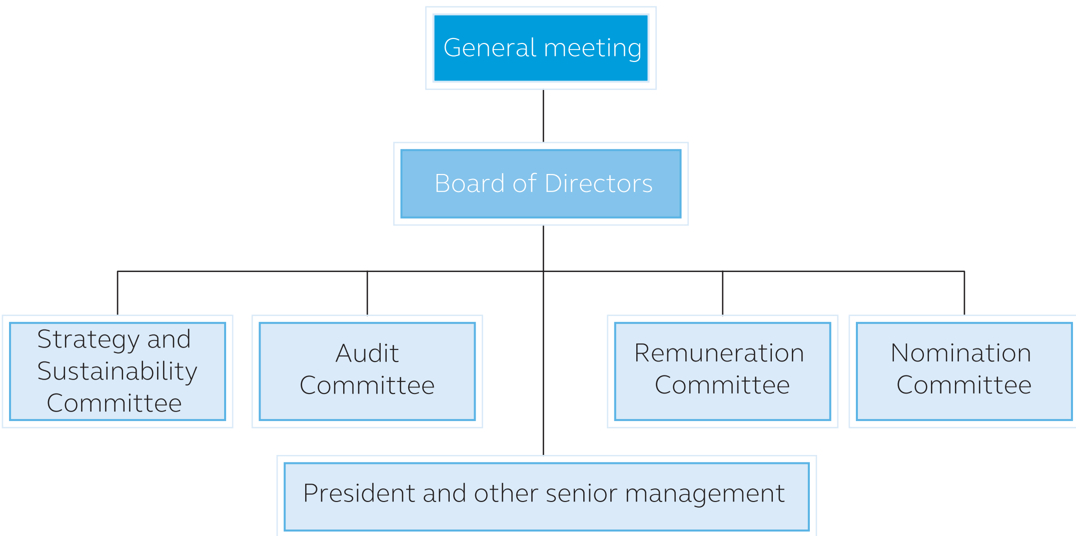
All references in this part of this annual report (Report of the Board of Directors) to other parts, sections of or notes in the annual report, form part of the Report of the Board of Directors.

Board of Directors
March 25, 2026

CORPORATE GOVERNANCE PRACTICE

The Group is committed to building and maintaining a high level of corporate governance so as to protect the rights and interests of Shareholders and enhance its sense of wealth and sense of responsibility. The Company has put together a sound and market-oriented corporate governance structure and established the general meeting, the Board, the Strategy and Sustainability Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee (the "Special Committees") and implemented corporate governance practices in strict accordance with the Articles of Association. The Company has adopted the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules (the "Corporate Governance Code").

The governance structure of the Company is as follows:



In the opinion of all Directors of the Company, the Company has complied with all applicable code provisions under the Corporate Governance Code throughout 2025 and the Group has complied with all applicable code provisions under the Corporate Governance Code in all material respects.

GENERAL MEETING

Responsibility

The general meeting is the supreme decision-making body of the Company and is responsible for lawfully exercising its functions and rights and making important decisions. The annual general meeting or the extraordinary general meeting provides a channel for direct communication between Directors and Shareholders. Therefore, the Company attaches great importance to the general meeting. Notice shall be sent to all the Shareholders to encourage their attendance, at least 20 clear business days before an annual general meeting, or 10 clear business days or 15 days (whichever is longer) before an extraordinary general meeting, requesting that all the Directors and secretary to the Board attend the meetings, while the president and other senior management should be in attendance at the meetings.

In 2025, the Company held six general meetings, including the 2025 first extraordinary general meeting, the 2025 second extraordinary general meeting, the 2024 annual general meeting, the 2025 first domestic shareholders class meeting, the 2025 first H Shareholders class meeting and the 2025 third extraordinary general meeting.

SUBSTANTIAL SHAREHOLDERS

BAIC Group is the Controlling Shareholder of the Company and as of the Date of Issue of the Report, BAIC Group holds 46.90% of the Shares of the Company. During 2025, BAIC Group did not circumvent the general meeting to make direct or indirect intervention in the Company's decision making and business operation.

For 2025, information on other substantial Shareholders and information on the persons with a voting right of 5.0% or above at the general meeting (classes of Shares by Domestic Share and H Share) are set out in the chapter headed "Report of the Board of Directors" on pages 23 to 44 of this report.

BOARD OF DIRECTORS

Responsibility

Pursuant to the Articles of Association, the Company established the Board of Directors. The Directors are elected at the general meeting for a three-year term of office, and are eligible for re-election and reappointment upon expiry of the term. The Board of Directors determines key decision plans of the Company, and reviews and monitors the Company's business operation. The Board of Directors has authorized the Company's senior management to oversee the day-today management of the Company, with operational authority and responsibility. In order to facilitate the Board of Directors to consider specific matters of the Company, the Board has set up four Special Committees, namely the Strategy and Sustainability Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board of Directors has delegated various responsibilities to the Special Committees within their scope of duties.

All the Directors undertake that they will, in good faith, comply with the applicable laws and regulations and carry out their duties in the interests of the Company and the Shareholders during their term of office.

Composition of the Board of Directors

As of the Date of Issue of the Report, the Board of Directors comprised fifteen members, including three executive Directors, six non-executive Directors, five independent non-executive Directors and one employee representative Director, and the biographical details of the Directors are set out in the chapter headed "Directors, Supervisors and Senior Management" on pages 63 to 69 in this report. In 2025, the Board of Directors complied at all time with Rule 3.10(1) and Rule 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors (specifically, at least one of the independent non-executive Directors shall possess appropriate professional qualification or expertise relating to accounting or financial management), and Rule 3.10A of the Listing Rules regarding the appointment of one-third of the Board members to be independent non-executive Directors.

All the Directors (including independent non-executive Directors) have brought different valuable work experience and expertise to the Board so as to effectively carry out the duties of the Board of Directors. All the Directors agreed to comply with the provisions as set out in the Corporate Governance Code and disclose to the Company in a timely manner information regarding the number of positions held, nature of the position(s), identity, term of office and other significant undertakings in other listed companies or organizations.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers each of the above persons to be independent. The independent non-executive Directors are invited to serve as members of the Strategy and Sustainability Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. In 2025, there were no dissenting voices from the independent non-executive Directors on Board resolutions and other non-Board related matters.

All independent non-executive Directors are not involved in day-to-day management. The independent non-executive Directors also provide an independent view of the Board's deliberations to ensure high standards of corporate governance. The Company believes that the Board of Directors can effectively obtain independent views and opinions by combining factors such as the proportion of independent non-executive Directors, their selection and the frequency of participation of each independent non-executive Director in Board meetings.

In 2025, none of the Directors and senior management has any financial, business or family relationships or any relationships in other material aspects with each other or with the Company for which disclosure may be required.

Performance and continuing professional development

All the newly appointed Directors have received the necessary job performance training and relevant materials of the Company to ensure that they have an appropriate understanding of the Company's operation, business and their corresponding responsibilities as required by the relevant regulations, laws, rules and ordinances. The Company also arranges research activities and seminars for the Directors regularly to help them understand the Company's latest business development, and the laws, regulations and latest news at the regulatory level on a timely basis. Meanwhile, the Company also updates the Directors on the Company's business performance, operational situation and market prospect regularly to facilitate the Directors to fulfill their duties.

Training received by all the Directors in 2025 is set out on page 50 of this report.

Appointment, re-election and re-appointment of Directors

The appointment, re-election and re-appointment and removal procedures and requirements of Directors are set forth in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board of Directors and putting forward suggestions on the appointment, re-election and re-appointment and succession plan of Directors. Executive Directors, non-executive Directors and independent non-executive Directors shall serve a term of three years. The employee representative Directors are elected democratically by the employee representative's meeting. The term of office of each non-employee representative Director is three years, renewable upon re-election.

Information on the service contracts with all Directors is set out in the chapter headed "Report of the Board of Directors" on page 28 of this report.

Board meeting

Pursuant to the Articles of Association, the Board of Directors shall hold at least four regular meetings each year, which shall be convened by the chairman of the Board. At least 14-day advance written notice along with materials relating to the issues to be considered shall be served to all Directors, in order to provide the Directors with an opportunity to attend the meetings and help them fully understand all relevant issues to be considered so as to ensure effective decision-making of the Board.

For meetings of the Special Committees, a 3-day advance written notice shall be served to all the committee members. The meeting notice, includes meeting agenda and relevant Board paper to ensure adequate time for the committee members to review and prepare for the meeting. Where the Directors or committee members are not able to attend the meeting in person, the Company will communicate with them well in advance to ensure their rights to thoroughly express opinions and to participate in decision-making for the issues to be considered.

The minutes of the Board meetings and the Special Committees meetings shall record in detail the matters considered and resolutions passed including the questions raised by the Directors. Upon compilation, the draft minutes of the Board meetings and the Special Committees meetings shall be sent to the Directors within a reasonable time in a reasonable manner after the meetings.

During 2025, the Board held 12 meetings. The main matters considered are as follows:

Name of Board Meeting	Date	Main Matters Considered
9th meeting of the fifth session of the Board	January 13, 2025	Resolution on 2025 Proposals on Fixed Assets and Equity Investment
10th meeting of the fifth session of the Board	January 17, 2025	Resolution on Adjustment of Loans to BAIC Investment Resolution on Appointment of Relevant Senior Management
11th meeting of the fifth session of the Board	February 21, 2025	Resolution on the Nomination of Director Resolution on Appointment of Relevant Senior Management
12th meeting of the fifth session of the Board	March 13, 2025	Resolution on the Election of Chairman of the Board of Directors, Legal Representative, Chairman of the Strategy and Sustainability Committee and Chairman of the Nomination Committee of the Board

Name of Board Meeting	Date	Main Matters Considered
13th meeting of the fifth session of the Board	March 28, 2025	Resolution on the Production and Operation Plan for 2025 Resolution on 2024 Final Account Report Resolution on 2024 Profit Distribution Plan Resolution on Appointment of the Secretary to the Board of Directors, the Company Secretary and the assistant to the Company Secretary Resolution on the Appointment of Transactional Authorized Representative as Required by the Hong Kong Regulatory Authority Resolution on 2024 Annual Report and Annual Results Announcement Resolution on 2024 Report of the Board of Directors Resolution on 2024 Environmental, Social and Governance Report Resolution on the General Mandate for the Issuance of Shares Resolution on the General Mandate for the Repurchase of Shares Resolution on 2025 Credit Line Application Resolution on General Mandate for the Issuance of Bond Financing Instruments Resolution on the New Continuing Connected Transactions of BAIC Automotive Finance Resolution on 2025 Product Investment Plan Resolution on the Acquisition of Assets of Exchange Station Business by Powertrain from Bluepark Energy Resolution on the Discontinuation of the Share Entrustment Agreement with BAIC Group
14th meeting of the fifth session of the Board	April 29, 2025	Resolution on the Financial Statements in the First Quarter of 2025 Resolution on the Engagement of International Auditor and Domestic Auditor in 2025
15th meeting of the fifth session of the Board	June 5, 2025	Resolution on Appointment of Relevant Senior Management
16th meeting of the fifth session of the Board	July 25, 2025	Resolution on the Subscription of Shares of Fund
17th meeting of the fifth session of the Board	August 26, 2025	Resolution on the 2025 Interim Report and Interim Results Resolution on the Application for the Signing of the Continuing Connected Transactions Framework Agreement and the Annual Caps for the Continuing Connected Transactions from 2026 to 2028
18th meeting of the fifth session of the Board	October 28, 2025	Resolution on the Financial Statements in the Third Quarter of 2025

Name of Board Meeting	Date	Main Matters Considered
19th meeting of the fifth session of the Board	November 21, 2025	Resolution on Dissolution of the Board of Supervisors and repeal of the Rules of Procedure for the Board of Supervisors, Amendment of the Articles of Association, Rules of Procedure for the General Meetings and Rules of Procedure for the Board of Directors Resolution on Transfer of Partial Equity Interest in BAIC International to BAIC Group
20th meeting of the fifth session of the Board	November 29, 2025	Resolution on the Nomination of Directors and Election of Members of Special Committees of the Board Resolution on the appointment of the President Resolution on Appointment of Relevant Senior Management

Attendance of Directors at the meetings of the Board, the Strategy and Sustainability Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the general meetings and their training in 2025 are set out as follows:

	Number of meetings attended						
Name of Director	Board meeting	Strategy and Sustainability Committee meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting	Training received[Note1]
Chairman of the Board and Executive Director							
Wang Hao [Note 2]	9/9	3/3	—	—	4/4	5/5	A/B/C/D
Chairman of the Board and Non-executive Director							
Chen Wei [Note 3]	3/3	2/2	—	—	2/2	1/1	A/B/C/D
Executive Directors							
Song Wei [Note 4]	12/12	5/5	—	1/1	6/6	6/6	A/B/C/D
Chen Geng [Note 5]	—	—	—	—	—	—	A/B/C/D
Zhu Yan [Note 6]	—	—	—	—	—	—	A/B/C/D
Non-executive Directors							
Gu Xin [Note 7]	—	—	—	—	—	—	A/B/C/D
Hu Hanjun [Note 8]	12/12	5/5	4/4	—	—	3/6	A/B/C/D
Chen Hongliang [Note 9]	12/12	5/5	—	—	—	6/6	A/B/C/D
Peng Jin [Note 10]	12/12	5/5	—		—	5/5	A/B/C/D
Ye Qian [Note 11]	12/12	5/5	—	—	—	6/6	A/B/C/D
Paul Gao	12/12	5/5	—		—	6/6	A/B/C/D
Kevin Walter Binder	12/12	—	—		—	5/6	A/B/C/D
Gu Tiemin	12/12	—	—	1/1	—	5/6	A/B/C/D
Sun Li	12/12	5/5	—	—	—	5/6	A/B/C/D
Independent Non-executive Directors							
Yin Yuanping	12/12	—	—	1/1	6/6	6/6	A/B/C/D
Xu Xiangyang	12/12	5/5	—	—	6/6	6/6	A/B/C/D
Tang Jun	12/12	—	4/4	1/1	—	6/6	A/B/C/D
Edmund Sit	12/12	—	4/4	1/1	—	6/6	A/B/C/D
Ji Xuehong [Note 12]	12/12	5/5	—	—	6/6	6/6	A/B/C/D
Employee representative Director							
Zhao Jinlun [Note 13]	—	—	—	—	—	—	A/B/C/D

Note 1: A: attending seminars and/or meetings and/or forums and/or briefings; B: speaking at seminars and/or meetings and/or forums; C: attending training provided by lawyers or training related to the Group's business; D: reading materials on various topics, including corporate governance, responsibilities of directors, amendments to the Listing Rules and other related regulations.

Note 2: On March 13, 2025, Mr. Wang Hao was appointed as the Chairman and executive Director, the chairman of the Strategy and Sustainability Committee and the Nomination Committee; On April 14, 2026, Mr. Wang Hao ceased to be the Chairman and executive Director, the chairman of the Strategy and Sustainability Committee and the Nomination Committee.

Note 3: On March 13, 2025, Mr. Chen Wei ceased to be the Chairman and non-executive Director, the chairman of the Strategy and Sustainability Committee and the Nomination Committee.

Note 4: On December 29, 2025, Mr. Song Wei ceased to be an executive Director, a member of the Strategy and Sustainability Committee, a member of the Remuneration Committee and a member of the Nomination Committee.

Note 5: On December 29, 2025, Mr. Chen Geng was appointed as an executive Director, a member of each of the Strategy and Sustainability Committee, the Remuneration Committee and the Nomination Committee.

Note 6: On December 29, 2025, Ms. Zhu Yan was appointed as an executive Director and a member of the Strategy and Sustainability Committee; On April 14, 2026, Ms. Zhu Yan ceased to be an executive Director and a member of the Strategy and Sustainability Committee.

Note 7: On December 29, 2025, Mr. Gu Xin was appointed as a non-executive Director, a member of each of the Strategy and Sustainability Committee and the Audit Committee.

Note 8: On December 29, 2025, Mr. Hu Hanjun ceased to be a non-executive Director, a member of the Strategy and Sustainability Committee and a member of the Audit Committee.

Note 9: On December 29, 2025, Mr. Chen Hongliang ceased to be a non-executive Director and a member of the Strategy and Sustainability Committee.

Note 10: On December 29, 2025, Mr. Peng Jin ceased to be a non-executive Director and a member of the Strategy and Sustainability Committee.

Note 11: On December 29, 2025, Mr. Ye Qian was appointed as a member of the Audit Committee.

Note 12: On December 29, 2025, Mr. Ji Xuehong was appointed as a member of the Audit Committee.

Note 13: On December 29, 2025, Mr. Zhao Jinlun was appointed as an employee representative Director.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding dealing in securities of the Company by the Directors and senior management. Having made enquiry of all Directors and senior management of the Company, the Directors and senior management confirmed that they have complied with the Model Code during 2025.

AUTHORIZATION OF THE BOARD OF DIRECTORS

The Board of Directors reserves the right of decision making on all major matters of the Company, including approving and supervising all matters relating to policies, overall strategy, internal control and risk management system, significant transactions (especially transactions involving conflicts of interest), financial data, nomination of non-employee representative Director candidates and other major financial, production and operational matters. The Directors can seek independent and professional opinions when performing their duties, with the expenses borne by the Company. Meanwhile, the Directors are encouraged to make independent consultation from the Company's senior management.

The senior management is authorized to take charge of the Company's day-to-day management, administration and operation, and the Board of Directors will regularly review the performance of the senior management and execution of relevant resolutions. The management shall obtain approval of the Board of Directors before entering into any major transactions.

FUNCTIONS OF CORPORATE GOVERNANCE

The Board of Directors confirmed that corporate governance is the joint responsibility of all Directors, and its function includes the following: formulate and review the Company's policies and practices on corporate governance; review and monitor the training and continuous professional development of the Directors and senior management; review and monitor the Company's policies and practices on compliance with the regulatory requirements; formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and review the Company's compliance with the Corporate Governance Code and disclosure of information in the corporate governance report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors has established the Remuneration Committee with the responsibilities including confirming and reviewing the remuneration policies and proposals of the Directors and senior management. Regarding the specific remuneration packages for Directors and senior management, the Remuneration Committee should consider factors such as remuneration paid by comparable companies, time commitment and duties of the Directors, employment conditions elsewhere in the Company and desirability of performance-based remuneration. In 2025, except for the independent non-executive Directors who received Directors' remuneration from the Company, the remaining Directors did not receive remuneration from the Company as Directors. The executive Directors received the senior management's remuneration in the Company. The remuneration standard of independent non-executive Directors is determined in accordance with the Company's actual situation and with reference to the average market level. The remuneration standard of each independent nonexecutive Director is RMB120,000 per year (before tax), which shall be calculated starting from the effective date of their terms of office.

Details of remuneration of Directors in 2025 are set out in Note 8 to the consolidated financial statements.

The remuneration paid by the Company to the senior management (including two Directors) in 2025 is as follows:

Remuneration Range (RMB)	Number of Personnel
0 – 1,500,000	7

LIABILITY INSURANCE OF DIRECTORS AND SENIOR MANAGEMENT

The Company has liability insurance to protect Directors and senior management in 2025.

CHAIRMAN AND PRESIDENT

According to the requirement of code provision C.2.1 of the Corporate Governance Code, the roles of chairman and president should be separated. The Company has clearly defined the responsibilities of the chairman and the president and the detailed definitions are provided in the Articles of Association.

During 2025, from January 1, 2025 to March 13, 2025, the Chairman of the Company was Mr. Chen Wei; From March 13, 2025 to April 14, 2026, Mr. Wang Hao has served as the Chairman of the Company. Since April 14, 2026, Mr. Zhang Guofu has served as the Chairman of the Company. From January 1, 2025 to November 29, 2025, the President (Chief Executive Officer) was Mr. Song Wei; Since November 29, 2025, the President (Chief Executive Officer) has been served by Mr. Chen Geng.

SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

Strategy and Sustainability Committee

The Board of Directors has established the Strategy and Sustainability Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Strategy and Sustainability Committee is mainly responsible for carrying out research and making recommendations in respect of the medium-and long-term development strategies of the Company. The written terms of reference of the Strategy and Sustainability Committee can be found on websites of the Stock Exchange and the Company.

As of the end of 2025, the Strategy and Sustainability Committee comprised nine members, namely Mr. Wang Hao (chairman), Mr. Gu Xin, Mr. Chen Geng, Ms. Zhu Yan, Mr. Ye Qian, Mr. Paul Gao, Mr. Sun Li, Mr. Xu Xiangyang and Mr. Ji Xuehong, of which two were independent non-executive Directors, four were non-executive Directors and three were executive Directors.

Mr. Wang Hao was appointed as a member of the Strategy and Sustainability Committee with effect from 13 March 2025. Mr. Gu Xin, Mr. Chen Geng and Ms. Zhu Yan were appointed as members of the Strategy and Sustainability Committee with effect from December 29, 2025.

Mr. Chen Wei ceased to be a member of the Strategy and Sustainability Committee with effect from March 13, 2025. Mr. Hu Hanjun, Mr. Chen Hongliang, Mr. Song Wei and Mr. Peng Jin ceased to be members of the Strategy and Sustainability Committee with effect from December 29, 2025.

Mr. Zhang Guofu, Ms. Zheng Mingying, Mr. Zhou Jianyu and Mr. Zhao Jinlun were appointed as members of the Strategy and Sustainability Committee with effect from April 14, 2026. Mr. Wang Hao, Ms. Zhu Yan and Mr. Sun Li ceased to be members of the Strategy and Sustainability Committee.

During 2025, the Strategy and Sustainability Committee held a total of five meetings. Attendance of the committee members is set out on page 50 of this report.

Audit Committee

The Board of Directors has established the Audit Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Audit Committee is mainly responsible for reviewing and monitoring the Company's financial reporting processes, including, among others, proposing the engagement or change of external auditors; monitoring internal audit system of the Company and its implementation; being responsible for the communication of internal auditors and external auditors; reviewing the financial information and its disclosure; reviewing risk management and internal monitoring system of the Company. The specific terms of reference of the Audit Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2025, the Audit Committee comprised five members, namely Mr. Edmund Sit (chairman), Mr. Gu Xin, Mr. Ye Qian, Mr. Tang Jun and Mr. Ji Xuehong, of which three were independent non-executive Directors and two were non-executive Directors.

Mr. Gu Xin, Mr. Ye Qian and Mr. Ji Xuehong were appointed as members of the Audit Committee with effect from December 29, 2025.

Mr. Hu Hanjun ceased to be a member of the Audit Committee with effect from December 29, 2025.

During 2025, the Audit Committee held a total of 4 meetings, which reviewed and presented reasonable comments on the financial reporting system, compliance procedures, internal monitoring and control (including adequacy of resources, qualifications, training programs and budget of the employees in the accounting and finance departments of the Company), and risk management system and procedures.

The decisions of the Board of Directors were in line with the recommendation and suggestion made by the Audit Committee on selection, appointment, resignation or removal of external auditors.

Meanwhile, the Audit Committee has reviewed the Group's first and third quarters' financial statements and the interim results for the financial year of 2025, the annual results in 2024, the work plan of external auditors and the relevant auditing arrangements as well as the report prepared by E&Y for accounting matters and major discoveries during the audit process.

Attendance of the committee members is set out on page 50 of this report.

On December 29, 2025, the Board of Supervisors was dissolved and the Audit Committee assumed and performed the relevant duties and functions of the former Board of Supervisors.

Remuneration Committee

The Board of Directors has established the Remuneration Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Remuneration Committee is mainly responsible for formulating assessment standards of Directors and senior management and evaluating their performance to confirm and review the remuneration policies and plans of senior management. The written terms of reference of the Remuneration Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2025, the Remuneration Committee comprised five members, namely Ms. Yin Yuanping (chairman), Mr. Chen Geng, Mr. Gu Tiemin, Mr. Tang Jun and Mr. Edmund Sit, of which three were independent non-executive Directors, one was an executive Director and one was a non-executive Director.

Mr. Chen Geng was appointed as a member of the Remuneration Committee with effect from December 29, 2025.

Mr. Song Wei ceased to be a member of the Remuneration Committee with effect from December 29, 2025.

The Remuneration Committee has made recommendations and suggestions to the Board of Directors on the remuneration packages for certain executive Directors and senior management.

During 2025, the Remuneration Committee held 1 meeting, which considered and discussed the remuneration of independent non-executive Directors. Attendance of the committee members at the meeting is set out on page 50 of this report.

Nomination Committee

The Board of Directors has established the Nomination Committee to operate formally and perform corresponding duties effective from the Listing date of the Company. The Nomination Committee is mainly responsible for considering the structure, size and composition of the Board, reviewing the suitable candidates of Directors and senior management and making proposals to the Board. The written terms of reference of the Nomination Committee can be found on the websites of the Stock Exchange and the Company.

As of the end of 2025, the Nomination Committee comprised five members, namely Mr. Wang Hao (chairman), Mr. Chen Geng, Mr. Ji Xuehong, Ms. Yin Yuanping and Mr. Xu Xiangyang, of which three were independent non-executive Directors and two were executive Directors.

Mr. Wang Hao was appointed as a member of the Nomination Committee with effect from March 13, 2025. Mr. Chen Geng was appointed as a member of the Nomination Committee with effect from December 29, 2025.

Mr. Chen Wei ceased to be a member of the Nomination Committee on March 13, 2025. Mr. Song Wei ceased to be a member of the Nomination Committee on December 29, 2025.

Mr. Zhang Guofu was appointed as member of the Nomination Committee with effect from April 14, 2026. Mr. Wang Hao ceased to be member of the Nomination Committee with effect from April 14, 2026.

During 2025, the Nomination Committee held a total of six meetings, which put forward opinions and suggestions to the Board and the Board of Supervisors on the change of Directors, Supervisors and senior management. Attendance of the committee members at the meetings is set out on page 50 of this report.

DIRECTOR NOMINATION METHOD AND PROCEDURE

A Director may be nominated by Shareholders or the Board.

Any Shareholders holding individually or jointly more than 1% of the total outstanding Shares in the Company with voting rights may propose a candidate for election as a non-employee representative Director at the general meeting in writing, at least 10 business days prior to a general meeting.

The Board may propose a list of non-employee representative Director candidates, according to the number of non-employee representative Directors to be appointed, up to the number specified in the Articles of Association, and submit the same to the Board for review. After the selection of non-employee representative Director candidates, the Board may submit a written proposal to the general meeting. Where there is a need to fill the casual vacancy of non-employee representative Directors, a list of non-employee representative Director candidates shall be proposed by the Board at the general meeting for election or replacement.

Written notices indicating the intent to nominate non-employee representative Director candidates and their acceptance of the nomination, as well as written information on the nominees shall be delivered to the Company at least 10 business days prior to the date of the general meeting. The Board shall provide the Shareholders with biographical details and basic information on the non-employee representative Directors candidates.

Prior to submission to the Board, the list of all non-employee representative Director candidates shall be reviewed by the Nomination Committee, which shall put forward suggestions to the Board and Shareholders. The Nomination Committee shall review the biographical details of candidates and conduct due diligence, and evaluate their educational backgrounds, professional qualifications, industry-related experience, character and integrity, etc., by reference to the "Board Diversity Policy". In the case of independent non-executive Directors, the Nomination Committee shall evaluate the independence of the candidates in accordance with the Corporate Governance Code and the Listing Rules. With regard to Directors who offer themselves for re-election upon the expiry of the term of their office, the Nomination Committee shall review the overall contribution and performance of the candidates during their term of office (including the attendance rates of the candidates at Director Committees meetings, Board meetings and ordinary meetings, their participation and performance in the Board).

DIVIDEND POLICY

The profit distribution policy is summarized as follows:

When distributing its profit after tax for the year, the Company shall set aside 10% of the profit as its statutory reserve fund. After allocation to the statutory reserve fund, subject to the approval by a resolution of the general meeting, the profit after tax may also be appropriated to the discretionary reserve fund. After making up losses and appropriation to reserve funds in accordance with the Articles of Association, balance of the profit after tax shall be distributed in proportion to the shareholdings of the Shareholders, except where non-pro rata distribution is provided pursuant to the Articles of Association.

The Company may distribute dividends in one or both of the following manners:

(I) cash;

(II) shares.

The Company shall maintain consistent and stable profit distribution policies as practicable and shall consider cash dividend as the first priority. The specific ratio of dividend to be distributed shall be resolved by the Shareholders at the general meetings.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of Domestic Shares in Renminbi within 3 months after the date of declaration. The Company shall calculate and declare dividends and other amount which are payable to holders of overseas listed foreign shares in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date of declaration. The exchange rate shall be the average central parity rate for the relevant foreign currency announced by the People's Bank of China 5 working days prior to the declaration of the dividend and other amounts. The dividend distribution of the Company shall be implemented by the Board according to the authorization delegated by the general meeting through an ordinary resolution.

BOARD DIVERSITY POLICY

The Nomination Committee has formulated the "Board Diversity Policy" on the nomination and appointment of new Directors, which stipulates that the selection standard of Director candidate includes various factors such as gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. The final candidate will be selected based on the comprehensive capability and the contributions that the individual is expected to bring to the Board. The composition of the Board of Directors (including their gender, age and term of office) will be disclosed in the annual report each year.

The Nomination Committee shall consider and adopt the composition of the Board of Directors in accordance with the above measurement standard. By taking into account the Directors' skills and experience and their suitability to the Company, the Nomination Committee believes that the Company's existing Board structure in 2025 is reasonable and meets the requirements of "Board Diversity Policy", without the need of adjustment.

Gender diversity has been achieved in the Board level as the Board currently has two female Directors. Gender diversity has also been achieved among employees. The Board shall review its Board Diversity Policy on a regular basis to ensure its continuous effectiveness.

Reasons for implementing the diversity policy

The Company firmly believes that diversity is the basis for the effective and successful operation of the Board. In order to achieve sustainable and balanced development, the Company regards increasing diversity at the Board level as one of the key elements to support the achievement of its strategic objectives and its sustainable development. All appointments by the Board are based on the principle of meritocracy, and the benefits of Board diversity are fully taken into account in the selection of candidates, under objective conditions. Gender diversity has been achieved in the Board level as the Board currently has two female Directors. Gender diversity has also been achieved among employees. The Board shall review its Board Diversity Policy on a regular basis to ensure its continuous effectiveness.

It helps the Nomination Committee and the Board ensure that the Board has suitable skills, experience and diversified opinions, which are balanced and meet the business requirements of the Company.

In the selection of Director candidates, as an automobile enterprise, the Company has taken into diversified consideration, the industry, economy, management and other related education, as well as experience in the automobile industry.

Measurable objectives

The selection of candidates will be based on a series of diversity criteria, including but not limited to gender, age, cultural and educational background, race, professional experience, skill, knowledge and length of service. The final decision will be based on merit of candidates and the contribution that the candidates are expected to bring to the Board.

Implementation and monitoring

The Nomination Committee shall research into the structure, size and composition (including the skills, knowledge and experience) of the Board once a year, and put forward suggestions on Board changes arising out of change in strategies of the Company, and shall supervise the implementation of the diversity policy by the Board, according to the policy of the committee in relation to Board diversity.

As at the Latest Practicable Date, the composition of the Board at the diversity level is summarized as follows:

1. Gender: There are 15 Directors, consisting of 2 female Directors and 13 male Directors;

2. Educational background: There are 15 Directors, consisting of 3 Directors holding a doctoral degree, 9 Directors holding a master's degree and 3 Directors holding a bachelor's degree;

3. Age: There are 15 Directors, consisting of 3 Directors aged at or above 60 and 12 Directors aged below 60;

4. Position: There are 15 Directors, consisting of 2 executive Directors, 7 non-executive Directors, one employee representative Director and 5 independent non-executive Directors;

5. Nationality: There are 15 Directors, consisting of 14 Chinese Directors and 1 German Director.

RESPONSIBILITY OF DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

The Board of Directors shall fulfill its duty to prepare the 2025 financial statements of the Group so as to present a true and fair view of the Group's production and operational condition, and of the business performance and cash flow of the Company.

The management of the Company has provided the Board of Directors with the necessary explanation and data to facilitate the Directors to review the Company's financial statements submitted for the approval by the Board of Directors. The Company has provided all members of the Board of Directors with updated information on the performance and prospects of the Company on a monthly basis.

The Directors are not aware of any significant uncertainties, that are, events or incidents that may cause significant concern on the on-going operation of the Company.

The results of the Company and the Group for the year 2025, and the financial positions of the Company and the Group at the end of 2025 are set out in the audited consolidated financial statements on pages 154 to 160 in this report.

COMPANY SECRETARY

On March 28, 2025, Ms. Yu Dan was appointed as the Company Secretary and Ms. Ng Sau Mei was appointed as the joint Company Secretary (on the same day, Mr. Wang Jianhui resigned as the Company Secretary).

The Company Secretary and the joint Company Secretary were jointly responsible for advising the Board of Directors on corporate governance, ensuring compliance with policies and procedures of the Board of Directors, relevant laws and regulations.

In 2025, Ms. Yu Dan and Ms. Ng Sau Mei attended no less than 15 hours of relevant professional training respectively, in compliance with the requirement under Rule 3.29 of the Listing Rules.

CONTROL MECHANISM

Board of Supervisors

The fifth session of the Board of Supervisors comprises five Supervisors. The powers and functions of the Board of Supervisors include, but not limited to, reviewing and providing written opinions on the periodic reports prepared by the Board; monitoring the financial activities of the Company; supervising the performance of duties of Directors and senior management, proposing the removal of the Directors and senior management who have acted in breach of the laws, administrative regulations, the Articles of Association or the resolutions passed at the general meeting; requesting that the Directors and senior management to conduct rectification for actions causing damage to the interest of the Company; and proposing that extraordinary general meetings be convened.

In 2025, the Board of Supervisors monitored the financial activities and the legality and compliance of the duties carried out by the Directors and senior management of the Company. Six meetings were held in total, with attendance rate (including authorizing other Supervisors to attend the meeting) of 100%. The Supervisors also attended the general meetings and Board meetings as non-voting delegates and duly performed the duties of the Board of Supervisors.

On December 29, 2025, the Company considered and approved the resolution on the proposed amendments to the Articles of Association. According to the Articles of Association, the Board of Supervisors shall be formally dissolved, with its relevant responsibilities assumed by the Audit Committee and the duties of Supervisors of the members of the original Board of Supervisors shall be naturally dispensed with. The rules of procedures for the Board of Supervisors shall be repealed simultaneously.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility of the Board

The Board is responsible for supervising the design, implementation and monitoring of risk management system by the management to ensure the establishment and maintenance of an effective risk management system of the Group. The Board keeps supervising risk management and internal control systems of the Group and reviews the effectiveness of the risk management and internal control systems of the Group at least once annually. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee is responsible for conducting regular or irregular reviews on the operation of the risk management and internal control systems of the Company in order to ensure the effectiveness of their operation. The management should report to the Board in respect of the operation of the risk management and internal control systems at least once annually. The Board and the Audit Committee are all clear that the effective risk management and internal control systems can only minimize the possibility of the occurrence of risks as possible, not to completely eradicate the same. The Board can only take reasonable measures, but cannot absolutely guarantee to eradicate risks.

Risk management and internal control systems

The Company's legal and compliance department and the audit department are responsible for the risk management, internal control, operation maintenance and evaluation functions. Specifically, the legal and compliance department is the leading department for risk management and internal control system construction and system operation of the Company, which is responsible for providing a related working mechanism of risk management and internal control and the generalized risk management and internal control methods and tools and designing relevant operating modes, establishing relevant organizations of risk management, organizing related professional training of risk and internal control together with the human resources department, as well as establishing risk and internal control business processes and incentive and communication mechanisms. The audit department is responsible for organizing self evaluation of risk management and internal control and entrusting an independent third party to implement the risk management and internal control evaluation.

The Board of Directors has reviewed the effectiveness of risk management and internal control systems of the Group for 2025 and considered that such systems were effective and adequate.

The Company has set up a comprehensive risk management system involving three lines of defense. The first line of defense is the business departments and units of the Company. They will identify, assess, monitor, and give early warnings for risks in their professional areas, research into and develop risk management strategies, and implement risk control measures based on the management needs of their professions and the requirements of laws and regulations and the Company regarding risk management. The second line of defense is the risk management department and joint meetings for integrated management and control, which is responsible for the top-level design of the risk management and control system and the management of significant risk matters reported by departments and units involved in the first line of defense and other channels. The third line of defense is internal supervision departments such as the audit and disciplinary inspection departments who are responsible for monitoring the building and operation of the risk management system, promoting the rectification of problems, and facilitating the continuous improvement of the risk management system. The three lines of defense cooperate with each other in building and continuously improving a risk management model based on unified leadership, levels of responsibility, and classified management.

The risk management and internal control systems of the Company are a set of comprehensive and self-contained risk management system which absorbs the insights from others' strengths. For example, the compilation of the Risk Management and Internal Control Manual learned from the COSO—ERM[4], the Enterprise Risk Management Integration Framework and the Guidelines for Internal Control jointly issued by five ministries; the establishment of a risk database learned from the "Risk Intelligence Map" of a professional risk management organization and the Guidelines for Comprehensive Risk Management issued by State-owned Assets Supervision and Administration Commission of the State Council. The entire risk management and internal control systems have the following features:

1. A comprehensive system. The Company has built a risk prevention and control network involving all staff and full value chains, based on process system, risk database and the Risk Management and Internal Control Manual.

2. Rapid response. The Company actively promotes professional risk management philosophy via professional methods carried out by professionals through risk manager system to implement risk responsibility, from level to level and set up the Risk Management Committee, established a professional risk management team consisting of risk specialists, risk liaison officers and risk internal trainer.

The Group conducts a comprehensive self-evaluation work which covers the relevant year for the comprehensive risk management and internal control system once a year, evaluating by using hundreds of indicators from the two dimensions of the design integrity and the running availability to undertake the system assessment. In 2025, the self-evaluation work for risk and internal control involved a total of 543 indicators, consisting of 212 design integrity indicators and 331 execution availability indicators. In respect of the flawed entries discovered during the evaluation, the Company adopts special rectification work, assigns a person of primary responsibility, clarifies the rectification plans, deliverables and schedule requirements, and completes the rectification work within a time limit.

The procedures of processing and releasing inside information

The Group has established a compliance system of internal monitoring and control information reporting which consists of internal major information contacts, which mainly includes regular material information reporting and temporary material information reporting, for the purpose of ensuring the high efficiency and order of the transmission and usage of the Group's internal information. Meanwhile, the information disclosure management department combines the Group's actual operating environment, changes to regulatory policies and the major concern of capital markets as well as in accordance with the regulatory requirements, proactively acquiring and discriminating the sensitive information which will result in the abnormal fluctuation of the Group's stock price, ensuring the proactively acquiring and discriminating of the Group's inside information and forming a bilateral and two-dimensional compliance system of information monitoring and control with the functions of "reporting proactively" and "monitoring proactively".

The Company has formulated and published systems including the Management System of Information Disclosure and the Measures for the Administration of Major Internal Information Reporting as the internal monitor and control and safeguard measures for processing and releasing inside information procedures and applied them within the Group.

4 COSO is an abbreviation of The Committee of Sponsoring Organizations of the Treadway Commission. In September 2004, it officially published the Enterprise Risk Management-Integrated Framework (COSO-ERM). It started the first amendment to the risk management framework in 2014 and published the updated Enterprise Risk Management Framework (COSO-ERM) in September 2017.

AUDITORS' REMUNERATION

The Company has appointed Ernst & Young and Ernst & Young Hua Ming LLP as the auditors of the Company's 2025 annual financial statements prepared under IFRS and PRC Accounting Standards, respectively. The general meeting authorized the management of the Company to determine its service remuneration.

The remuneration for the year 2025 paid or payable to the above Group's auditors, for audit and audit-related services amounted to RMB4.6 million and there was no non-audit services fee.

COMMUNICATION WITH THE SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with the Shareholders is very important for enhancing investor relations and helping investors to better understand the Company's business, performance and strategies. The Company also firmly believes that timely and non-selective disclosure of the Company's information is very important for Shareholders and investors to make informed investment decisions.

Information disclosure

The Company attaches great importance to fulfilling the legal obligation of information disclosure. It has strictly complied with the related provisions of the Listing Rules and the rules and procedures on the administration of information disclosure to disclose information that may have material impact on the investors' decision-making in a timely, accurate and complete manner, thus ensuring that all Shareholders are equally and fully informed.

In 2025, the Company released a total of 63 announcements in accordance with the Listing Rules. All announcements of the Company were published on the websites of the Stock Exchange and the Company. For details, please visit www.hkexnews.hk and www.baicmotor.com.

Communication with investors

In order to promote effective communication, the Company has adopted the Shareholder Communication Policy to establish good communication channels between the Company and the Shareholders, such as website (www.baicmotor.com), hotlines (tel: +86 10 5676 1958; +852 3188 8333) and e-mail (ir@baicmotor.com) for investors' inquiries. The Company shall publish the latest information on the business operation and development, corporate governance practices and other information on its website for public access.

The general meeting of the Company provides an opportunity for Shareholders and Directors to communicate directly. The chairman of the Board and chairmen of the Special Committees will try their best to attend the annual general meeting to answer queries from the Shareholders, while the Company's external auditors will also attend the above meeting to answer questions thereon.

The Board is responsible for overseeing the implementation and monitoring of the Shareholder Communication Policy to ensure that the Company establishes and maintains an effective Shareholder Communication Policy. The Board oversees the Shareholder Communication Policy of the Company on an ongoing basis and reviews the effectiveness of the Shareholder Communication Policy of the Company at least once a year. The Board has reviewed the effectiveness of the Shareholder Communication Policy in 2025 and considers it to be effective and adequate.

Shareholders' rights

In order to protect the interests and rights of the Shareholders, the Company shall present resolutions in the form of stand-alone resolution to the general meeting for consideration (including the election of individual Directors). The resolutions presented to the general meeting for consideration shall be voted in accordance with the Listing Rules, and the voting results shall be published on the websites of the Company and the Stock Exchange in a timely manner after the meeting.

Pursuant to the Articles of Association, Shareholders individually or collectively holding 10% or more of the Company's issued and outstanding Shares with voting right can make a formal request in writing to the Board of Directors to convene an extraordinary general meeting for specific purposes. The general meeting shall be convened within two months after such request is made by the Shareholders.

According to the Articles of Association, Shareholders individually or collectively holding more than 1% of the Shares may submit an extraordinary proposal to the Board in writing 10 days before the date of the general meeting. The Board shall notify other Shareholders within two days upon the receipt of the proposal and include it for consideration at the general meeting. The written proposal shall be addressed to the Board. Please visit the Company's website for relevant procedures for nomination of Directors for election. Shareholders who want to make inquiries regarding the Company to the Board of Directors can do so through the above-mentioned communication channels.

Articles of Association

On December 29, 2025, certain amendments to the Articles of Association were considered and approved by the Shareholders at the 2025 third extraordinary general meeting of the Company. The revised Articles of Association were uploaded onto the websites of the Stock Exchange and the Company on December 29, 2025 for public access.

As of the Latest Practicable Date, the profiles of Directors and senior management are as follows:

DIRECTORS

Mr. Zhang Guofu (張國富), born in July 1977, holds a master's degree in engineering and is a senior engineer. He **currently serves as the chairman of the Board, a non-executive Director and the secretary of the party committee of the Company**, and concurrently serves as a member of the party committee and the vice general manager of BAIC Group and as the secretary of the party committee of the Company.

Mr. Zhang has extensive experience in the automotive industry and corporate management. He has successively served as the deputy secretary of the party committee and the executive deputy general manager of BAIC Off-road, the deputy secretary of the party committee and the executive vice president of the Company, the general manager of BAIC Off-road, an executive director of BAIC BluePark Marketing Services Co., Ltd., the secretary of the party committee and the chairman of BAIC BluePark New Energy Technology Co., Ltd., and the secretary of the party committee and the chairman of BJEV.

Mr. Zhang acted as the Chairman and a non-executive Director of the Company with effect from April 14, 2026.

Mr. Gu Xin (顧鑫), born in September 1976, is a master of business administration. He **currently serves as a non-executive Director of the Company** and concurrently as the secretary to the board of directors and the director of the capital operation department of the BAIC Group, and the director of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司).

Mr. Gu has extensive experience in capital operation and enterprise management and he has successively served as the secretary to the Board of BAIC Group, a director of the capital operations department at BAIC Group, a director of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司), a director of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) and a director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司).

Mr. Gu has acted as a non-executive Director of the Company since December 29, 2025.

Mr. Chen Geng (陳更), born in June 1976, is a master of management. He is **currently an executive Director, the president and the deputy secretary of the party committee of the Company**, and concurrently serves as a director of Beijing Hyundai and a director of BAIC Investment.

Mr. Chen possesses extensive corporate management experience. He successively served as the deputy secretary of the party committee and the president of Beijing Hainachuan Automotive Parts Co., Ltd. (北京海納川汽車部件股份有限公司), and the secretary of the party committee and the chairman of Bohai Automotive Systems Co., Ltd..

Mr. Chen serves as the president of the Company with effect from November 29, 2025, and serves as an executive Director of the Company with effect from December 29, 2025.

Ms. Zheng Mingying (鄭明英), born in July 1986, holds a master's degree in business administration and is a senior accountant. She **currently served as an executive director, the vice president and the financial controller of the Company**.

Ms. Zheng has a diverse professional background and extensive experience in financial management. She has successively served as an assistant to the general manager of BAIC BluePark Information Technology Co., Ltd., and the director of the financial management department and the head of the financial management department of BJEV, and the deputy head of the finance department of BAIC Group.

Ms. Zheng acted as an executive Director of the Company with effect from April 14, 2026.

Mr. Ye Qian (葉芊), born in September 1984, holds a master's degree in business administration. He is **currently a non-executive Director of the Company** and concurrently the co-president of Shoucheng Holdings Limited.

Mr. Ye has more than 10 years of investment management experience. Since 2007, he has served as a senior manager of Great Wall Motor Company Limited (長城汽車股份有限公司), a senior manager of the ICC Affairs Office of China Chamber of International Commerce (CCIC), a deputy representative of Hong Kong and Macao Representative Office of China Council of the Promotion of International Trade (中國國際貿易促進協會), a deputy director of the ICC Affairs Office of CCIC (presiding over the work), a deputy director of the PPP Department of Beijing Shougang Funds Co., Ltd. (北京首鋼基金有限公司), the assistant to the general manager of Beijing West Fund Management Co., Ltd., the general manager of Beijing Shouyuan New Energy Investment Management Company Limited (北京首元新能投資管理有限公司), and the deputy general manager of the standing office and the chairman of the board of directors of Beijing West Fund Management Co., Ltd. and other positions.

Mr. Ye has acted as a non-executive Director of the Company since March 24, 2021.

Mr. Paul Gao (高旭), born in October 1968, holds a bachelor's degree in Accounting. He is **currently a non-executive Director of the Company** and concurrently the chief strategy officer of Mercedes-Benz Group.

Mr. Gao has over 30 years of experience in the management consulting and automotive industries. Since 1993, he has successively served as a management consultant and project manager at the PricewaterhouseCoopers (PwC) offices in San Francisco and Shanghai; a management consultant, senior project manager, partner, senior partner and the head of the automotive industry consulting practice in the Asia-Pacific region of McKinsey & Consulting Company Inc, Shanghai. He also participated in the founding of Guanzhi Automotive Company Limited (觀致汽車有限公司) as its chief financial officer.

Mr. Gao has acted as a non-executive Director of the Company since March 22, 2024.

Mr. Kevin Walter Binder, born in November 1968, holds a bachelor's degree in business administration and economics. He is **currently a non-executive Director of the Company** and concurrently the chief financial officer of Mercedes-Benz (China) Investment Co., Ltd. (梅賽德斯－奔馳(中國)投資有限公司).

Mr. Kevin Walter Binder has more than 30 years of experience in the automotive industry. Since 1993, he has held various positions as staff of the human resources department, the group business department and finance department of Mercedes-Benz Group AG (formerly Daimler AG), senior manager of the group business department, revenue and pricing management, plant financial control and product control of Mercedes-Benz Group AG, chief financial officer of Mercedes-Benz Italy S.p.A. (梅賽德斯－奔馳意大利有限公司), director of passenger vehicle sales control in Europe of Mercedes-Benz Group AG., and chief executive officer in charge of commercial vehicles of Mercedes-Benz Group AG.

Mr. Kevin Walter Binder has acted as a non-executive Director of the Company since March 22, 2024.

Mr. Gu Tiemin (顧鐵民), born in May 1968, holds a master's degree in law, and is a senior economist and lawyer. He **currently serves as a non-executive Director of the Company** and concurrently an expatriate full-time director of Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司), and serves as a non-executive director of BBMG Corporation (北京金隅集團股份有限公司).

Mr. Gu has more than 30 years of experience in government and corporate management. Since 1991, he has served as a section member, chief section member and deputy director of the Supervision and Guidance Division of the Legal Office of Beijing Municipal's Government (北京市人民政府法制辦), investigator and deputy director of the Legal Affairs Office of the Beijing Municipal Government's Xuanwu District, deputy director and director of the Law Department of the Beijing Foreign Trade and Economic Cooperation Commission, director of the Legal and Fair Trade Department of Beijing Municipal Bureau of Commerce, director of the Department of Circulation Order of Beijing Municipal Business Commission (北京市商務委員會), deputy general manager of Beijing Capital Agricultural Group Co., Ltd. (北京首都農業集團有限公司), deputy director, deputy secretary of the party committee, party secretary and chairman of the board of directors of the Beijing Technology Exchange and Training Center (Beijing International Technology Exchange and Cooperation Center) (北京技術交流培訓中心(北京國際技術合作中心)) and other positions.

Mr. Gu has acted as a non-executive Director of the Company since June 18, 2021.

Mr. Zhou Jianyu (周建裕), born in June 1967, holds a master's degree in business administration. He **currently serves as a non-executive Director of the Company** and concurrently as a full-time director of invested enterprises at Beijing Energy Holding Co., Ltd., a director of Beijing Jingneng Clean Energy Co., Ltd. and a director of Beijing Jingneng Power Co., Ltd..

Mr. Zhou has extensive experience in corporate management. He has successively served as a member of the party committee, the vice general manager, the secretary of the party committee and the chairman of Beijing Jingmei Group Co., Ltd., the secretary of the party committee and the chairman of Beijing Jintai Group Co., Ltd., and the secretary of the party committee and the chairman of Beh-Property Co., Ltd.

Mr. Zhou acted as a non-executive Director of the Company with effect from April 14, 2026.

Ms. Yin Yuanping (尹援平), born in March 1956, holds a bachelor's degree in economics. She is **currently an independent non-executive Director of the Company**.

Ms. Yin has more than 30 years of experience in enterprise management. Since 1989, she has served as a cadre at Materials Bureau of Fangshan County, Beijing, a deputy president and deputy editor-in-chief, president and editor-in-chief of the enterprise management publishing house of the China Enterprise Confederation/China Enterprise Directors Association, and vice president, executive vice president as well as secretary of the party committee and executive vice president of the China Enterprise Confederation/China Enterprise Directors Association, and president at the foundation of China Enterprise Management Science Foundation (中國企業管理科學基金會) and vice president of the China Enterprise Confederation/China Enterprise Directors Association and other positions.

Ms. Yin has acted as an independent non-executive Director of the Company since March 24, 2021.

Mr. Xu Xiangyang (徐向陽), born in May 1965, holds a doctoral degree in engineering. He is **currently an independent non-executive Director of the Company** and concurrently a professor in School of Transportation Science and Engineering (交通科學與工程學院), and a doctoral tutor of Beihang University (北京航空航天大學), as well as a fellow of the China Society of Automotive Engineers, the deputy director of Automotive Advanced Powertrain Branch of the China Society of Automotive Engineers, and a standing deputy director of the National Engineering Research Center for Passenger Car Automatic Transmission. He is an independent nonexecutive director of Cheshi Technology Inc. (車市科技有限公司), an independent director of Jiangsu Lintex Advanced Materials Co., Ltd.

Mr. Xu has more than 30 years of experience in automotive industry. Since 1990, he has acted successively as an assistant lecturer, lecturer, associate professor and professor in School of Automotive Engineering (汽車工程學院) of Harbin Institute of Technology (哈爾濱工業大學), a visiting scholar in Daimler AG, a professor and deputy director in Faculty of Automotive Engineering (汽車工程系) as well as a professor and vice president in School of Transportation Science and Engineering of Beihang University and other positions.

Mr. Xu has acted as an independent non-executive Director of the Company since March 24, 2021.

Mr. Tang Jun (唐鈞), born in March 1978, holds a doctoral degree in management. He is **currently an independent non-executive Director of the Company** and concurrently a deputy director of the Institute of Public Governance and a professor and doctoral tutor in the School of Public Administration and Policy of Renmin University of China. He is also a member of the urban safety expert group of the State Council Security Commission Office, deputy director of the National Risk Management and Standardized Technique Committee (全國風險管理標準化技術委員會) (SAC/TC310), a special researcher of the National Fire and Rescue Administration, an expert of the news media centre of the Ministry of Public Security's www.cpd.com.cn (中國警察網) for the public opinion think tank, the deputy director of the School Security Professional Committee of China Society of Emergency Management (中國應急管理學會校園安全專業委員會), a director of Chinese Public Administration Society, a consultant of the press of China Fire (《中國消防》) and an editorial board member of the Journal of Safety Science and Technology.

Mr. Tang has over 20 years of experience in risk management and security management, and has served as a lecturer, associate professor, professor and doctoral supervisor at the School of Public Administration of Renmin University of China since 2005.

Mr. Tang has served as an independent non-executive Director of the Company since March 24, 2021.

Mr. Edmund Sit (薛立品), born in November 1963, holds a master's degree in business administration and is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants. He is **currently an independent non-executive Director of the Company**.

Mr. Sit has more than 30 years of experience in auditing, finance, management accounting, personnel management, financing, company secretary and listing, etc. He worked for KPMG, Ernst & Young, System Pro Uarco Business Forms Ltd, Logo S.A., Xiang Lu Industries Ltd, Chubb Hong Kong Ltd, Johnson Controls Hong Kong Ltd, C&C Joint Printing Co., (HK) Ltd, Sino Fame International Group (譽中國際集團) and Wanyu Group (萬裕集團). He also worked for a number of listed companies as senior management.

Mr. Sit has acted as an independent non-executive Director of the Company since March 24, 2021.

Mr. Ji Xuehong (紀雪洪), born in January 1978, holds a doctor's degree in management. He is **currently an independent non-executive Director of the Company** and concurrently serves as a professor at the School of Economics and Management, director of the Institute of Automobile Enterprise Management and Innovation, director of the MBA Education Center of North China University of Technology (北方工業大學), the director of the Digital and Intelligent Mobility Working Committee of Internet Society of China, a member of the Automotive Economic Development Research Branch of China Society of Automotive Engineering (中國汽車工程學會), a member of the Electric Vehicle Specialized Committee of Chinese Institute of Electronics (中國電子學會), an industry expert in high-quality development of China Taxicab and Livery Association (中國出租汽車暨汽車租賃協會), a special recruited expert of the Beijing Municipal Industrial Economy Research Center (北京市產業經濟研究中心). In addition, he is an independent non-executive director of Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司), a board member of the Urban Transportation Branch of the China Highway & Transportation Society (中國公路學會), a jury of the CAPA Awards (鈴軒獎), a member of the Standing Committee of the CPPCC of Shijingshan District (石景山區政協), the Vice-Chairman of the Work Committee of the China Democratic League of Shijingshan District (民盟石景山區工委).

Mr. Ji has nearly 20 years of experience in corporate management and automotive industry development research. Since 2005, he has worked in the post-doctoral work station jointly established by the China Automotive Technology Research Center (中國汽車技術研究中心) and Tianjin University (天津大學), and since 2008, he has served as a lecturer, associate professor and professor at the School of Economics and Management of North China University of Technology.

Mr. Ji has acted as an independent non-executive Director of the Company since March 22, 2024.

Mr. Zhao Jinlun (趙錦倫), born in April 1976, holds a master's degree in business administration and is a senior political engineer, a senior engineer and an intermediate economist. He is **currently an employee representative Director, the deputy party secretary and the chairman of the labor union of the Company**.

Mr. Zhao has extensive experience in automobile industry and management. He has successively served as the vice chairman of the labor union and the director of the work department of the labor union of BAIC Group, the deputy party secretary, the executive deputy general manager and the chairman of the labor union of Beijing Beiqi Hengsheng Real Estate Co., Ltd. (北京北汽恒盛置業有限公司), the deputy party secretary, the secretary of the discipline committee and the chairman of the labor union of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司), the deputy secretary of the information center of BAIC Group and the deputy general manager and the chairman of the labor union of BAIC BluePark Information Technology Co., Ltd. (北汽藍谷信息技術有限公司).

Mr. Zhao has acted as an employee representative Director of the Company since December 29, 2025.

SENIOR MANAGEMENT AND COMPANY SECRETARY

See "DIRECTORS" of this section for the profile of **Mr. Chen Geng**.

Mr. Dong Hao (董浩), born in September 1987, holds a master's degree in big data and business analysis. He is **currently the vice president of the Company** and the director of the product planning center of the proprietary brand passenger vehicles.

Mr. Dong has over a decade of experience in the automotive industry., and has successively served as the chief of the static perception quality section/professional deputy chief engineer of the vehicle integration department of BAIC Automotive Research Institute, the deputy director of the vehicle integration department, the director of the vehicle design department of the technical center of Beijing Hyundai Motor Co., Ltd., and the director of the product planning department, the deputy general manager of ARCFOX business department and the deputy president of the engineering research institute, the deputy director of the independent special class commodity planning center and the deputy director of director of the product planning center of the proprietary brand passenger vehicles of Beijing Electric Vehicle Co., Ltd..

Mr. Dong has acted as the vice president of the Company since November 29, 2025.

Mr. Li Jian (李健), born in December 1978, holds a master's degree in business administration. He **currently serves as the vice president of the Company** and concurrently the head of the brand management department of BAIC Group, and the secretary of the party committee and director of Beijing Motor Sales Co., Ltd..

Mr. Li has over 20 years of experience in brand management and communication and marketing, successively served as director of the design and creative department, deputy general manager, and executive deputy general manager of Beijing Xingshangxing Advertising Co., Ltd. (北京行上行廣告有限責任公司), vice brand director, brand director, director of market and brand, deputy head of planning and marketing management department, senior vice president, press spokesperson of Beiqi Foton Motor Co., Ltd., vice president of business, executive vice president of TOANO business unit, and general manager of marketing company of Beiqi Foton Motor Co., Ltd..

Mr. Li has acted as the vice president of the Company since February 21, 2025.

See "DIRECTORS" of this section for the profile of **Ms. Zheng Mingying**.

Ms. Yu Dan (于丹), born in February 1986, holds a master's degree of laws, is a company lawyer. She is **currently the secretary to the Board and Company Secretary of the Company**, and concurrently the head of the office of Board of Directors of the Company, a director of Beijing Shougang Cold-Rolled Sheet Co., Ltd., a supervisor of Fujian Benz and a director of BAIC HK Investment Co., Ltd.

Ms. Yu has over a decade of experience in the automotive industry. She was a manager and a senior manager of the legal and compliance department, and a senior manager and the assistant to the director of the capital operation department of BAIC Group.

Ms. Yu has acted as the secretary to the Board of the Company since March 28, 2025.

Mr. Jiang Qing (姜慶), born in April 1985, holds master's degrees in mechanical engineering business administration. He is **currently the vice president of the Company**, and concurrently a director of BAIC International Development Co., Ltd.

Mr. Jiang has over a decade of experience in the automotive industry and has successively served as an engineer of BAIC Motor Corporation Limited, a senior director of the operation and management department of BAIC Motor Group Co., Ltd., the general manager of BAIC Tap Off-Road Vehicle Technology Co., Ltd. and the assistant to the general manager of Beijing Penglong Auto Trade Service Co., Ltd.

Mr. Jiang has acted as the vice president of the Company since June 5, 2025.

Mr. Zhang Zuyuan (張祖原), born in December 1976, holds a master's degree of laws, corporate lawyer, second-level corporate legal advisor. He is **currently the general counsel** (chief compliance officer) and head of the legal and compliance department **of the Company**, and also serves as a director of BAIC Yunnan, a supervisor of BH Leasing, and a director of Hyundai Top Selection U-Car Co., Ltd.

Mr. Zhang has over 20 years of experience in legal compliance management. He has served as the secretary and deputy director of the secretariat of the Beijing Arbitration Commission, deputy director of the legal affairs department of Beijing Automotive Industry Holding Co., Ltd., and deputy director of the legal affairs department of BAIC Group.

Mr. Zhang has acted as the general counsel of the Company since May 20, 2016.

The terms of office of the above senior management until the expiration of the term of office for the fifth session of the Board of Directors.

NOTE TO THE REPORT

This report is based on relevant policies, philosophies and objectives of the Group, and describes the overall environmental and social efforts and performance of the Group in 2025. This report should be read together with the section VII titled "Corporate Governance Report" of this annual report to fully understand the environmental, social and governance performance of the Group.

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Code" (the "ESG Code") in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to the "Global Reporting Initiative's Sustainability Reporting Standards" (GRI Standards) published by the Global Sustainability Standards Board (GSSB).

Financial data in this report are derived from this annual report and other data cover the Company and its subsidiaries, unless otherwise specified. All the monetary amounts in this report are denominated in Renminbi (RMB), unless otherwise specified.

ESG REPORTING PRINCIPLES

Materiality: The materiality of our ESG issues is determined by the Board and stakeholder communication, the process for identifying material issue and the material issue matrix are disclosed in this report.

Quantitative: The statistical criteria, methods, assumptions and/or calculation tools for the quantitative KPIs in this report, and the sources of conversion factors, are described in the explanatory notes of this report.

Balance: This report presents the Company's performance for the Reporting Period in an unbiased manner so as not to unduly influence the decisions or judgments of its readers.

Consistency: The statistical methods used to disclose information in this report are consistent.

ESG GOVERNANCE STATEMENT BY THE BOARD

The Board, as the highest decision-making body on ESG matters of the Company, attaches great importance to works related to Environmental, Social and Governance ("ESG"), taking final responsibility for the Company's ESG strategy, implementation and monitoring. The Board is responsible for approving and overseeing the Company's ESG governance framework and strategy, ensuring ESG is integrated with business strategies and risk management systems, and regularly reviewing and evaluating the implementation of ESG-related targets to continuously enhance ESG performance amidst evolving regulatory and market landscapes.

The Company has established a sound ESG governance mechanism to integrate ESG management into daily operations and business decision-making processes. The Company has established the Strategy and Sustainability Committee under the Board, which is responsible for overseeing the progress of ESG strategy execution, reviewing the achievement of ESG targets, and making recommendations to the Board.

This report provides information on the progress and achievements of the Company's ESG efforts in 2025 and will be approved by the Board prior to disclosure, ensuring the content is true, accurate, and complete.

FEATURE: FULL-CHAIN GREEN MANUFACTURING UNDER THE "DUAL CARBON" GOALS

Under the guidance of the goal of "achieving carbon peak by 2030 and carbon neutrality by 2060", China's "dual carbon" policy is centred on the "1+N" framework. It is rolled out around "clear goals, layered implementation and comprehensive safeguards". Through top-level documents, it establishes the direction and roadmap. By decomposing objectives through special plans in key sectors and supplementing weaknesses with supporting policies, it forms a complete closed loop of "objective-path-guarantee". The Beijing Peak Carbon Implementation Programme specifies the main objectives and task measures. As an important part of Beijing's state-owned enterprise system, the Group actively implements the national and Beijing's "dual carbon" strategy, and incorporates green and low-carbon development into the whole process of operation management and business development.

Focusing on energy saving and emission reduction, application of new energy technologies and optimisation of energy mix, the Company continues to promote carbon reduction in operations and industry chain synergy to reduce energy consumption and carbon emissions while enhancing resource utilisation efficiency, strengthening the resilience to adapt to changes in policies and markets, and promoting high-quality development of the enterprise.

BAIC Group Releases BLUE Plan – BAIC Group's "Dual Carbon" Action Plan
Clarifying Dual Carbon Goals and Six Major Carbon Reduction Actions

Concept of the BLUE Plan	
B stands for Belief, representing the low-carbon philosophy.	We are dedicated to building a new, future-oriented low-carbon operating entity, integrating the low-carbon philosophy throughout all process nodes of our enterprise and products.
L stands for Life, representing a better life.	By realising the "dual carbon" goal, we will move further towards the ultimate goal of helping people live well and the sustainable development of all mankind.
U stands for User, representing a user-oriented approach.	We will keep in mind that serving users is fundamental to achieving our goals, continuously meeting user needs, and fostering positive interactions with users.
E stands for Ecology, representing the ecological model.	Leveraging vehicles as a platform, we will initiate extensive internal and external collaboration to jointly build a green and sustainable ecosystem that encompasses the entire industry chain and product lifecycle.

In line with the "dual carbon" action plan and considering its business characteristics, the Group has developed and refined a "dual carbon" work plan, clarifying annual work objectives, key tasks, and responsibilities. This has established a working mechanism featuring centralised coordination, segmented implementation, and collaborative advancement. Across six dimensions – management, manufacturing, technology, supply chain, ecosystem, and products – it systematically promotes carbon reduction initiatives, building a green manufacturing system that covers the entire value chain and driving the phased implementation of "dual carbon" goals.

Promoting Six Major Actions for "Carbon Peaking and Carbon Neutrality" [Note 1]

Carbon Reduction through Management	Capacity Building for Carbon Emission Management Professionals, Development of Dual Carbon Management Systems
Carbon Reduction through Manufacturing	Energy Efficiency Monitoring of High-Energy-Consuming Systems, Green Electricity Procurement, Efficiency Improvement of High-Efficiency Motors, Construction of Photovoltaic Facilities, Energy Storage (for enterprises with annual electricity consumption exceeding 10 million kWh), Heat Pump Heat Recovery Pilot Projects
Carbon Reduction through Technology	Carbon Reduction through Materials
Carbon Reduction in the Supply Chain	Green and Low-Carbon Supplier Evaluation
Low-Carbon Ecosystem	Development and Application of Carbon Assets for New Energy Vehicle Mobility
Carbon Reduction in Products	Fundamental Capacity Building for Carbon Footprint Management

Note 1: For details on the Group's implementation of the six major actions for "carbon peaking and carbon neutrality" in 2025, please refer to the "Coping with Climate Change" section.

Case: Promoting Full-Chain Low-Carbon Logistics Transformation

Beijing Benz is systematically advancing its low-carbon transformation around transportation links, optimising its carbon emission structure by integrating multiple modes of transport, including sea, air, road, and rail.

In sea transport, the Company has launched a zero-carbon cargo ship pilot project, collaborating with sea carriers for trial operations. This initiative has successfully completed over 180 standard containers of zero-carbon transport, accumulating valuable experience for large-scale application. In air transport, we are partnering with carriers and Mercedes-Benz to pilot the use of sustainable aviation fuel on Chinese routes, which is expected to reduce carbon emissions by approximately 40,000 tonnes annually. In road transport, by optimising the fleet structure, the proportion of trucks meeting China's National VI emission standards has been raised to 60%.

At the same time, the Company actively promotes the research of cutting-edge low-carbon technologies and drives technological innovation in railroad transportation. Its university-enterprise cooperation project with Tsinghua University on "Research and Application of Low-Carbon Railway Transportation Technology" won the second prize of Tsinghua University's University-Enterprise Cooperation Carbon-Neutral Capability Enhancement Project, further expanding the path of low-carbon logistics.

Case: Systematic Decarbonisation Practices in Manufacturing

Fujian Benz is building a decarbonisation system that covers both production and supply chain, focusing on energy efficiency improvement, energy substitution, and supply chain synergy.

In terms of equipment energy efficiency, the Company's newly introduced equipment motors meet IE4 (International Efficiency 4) and higher energy efficiency ratings. We are implementing intelligent optimisation for critical equipment such as air compressors and chillers, enhancing operational efficiency through variable frequency control and load rate adjustment. The paint shop has undergone variable frequency retrofitting for its oven heating system, optimising air volume supply parameters to reduce energy consumption.

In energy structure optimisation, the Company is progressively electrifying official vehicles and auxiliary equipment to reduce fossil fuel consumption. We have built a 17.7MW rooftop photovoltaic power station and, combined with purchased green electricity, achieved 100% green electricity supply. Simultaneously, we are exploring the cascaded utilisation of power batteries, repurposing retired batteries into energy storage systems to enhance energy usage stability.

In supply chain management, the Company encourages core suppliers to sign carbon neutrality commitments and integrates low-carbon indicators into the cooperation evaluation system, strengthening green supply chain collaboration.

Case: Material Innovation Drives Full Life Cycle Carbon Reduction

The Group is focusing on cost reduction, efficiency improvement, and green, low-carbon development. We are proactively planning for automotive material innovation at the material front, extending carbon reduction from initial design to the entire value chain. We are promoting the application of new materials using the ESP (Endless Strip Production) endless rolling process. Compared to traditional long-process steel, this can reduce carbon emissions by over 1.5 tonnes per tonne.

In terms of industry-academia-research collaboration, the Research Institute is working with the research team from the University of Science and Technology Beijing on specialised technical research, identifying Rizhao Steel's ESP short-process hot-formed steel as the core direction for mass production application. During the Reporting Period, the project completed small-batch trial production verification and welding performance tests for B-pillar reinforcement plates, passed spot welding and electrophoretic anti-corrosion tests, and obtained material grade certification. This has led to centralised procurement and designated implementation, solidifying the Company's technical foundation for full life cycle carbon reduction.

Case: Accelerated Promotion of New Energy Products

The Company continues to improve its new energy product lineup, gradually optimising its product portfolio through diversified power layouts to drive carbon reduction transformation on the product end.

Beijing Benz continues to improve its "Hybrid Electric Vehicle (HEV)" product lineup, and has launched the new all-electric long-wheelbase CLA model based on the Mercedes-Benz Modular Architecture, further expanding its all-electric product lineup.

Hyundai's first pure electric SUV-EO was launched to promote the optimisation of new energy product portfolio.

Fujian Benz is advancing the development of its new energy commercial vehicle platform in China, accelerating the progress of pure electric MPV product development.

While maintaining its advantages in fuel-powered vehicles, Beijing Brand is accelerating its deployment of extended-range, plug-in hybrid, and pure electric technology routes, continuously increasing the proportion of new energy products.

1. IMPROVING ESG GOVERNANCE

1.1 ESG Strategy and Governance Structure

ESG Strategy

The Company upholds the environmental concept and policy of "green operation for sustainable development", continuously implements its "dual carbon" strategy, and integrates sustainable development into the stage of product design, research and development, and production. The Company actively addresses climate change, adheres to green and low-carbon development and upholds the core values of "customer-centredness, craftsmanship, hard work and operation transition", to "become a respected leader in the automotive industry".

Environmental Protection	The Company focuses on reducing the carbon footprint of automotive production and enhancing energy efficiency, reducing pollution through the adoption of new technologies and renewable energy sources, and improving environmental management to spot opportunities for green and sustainable development.
Social Responsibility	The Company is committed to building a safe and healthy working environment, enhancing employee well-being and processional ability cultivation, supporting the coordinated development of communities, and promoting the implementation of the social responsibility standards for the entire chain of "R&D, production, supply".
Corporate Governance	The Company deepens a professional, standardised and transparent governance mechanism and enhances an internal control and risk management system with a view to building a solid foundation of credibility for sustainable operation.

ESG Governance Structure

The Company always attaches great importance to ESG development. We strictly follow the ESG guidelines, integrate ESG management into our management and decision-making processes, establish an ESG governance structure based on our development objectives and actual conditions, and lead, decide and implement relevant work to move towards the goal of high-quality and sustainable development.

Decision-Making Level	Board of Directors	As the highest responsible and decision-making body for ESG matters of the Company, the Board takes full responsibility for the Company's ESG strategy, performance and reporting.
Management Level	The Board's Strategy and Sustainability Committee	It conducts research and makes recommendations on the ESG strategy, policies and matters, reviews and submits ESG-related reports of the Company to the Board, and ensures that the Company's stance and performance in relation to global ESG issues are in line with the times and international standards.
Executive Level	ESG Working Group	It gets specific ESG work done properly, continuously improves a set of ESG indicators applicable to the Company, defines the responsible departments and the ESG information reporting process to ensure timely, efficient and high-quality disclosure of ESG information, and makes reports to the Board on a regular basis.

1.2 Stakeholders

Stakeholder Communication

Stakeholders	Communication Mechanism	Stakeholders' Appeals	Response of the Group
Government and regulators	Policies and guidelines Daily communication	Driving economic development Tax payment according to law Honest and legitimate operation Creation of job opportunities Reducing energy consumption and carbon emissions Coping with climate change	Active response to national strategies Good operation Compliant operation Creation of jobs Raising environmental awareness Energy saving technical upgrades Strengthening the construction of safety and environmental systems Green operation
Investors and shareholders	General meeting of shareholders Daily communication of the Board	Value enhancement Regulation of corporate governance Transparent operation	Good operating results Continuous improvement in the corporate governance structures Comprehensive, timely, accurate information disclosure
Customers	The Company's website WeChat official account and Weibo official account Vehicle owner activities Customer satisfaction survey	Good cost performance Safety guarantee Provision of high-quality services	Satisfaction of diversified needs of customers Improvement in the product quality management system Vehicle owner activities Customer satisfaction survey
Employees	Communication with employees Labour Union Employee Representative Congress President's communication meeting Bulletin	Sound remuneration and welfare system Smooth career development path Comfortable working environment	Safeguarding of legitimate rights and interests of employees Continuous reinforcement of safety and health management Diverse training Staff care activities

Stakeholders	Communication Mechanism	Stakeholders' Appeals	Response of the Group
Suppliers and partners	Regular communication Business cooperation and exchange Training	Fair and equitable collaboration Cooperation and mutual benefit Supply chain environmental and social risk management	Improvement in supplier management Strengthening of internal procurement management Conducting supplier training Preferred environmental protection products and services
Dealers	Sales activities Training and exchange Business guidance	Model supply Business help	Strengthening of instruction and helping dealers in sales activities Sharing of market information Conducting dealer training
Public, Media, and Community	Information disclosure of media Philanthropic events Understanding community needs Development of an action plan	Open, transparent information disclosure Comprehensive, effective performance of corporate citizen responsibilities Supporting for community development Harmonious community relations	Timely and objective information disclosure Supporting for development of sports Participation in volunteer activities Earnest efforts for public welfare

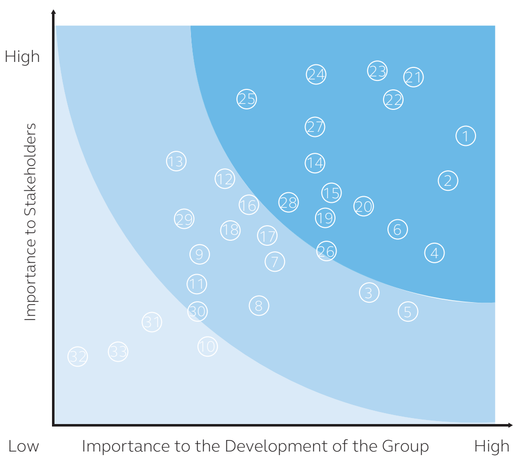
Material Issue Management

The Company endeavours to maintain good communication with stakeholders. We have established an efficient feedback mechanism to hear and understand the views and expectations of various stakeholders on us, so as to enhance our ESG performance in a targeted manner and respond to the needs of various parties effectively. Following the ESG guiding principles and making reference to the internationally prevailing ESG initiatives and standards and the general ESG issues of concern to the industry, we have identified and screened ESG issues relevant to the Company through different forms of communication and exchanges with various stakeholders and formed a matrix of material issues for the Group as the basis for managing and disclosing ESG information.

Identification Process of Material Issues

Stakeholder Identification	The Company identifies stakeholders who have decision-making power and influence over the Company based on its scope of business and the nature of its production operations.
Identification of Material Issues	The Company conducts in-depth analysis of industry development trends and its sustainability strategies, with reference to regulatory disclosure requirements, international reporting disclosure standards, industry policies and development trends, and capital market rating priorities. Then, it conducted interviews with senior management and specialised surveys and identified 33 potential material issues that may directly or indirectly affect its business.
Materiality Evaluation	A questionnaire survey was conducted to quantitatively analyse the importance of the issues to each stakeholder, and a matrix of material issues was derived through preliminary assessment from two dimensions: "Importance to Stakeholders" and "Importance to the Company".
Analysis and Validation of Material Issues	A comprehensive verification was applied on the initially screened issues to finalise the priority ranking of the material issues, and a complete matrix of material issues was developed and used as the basis for preparing this report and optimising operations.

Matrix of ESG Core Material Issues for 2025



1. Sound Performance
2. Compliance Operations
3. ESG Governance Structure and Communication Mechanisms
4. Risk Management
5. ESG Incentive Policies
6. Anti-corruption and Anti-commercial Bribery
7. Energy and Resource Management
8. Pollutant and Waste Management
9. Setting Carbon Emission Targets
10. Climate Change Response
11. Driving Emission Reduction in the Value Chain
12. Green Technologies and Products
13. Enhancing the Environmental Performance of Products
14. Fair Procurement
15. Supplier Management
16. Supply Chain Collaboration and Co-construction
17. Supply Chain Environmental and Social Risk Management
18. Procurement of Green Products and Services
19. Dealer Management
20. Promoting Industry Development
21. Product Quality and Safety
22. Safe Production
23. Product Innovation and R&D
24. Customer Service Quality
25. Protection of Customer Rights and Interests
26. Equal Employment
27. Occupational Health and Safety
28. Safeguarding Employees' Rights and Interests
29. Employee Training and Development
30. Employee Care and Support
31. Charity
32. Employee Volunteer Activities
33. Supporting Rural Revitalisation

1.3 Compliance Operation

Anti-Corruption

The Company and its employees carry out their work in strict compliance with the pertinent laws and regulations in China, including the "Constitution of the People's Republic of China", the "Criminal Law of the People's Republic of China", the "Supervision Law of the People's Republic of China", and the "Law on Administrative Discipline for Public Officials". Meanwhile, we have established and implemented a number of in-house rules and policies, such as the "Measures for Implementing the Party Conduct and Clean Governance Responsibility System", the "Code of Compliance" and the "Compliance Reporting Management Measures". Besides, we resolutely eradicate any kind of illegal acts such as bribery and benefit transfer through establishing and constantly optimising a long-term anti-corruption mechanism, carrying out warning education on a regular basis in our routine management and smoothing whistle-blowing channels both online and offline to promote a culture of integrity and frugality. During the Reporting Period, the Company is not aware of any lawsuits arising from the violation of anti-corruption and other laws and regulations in the places of operation.

Smoothing Whistle-blowing Channels

There are many whistle-blowing channels at the Company, such as complaint email address, tip-off hotline, complaint box, and letter and visit for receiving complaints. During the inspection of reported cases, the "Interim Measures on Real-name Whistleblowing" and other relevant rules will be strictly implemented to protect the rights, interests and safety of whistleblowers.

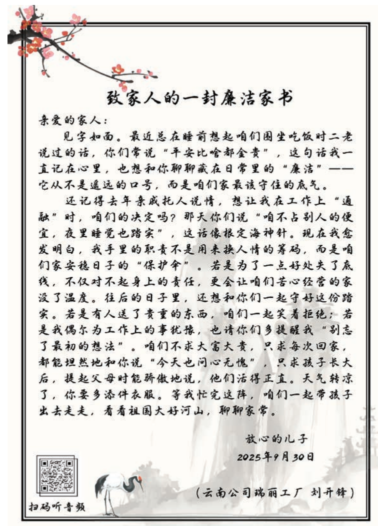
Anti-Corruption Training and Promotion

The Company actively organises integrity and anti-corruption training, education, and cultural promotion activities covering the Board and all employees. This leverages the "head goose" effect of the leadership team, standardises employee conduct, and enhances all employees' awareness of integrity in their work.

For the Management	The Party Committee's theoretical study group and study sessions took the lead in thoroughly studying materials such as "Excerpts from Xi Jinping's Discourses on Strengthening the Party's Work Style" and the spirit of the Eight-point Decision of the Central Committee and relevant implementation rules. A total of 9 relevant thematic studies, 13 "first topic" studies, 2 special study sessions, 4 exchange discussions, and 5 external lecturer trainings were conducted. We convened the Company's 2025 "Learn from Cases, Correct through Cases" warning education conference, where typical internal disciplinary and legal violations and management issues were reported, naming specific individuals and incidents. The handling of cases within the system was reported at the Party Committee's Standing Committee meeting, and 10 typical cases of violating the spirit of the Eight-point Decision of the Central Committee within the system were studied and reported during the Party Committee's theoretical study group sessions.

For All Employees	We developed and implemented the "2025 Integrity Culture Building and Anti-Corruption Education Work Plan," distributed 8 sets of learning materials on the spirit of the Eight-point Decision of the Central Committee, and collectively reported 9 series of typical cases violating the spirit. Focusing on "Strict Discipline and Rules, Building a Foundation of Integrity, Forging an Excellent Work Style, and Safeguarding Leapfrog Development", we carried out the Company's 2025 Party Conduct and Anti-Corruption Education Season activities. We organised 62 integrity education trainings, such as "Bringing Integrity to the Grassroots" and "Red Friday", with disciplinary inspection cadres at all levels engaging in key risk areas. We also organised 19 pre-appointment integrity exams for cadres. Focusing on preventing integrity risks at critical junctures, we produced and disseminated 5 long-form integrity education reminders for important holidays like New Year's Day, Chinese New Year, National Day, and Mid-Autumn Festival. We also created one integrity education wallpaper for the Dragon Boat Festival, which was centrally displayed and promoted. To enrich employee integrity culture activities, we organised five major integrity culture building events: "Clear Breeze in Paintings Reflecting Original Aspiration" integrity wallpaper design, "Clear Breeze Nourishes Homes, Integrity Leads Far" family letter and family tradition story collection, "Mirroring Original Aspiration, Reflecting Work Style" short video production for work style improvement, "Work Style Role Models Around Us" story collection, and an integrity-themed calligraphy and photography exhibition, collecting over 120 submissions. We organised the Company's 2025 warning education conference, collectively reporting and exposing 24 typical cases of disciplinary and legal violations. We also arranged for frontline employees to watch warning education films, visit the "Integrity Corridor" warning education exhibition, and various other warning education bases. We compiled "An Integrated Collection of Warning and Analysis of Typical Cases of Disciplinary, Legal, and Regulatory Violations". We systematically carried out education on discipline and law through case studies, drawing clear red lines for Party members and officials in performing their duties properly.
For Partners	We extended integrity co-building to the business chain, issued "A Letter to Our Partners", improved the integrity collaboration mechanism with suppliers and dealers, and advocated for clean and close cooperative relationships.

We held "Learn from Cases to Promote Reform" warning education conferences.


致家人的一封廉洁家书

亲爱的家人：

见字如面。最近总在睡前想起咱们围坐吃饭时二老说过的话，你们常说"平安比啥都金贵"，这句话我一直记在心里，也想和你聊聊藏在日常里的"廉洁"——它从不是遥远的口号，而是咱们家最该守住的底气。

还记得去年亲戚托人说情，想让我在工作上"通融"时，咱们的决定吗？那天你们说"咱不占别人的便宜，夜里睡觉也踏实"，这话像根定海神针。现在我愈发明白，我手里的职责不是用来换人情的筹码，而是咱们家安稳日子的"保护伞"。若是为了一点好处失了底线，不仅对不起身上的责任，更会让咱们苦心经营的家没了温度。往后的日子里，还想和你们一起守好这份踏实。若是有人送了贵重的东西，咱们一起笑着拒绝；若是我偶尔为工作上的事犹豫，也请你们多提醒我"别忘了最初的想法"。咱们不求大富大贵，只求每次回家，都能坦然地和你说"今天也问心无愧"，只求孩子长大后，提起父母时能骄傲地说，他们活得正直。天气转凉了，你要多添件衣服。等我忙完这阵，咱们一起带孩子出去走走，看看祖国大好河山，聊聊家常。

放心的儿子

2025年9月30日

扫码听音频

（云南公司瑞丽工厂 刘开锋）

We organised a series of employee integrity culture building activities.

We visited various local warning education bases.

During the Reporting Period, the key performance indicators of the Company in anti-corruption training are as follows:

Indicator	Unit	2025
Total number of anti-corruption training sessions	Times	62
Number of anti-corruption training sessions for employees	Times	61
Number of anti-corruption training sessions for directors	Times	1
Total number of participants in anti-corruption training sessions	Participants	4,950
Number of employees participating in anti-corruption training sessions	Participants	4,945
Number of directors participating in anti-corruption training sessions	Participants	5
Total hours of anti-corruption training sessions	hours	7,425
Training hours per person of anti-corruption training sessions	hours/ participant	1.5

1.4 International Development

In 2025, the Group comprehensively deepened its "Internationalisation Strategy". It actively expanded its international business, striving to build a diversified product matrix with international competitiveness, enhancing the overseas influence of proprietary brands, and pursuing a dual leap in both scale and revenue.

Stimulate Vitality in the Global Market

Comprehensively Expanding Market Channels	**Deployment in Key Markets:** While maintaining a stable foundation in traditional Central and West Asian markets, we are tapping into the potential of emerging markets in Central and South America. Concurrently, our business in the Middle East market has seen remarkable breakthroughs, with several models successfully transitioning to local production and a significant boost in production capacity at the Gabaigen factory, where the single-shift capacity of the first assembly line growing by over 250%. **New Market Development:** In 2025, we successfully broke into new markets in high-end and mature regions such as Australia and New Zealand and Europe (Czech Republic, Hungary), marking a new phase in our market development. **Expansion of Sales Networks:** In 2025, the Company developed 47 new sales channels and 95 new secondary outlets, and completed the replacement and adjustment of 2 ineffective channels in parallel.

Continuous Enhancement of Our Product Portfolio	**Product Development:** We are refining our international product lineup, steadily advancing the implementation of 35 overseas product development projects, and actively planning new projects for EU-compliant and REHEV models. **Product Certification:** Throughout the year, we completed 19 product certifications, covering multiple international markets, including GCC and Europe. **Product Analysis:** We conducted key market analyses in regions such as Europe and Southeast Asia, and finalised overseas market entry proposals for several models. Through dealer surveys, auto show analyses, and specialised user demand research, we supported the definition and market segmentation judgment for 16 products.
Better Product Delivery Assurance	**Manufacturing and Delivery Management System:** We successfully established an "Overseas KD Business Management System" that covers the entire chain of "planning-development-manufacturing-operations". This system streamlines the Arcfox export business, managing all aspects from order acquisition, production scheduling, manufacturing dispatch, inventory management, and wholesale, ensuring the brand's order operations run smoothly. Concurrently, we are continuously optimising packaging solutions and improving packaging quality. In 2025, the international company developed and operated a total of 19 KD projects, with 15,150 KD orders successfully packaged and delivered.
Vigorous Brand Communication	**Integrated Brand Communication:** In 2025, focusing on the integrated operation of ARCFOX, BAIC and STELATO brands, the Company carried out online digital communication and offline brand events to enhance the overall overseas brand influence of BAIC. **New Model Launch Promotion:** In 2025, new model launch events were held in Myanmar, Morocco, South Africa, Costa Rica and other markets, achieving diversified global breakthroughs.

Participated in the Poland Auto Show in April

Roll-out Ceremony of the First BJ40 Honor Edition at the Indonesian Plant in June

Participated in the Hong Kong Auto Show in June

Attended the Jakarta International Auto Show, Indonesia in July

Sponsored the Indonesian Basketball Team in October

Overseas Dealer Annual Business Gala in November

Deeply Integrating into Local Industry Development

The Company is deeply advancing the upgrade of its international business in areas such as localised development, terminal operations, after-sales quality spare parts, and financial support. We are comprehensively deepening localised business operations at the South Africa company, restarting operations for the Mexico company, and completing local registration for BAIC Gulf Company, accelerating the implementation of our overseas localisation strategy. We are strengthening full-process order control and establishing a regional delivery business partner mechanism to coordinate and synergise across the entire chain, from order acquisition, rolling forecasts, order placement, payment, production and warehousing, and shipment. We are continuously improving the service guarantee system and promoting the construction of overseas spare parts warehouses. We are also establishing overseas company finance teams, setting up the international headquarters' financial system with "one department and four lines", and optimising the financial structures and management processes of overseas companies like those in Mexico and South Africa.

Building an International Talent Pool

The Company has built an international talent strategic system that combines short-term and long-term approaches with three parallel channels. We formulated the “BAIC International Talent Leadership Three-Year Action Plan”, dynamically optimising our management team. We strengthened our international talent reserve. Overseas talent increased rapidly, effectively supplementing talent in core areas and providing solid human resource support for the Company’s overseas business.

2. PRACTICING PRODUCT RESPONSIBILITY

2.1 Strengthening Quality Control

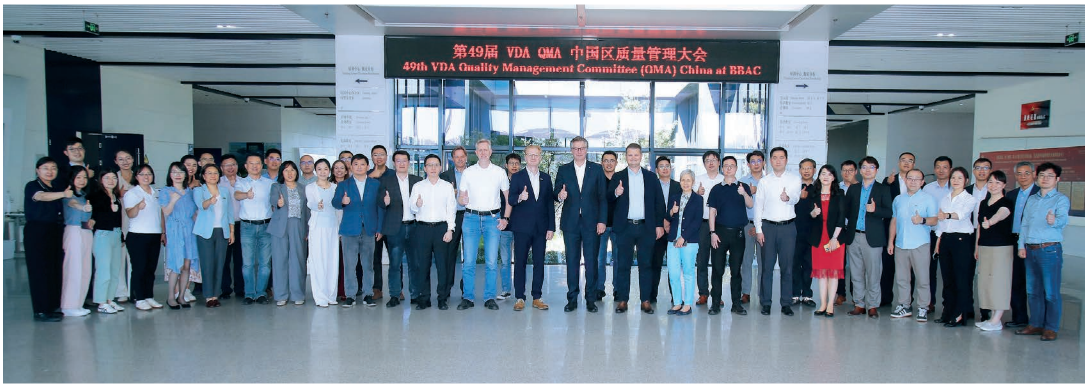
The Company has always regarded quality and service as the foundation of its development. With the “Quality Top Leader Project” as its core initiative, it has coordinated two key tasks: advancing product quality and strengthening management systems. We continuously improve the efficiency and effectiveness of product quality management, insist on providing high-quality products and services, maintain industry competitiveness in product quality, and meet market and customer expectations.

Case: Beijing Brand Product Quality Recognised by the Market

In 2025, the BJ40 was honoured with the “2025 China Automobile Quality Award – Off-road Vehicle” by China Automobile Quality Network (AQSIQAUTO.COM), and the BJ40 Extended Range model claimed “First Place in Customer Satisfaction for Hardcore SUV Segment” in the NEV-CACSI survey. This established a high level of customer satisfaction for the Beijing Brand and significantly boosted the competitiveness of self-owned brands.

Case: Beijing Benz Hosted the 49th VDA Quality Management Committee (QMA) China at BBAC

In 2025, Beijing Benz hosted the 49th VDA Quality Management Committee (QMA) China at BBAC, comprehensively showcasing the Company's quality management capabilities to the industry, sharing advanced quality management experiences, and contributing to the overall improvement of the industry's quality management standards.



Quality Management System

In 2025, the Company built its quality management system based on relevant product regulatory requirements, such as the "Product Quality Law of the People's Republic of China" and the "Administrative Provisions on Compulsory Product Certification" as the bottom line, and adopted core standards like "IATF 16949:2016" and "GB/T 19001-2016/ISO 9001:2015" along with maturity evaluations as dual engines. By benchmarking against industry best practices and dynamically integrating requirements for emerging digital fields, we continuously strengthened our quality management system with innovative initiatives, striving to advance from mere "standard compliance" to "performance excellence".

Continuously Advancing Quality Management System Certification	We comprehensively deepened and expanded the certification audit and quantitative audit of IATF 16949. In conjunction with the upgrade of the quantitative audit evaluation criteria, we conducted special quarterly audits and joint internal audits, ensuring the closed-loop rectification of issues and systematic analysis. Simultaneously, we planned and formulated compliance programmes, decomposed key research projects, supervised and evaluated processes, and provided specialised training for internal auditors. The achievement rate of the quantitative audit of the quality system reached 101% during the year.	

质量管理体系认证证书
CERTIFICATE OF REGISTRATION
兹证明:
北京汽车股份有限公司株洲分公司
湖南省株洲市天元区栗雨工业园五十七区/412000
IATF USI 编码:3PK92K
质量管理体系通过了本公司实施的审核
符合以下标准要求:
IATF16949:2016 第 1 版
认证注册范围:
北京牌系列乘用车的设计和制造
允许删减:无
注册日期:2024 年 10 月 31 日
有效期至:2027 年 10 月 30 日
IATF 证书编号:0552949
CATARC-CERT 证书编号:2024CAC5243-1
总经理:
版本:B
换发日期:2025-12-04
1/5
CATARC
中汽研华诚认证(天津)有限公司

Continuously Solidifying Quality Management Foundations	Based on strategic and business changes within the year, we dynamically optimised the "Quality Manual" and the quality management process network. We established a capability model and training roadmap covering all levels of quality processes, with clear definition of Quality Management Key Performance Indicators (KPIs) and owner responsibilities, ensuring clear process interfaces and efficient organisational operations. We upgraded our quality auditing and evaluation capabilities, building a multi-dimensional quality evaluation system that includes system audits, process audits, product audits, and special audits. We deepened the application of the quality maturity quantitative evaluation model, linking audit results to departmental performance and improvement priorities to achieve precise management. A systematic platform for quality improvement projects was established. Through quality operation meetings, special regular meetings, and excellent case selections, we encouraged all employees to participate in quality rectification, continuously reinforcing a quality culture of "doing it right the first time" and "striving for zero defects".
Continuously Building Digital Quality Management Capabilities	We enhanced the digital maturity of quality management. Within the year, we completed the design plan for the fourth phase of BQMS new vehicle quality management, focusing on business process sorting for project management, development management, new vehicle AUDIT, and recurrence prevention modules. We developed Feishu automation functions, such as the B41VS independent survey, to achieve problem statistics and targeted push, thereby improving work efficiency. We deepened the application of digital tools such as APQP and FMEA, establishing a cross-departmental "quality gate" review mechanism. This rigidly integrates quality requirements throughout the entire process of product design, development, and mass production, ensuring the achievement of full lifecycle quality objectives. By introducing big data analysis and AI visual inspection technology, we built a real-time monitoring and early warning platform for production process quality. Through the collection of key parameters and historical defect data, we achieved the prediction and proactive interception of quality risks. We established a customer experience-oriented quality management mechanism. Through rapid response and closed-loop management of Voice of Customer (VOC), market complaints and after-sales data are systematically fed back to the R&D and manufacturing stages, driving design optimisation and process improvement, and continuously enhancing perceived quality.

Continuously Upgrading Quality Management Efficiency	We formulated and implemented error-proofing management requirements, achieving systematic error-proofing verification and enhanced efficiency during new product and process design. We comprehensively deepened the quality cost management system, detailing the calculation and analysis of prevention costs, appraisal costs, internal failure costs, and external failure costs. This approach balances both quality and cost requirements, thereby strengthening all employees' awareness of quality costs and value creation.

Case: Beijing Benz's Digitally Upgraded Product Quality Management System Successfully Passes Annual Audit

Leveraging its robust quality management system, Beijing Benz continuously drives improvements in system maturity by deepening the application of process risk identification and evaluation methods. In 2025, the Company embedded its digital management system into daily operations, ensuring closed-loop improvements in audit processes. In the annual quality system surveillance audit and CCC factory inspection, Beijing Benz achieved a historic best result of "zero non-conformities" for the first time. This fully demonstrates the excellence of its quality management system and its foresight and resilience in adapting to internal and external environmental changes.

Quality Verification Management

New Vehicle Quality Control	For new vehicle quality review and testing, we have comprehensively upgraded the new vehicle quality management system based on actual work conditions. Measures included optimising the control and decision-making mechanisms of Quality Gate reviews, strengthening the horizontal deployment and recurrence prevention mechanism, conducting joint reviews and special quality evaluations for new functions and new technologies, and optimising the vehicle warranty test and verification plan, all to ensure the quality and reliability of new vehicles and complete vehicle products.

Parts Quality Control	For software quality, we have enhanced the software quality management system, adding software quality control activities based on the "Quality Control Procedures for New Product", and carrying out capability enhancement and innovation activities. Regarding parts maturity, we have comprehensively expanded the scope of evaluation and control, with control dimensions increased from 11 to 17. We have initially established quantitative control indicators for parts maturity, quantified control standards for each stage, and formulated phased improvement targets.
Manufacturing Quality Management	In terms of the operation and continuous improvement of the manufacturing quality management system, we have developed the "2025 Manufacturing Process Audit Plan". With a core philosophy of front-end process quality control, specialised process audits, systemic product audits, and continuous compliance with regulatory requirements, we have refined manufacturing process quality management procedures and regulations and revised process audit standards, effectively enhancing manufacturing quality capabilities and ensuring ongoing product compliance with national regulatory requirements.

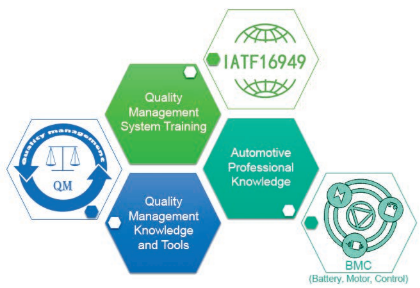
Product Quality Closed-Loop Management

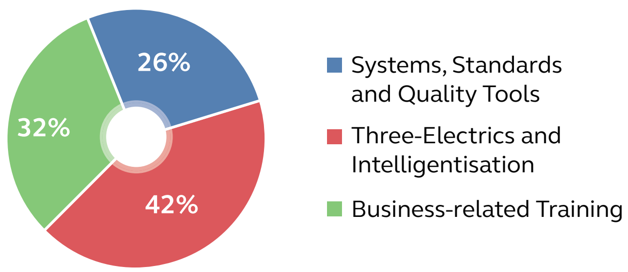
Strengthening Product Problem Rectification	We have established a key monitoring and early warning mechanism for market complaints and public opinions to ensure rapid response and closed-loop resolution of issues, mitigating potential risks in a timely manner. Through daily/weekly VOC special meetings, we continuously advance the implementation of improvements for critical quality issues. By refining management systems, building digital platforms, coordinating issue scheduling, implementing unannounced inspections, and conducting independent surveys of key vehicle models, we aim to enhance product satisfaction and reputation.
Improving Product Recall Management	In accordance with national requirements, we promptly file all defective automotive products with the State Administration for Market Regulation. We have formulated and continuously optimised internal regulations such as the "Measures for the Administration of Emission Recalls of Defective Automotive Products" and the "Regulation on the Administration on Recall of Defective Auto Products". For vehicles within the recall scope, we provide free software upgrades or parts replacement services. During the product recall process, affected users are notified through various means, including registered mail, phone calls, and text messages. Furthermore, our service hotline, 400-810-8100 (available 24 hours a day, Monday to Sunday), provides product consultations at any time.

Indicator	Unit	2025
Percentage of total products sold or shipped that were recalled due to safety and health reasons	%	0

Quality Assurance Training

Combining its strategy and relevant quality standards, the Company leverages existing internal and external resources, including suppliers, R&D, and training institutions. It is committed to building a training system focused on knowledge updating and upgrading in areas such as system standards, digitalisation, three-electric system (battery, motor and electronic control system), and intelligentisation. This initiative aims to cultivate company-wide quality management and technical capabilities, safeguarding product quality.

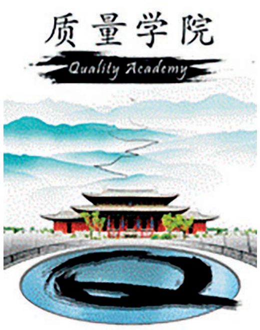




This year, the Company conducted a total of 19 training sessions. Among these, system standards and quality tool training accounted for 26%, three-electric system and intelligent connectivity training comprised 42%, and other business-related training made up 32%. A total of 1,582 participants attended these sessions, enabling the quality team to achieve full-dimensional adaptation from traditional manufacturing to the intelligent electrification era. This has established a talent foundation to ensure product compliance and technical reliability.

Case: Beijing Benz Enhances Company-Wide Quality Culture Awareness and Capabilities Through its Quality Academy

Beijing Benz established the Quality Academy as a platform for disseminating quality knowledge and enhancing the Company's quality capabilities. Through diverse initiatives, it has consolidated the quality foundation, built consensus on quality, and supported the continuous improvement of the Company's quality management. To date, the academy has offered a cumulative total of 48 quality courses across beginner, intermediate, and advanced levels, both online and offline. These courses are tailored to match various job requirements, comprehensively improving the quality literacy of all employees. It has also launched specialised forums on multiple themes, such as quality systems and electrification technology, inviting internal and external experts to share cutting-edge concepts and providing employees with a platform for direct exchange. Taking the launch of the new all-electric CLA as an opportunity, the Company launched an innovative quality awareness training programme under the theme "Good Quality, Speak Out", which promoted collaboration between production and sales through offline demonstrations and online live streaming. This year, in collaboration with the production department, roadshows were conducted, focusing on strengthening four key quality awareness points and critical capabilities, covering over 90% of employees in the production system, thereby inspiring company-wide quality commitment and responsibility.



Primary

Trainee:
Production Quality Engineer + ME Related Staff + Quality Staff (100%)+ PE Product Engineer
Purpose:
To ensure the provision of training on quality basics to quality-related engineers

Concept of Quality
1. Fundamentals for IATF 16949 8H
2. Fundamentals for CCC 2H
......

Quality Tools/Methods
1. PPAP 2H
2. Training on PSP (8D/5 Why/Zeus) 2H
3. SQMS Parts Release Module 2H
......

Quality Management
1. BBAC Quality Management Manual 2H
2. Training on DS 2H
3. PSP Problem Solving Process 2H
......

Intermediate

Trainee:
All QM staff and quality-related staff (Production, ME, etc.)
Purpose:
To transfer professional quality expertise

Quality Management System
1. Intermediate Course for IATF 16949 24H
2. Intermediate Course for CCC 4H
3. Intermediate Course for APQP/PPAP/SPC/FEMA/MSA 2H
......

Production Quality Management
1. MDS System 4H
2. Daimler Quality Management System 2H
......

Process Quality Management
1. VDA6.3 Process Assessment 40H
2. Quality Loop Assessment (Theoretical Training) 2H
......

Advanced

Trainee:
Senior or Subject Matter Expert
Purpose:
To develop senior quality engineers

- **Quality System Specialist**
- **VDA6.3 Expert Auditor**
- **Black Belt**
- **Aukom (Three Coordinate Specialist)**

......

Product Safety Guarantee

The Company actively responds to the national new energy vehicle development strategy. Building upon its core philosophy of "Sophisticated Vehicle Manufacturing, Quality First", it has established and refined its new energy vehicle safety management system. This system fully covers the entire process, including design and development, production and manufacturing, and operational monitoring, systematically managing the unique safety risks associated with new energy vehicle models to ensure superior safety performance throughout the product lifecycle.

Case: Beijing Benz Optimises Vehicle Performance Testing Processes to Enhance Safety and Reliabilit

In response to the upgraded C-NCAP (2024 version) evaluation procedures and increased requirements for occupant protection and scoring, Beijing Benz implemented multiple specialised safety optimisations in 2025 to effectively enhance vehicle safety performance and adapt to the new regulations. For the new generation GLB (X248) 7-seat model, given the removal of leather seat configurations for the Chinese market, second-row seat side airbags were exclusively added to non-leather models. This effectively enhances lateral protection for second and third-row occupants, reducing the risk of occupant injury in side collisions. Simultaneously, for C/E/GLC models, the PSIS "Active Side Impact Protection System" was upgraded from an optional feature to standard equipment across all the models. This system can actively push occupants away from the danger zone before a side collision, reducing chest compression by approximately 30% in side-impact tests. This represents an upgrade from "passive protection" to "active prevention", which not only reduces the risk of injury for customers in real-world accidents but also helps to stabilise and improve C-NCAP side-impact related scores.

Case: Beijing Brand: From a "Quality Cornerstone" to a "Safety Beacon"

In the realm of hardcore off-road vehicles, the Company is committed to continuously enhancing the reliable reputation and champion satisfaction of the BJ series, known for being "equally capable for urban and off-road use", by "comprehensively reviewing standards, emphasising on-site evaluation, and strictly controlling validation processes". Taking the all-new BJ40 Extended-Range Electric Vehicle (EREV), launched in 2025, as an example: high-intensity, multi-road condition vehicle durability and reliability field tests were conducted on its extended-range system to ensure stability of the three-electric system in complex environments. The vehicle body is continuously engineered with a high-strength safety structure and equipped with comprehensive active safety warning and protection features. Simultaneously, the "large-batch joint review" quality assurance process continues to be utilised, ensuring the safety and reliability of every BJ40 vehicle.


CAERI
新能源汽车安全管理体系证书
证书编号：CCARI2025NEV000002 版本：00
兹证明
北京汽车股份有限公司
统一社会信用代码：91110000696364303P
注册地址：北京市顺义区双河大街99号院1幢5层101内A5-061
经营地址：北京市顺义区双河大街99号院1幢5层101内A5-061
新能源汽车安全管理体系符合
T/CAAMTB 210-2024《新能源汽车安全管理体系 要求》
本证书的覆盖范围
新能源汽车产品安全设计、生产、运行、服务及相关管理活动
（本证书包含五个场所，详细信息见附件）
首次发证日期：2025 年 11月25日
本次发证日期：2025 年 11月25日
证书有效日期：2028 年 11月24日
证书有效期内本证书的有效性依据发证机构的定期监督获得保持。
证书有效性可登录下列网址查询
国家认证认可监督管理委员会查询网址：http://cx.cnca.cn
中汽院凯瑞检测认证（重庆）有限公司查询网址：www.ccari.cn
签发人：張喆
中汽院凯瑞检测认证（重庆）有限公司
CAERI Testing and Certification (Chongqing) Co., Ltd
地址：重庆市北部新区金渝大道9号综合研发楼A座 邮编：401122 电话：023-63424311
共2页 第1页

In 2025, the Company successfully passed the T/CAAMTB 210-2024 "New Energy Vehicle Safety Management System" certification audit for the first time, obtaining the first group standard certification certificate for new energy vehicle safety management systems in China.

2.2 R&D of Innovative Technologies

The Company regards technological innovation as the core driver of development and has formulated and implemented the "Management Measures for Government-backed Science and Technology Projects of BAIC Motor Research Institute", the "Management Measures for Government-backed Science and Technology Project Funds of BAIC Motor Research Institute" and the "Management Measures for Intellectual Property Rights of BAIC Motor Research Institute" to create a liberated environment for scientific and technological R&D, encourage research personnel to participate in STI activities, explore market development opportunities, provide higher-quality products and services to customers, and facilitate industry development and the application of technology.

Innovative Products

The Company actively engages in scientific and technological R&D, continuously enhancing product performance through technological innovation.

In August 2025, the BAIC Shenqing Power A156T2H-LR4 engine successfully passed the China Automotive Technology & Research Center (CATARC) "Silent Engine" AAA certification. This achievement was achived by continuously optimising the engine's acoustic performance through the application of 28 core technologies, including vibration and noise source control, active vibration reduction and sound insulation, structural optimisation, and noise reduction in key components.

In September 2025, BAIC Shenqing's super extended-range product, the A15AG001 range extender, passed testing and verification covering power performance, energy efficiency, power safety, electromagnetic index, and noise levels, ultimately earning the "High-Quality Range Extender" certification.

Application of Innovative Achievements

The Company actively engages in collaborative research and industry exchanges on scientific and technological innovation projects, continually advancing the transformation and application of research achievements.

Case: The research project "Hybrid Powertrain Assembly NVH Improvement and Collaborative Optimisation" was successfully concluded and applied

BAIC's "Hybrid Powertrain Assembly NVH Improvement and Collaborative Optimisation" project was successfully completed in 2025. This project innovatively established an integrated simulation analysis platform and proprietary development capabilities for powertrain torsional vibration and transmission shaft/gear system reliability, covering core control software strategies and critical hardware like engines. It significantly enhanced the NVH performance of range extenders/DHTs and improved the forward development and precise control of hybrid system comfort control strategies. A total of 69 achievements were generated, forming a comprehensive knowledge system that spans from basic documentation to standard specifications, and from guidance documents to data support. Among these, the formulation of 9 enterprise technical standards/specifications further promotes the standardisation of R&D processes and the unification of technical requirements, providing systematic guidance for industry process norms, technology reuse, and quality control.

Currently, two core methods initially established by this project, namely "Powertrain Torsional Vibration Simulation Analysis and Troubleshooting Method" and "Self-Stabilising Integrated Direct-Connected Range Extender Rotor Bracket Strength Calculation Method", have been patented. They are now fully applied in the forward development of vehicles under research, cost reduction assessments, and problem diagnosis, enabling the Company to achieve a qualitative leap in its NVH development capabilities for DHTs, range extenders, and hybrid powertrains. This has shortened the prototype vehicle usage cycle by at least one month and saved approximately RMB800,000 in development costs, creating a closed loop for technological achievements from "R&D" to "practical empowerment", and generating significant economic benefits.

Intellectual Property Protection

The Company fully integrates intellectual property management into its strategic and business processes. By responding to the "Outline for Building a Strong Country with Intellectual Property Rights (2021-2035)", the Company has formulated, updated, and implemented internal regulations such as the "Management Measures of Intellectual Property Rights", the "Management Measures of Intellectual Property Rights Incentives", the "Patent Management Measures", the "Research Project Management Measures", and the "Scientific and Technological Achievement Management Measures". We continuously strengthen our capabilities in patent creation, utilisation, protection, and management, providing sustainable momentum for the Company's technological innovation and product creation.

Indicator	Unit	2025
Number of patent applications in 2025	Items	61
Number of patents granted in 2025	Items	113
Of which: number of invention patents granted	Items	17
Total number of patents granted	Items	7,873
Of which: total number of invention patents granted	Items	652
R&D investment in 2025	RMB1 Million	3,601.8

2.3 Enhancing Customer Service

Upgrading Service Levels

As per the "customer-centric" principle, the Company enhances its service standards by strengthening dealership management, improving customer satisfaction, intensifying after-sales service, and optimising complaint handling.

Dealer Service Management	We have established a fair, transparent, and win-win dealer cooperation mechanism. By rigorously screening new partners, improving management, and empowering their development, we are constantly enhancing the soundness and competitiveness of our channel network services. • Strict Partner Selection: We prioritise dealer partners who align with our brand philosophy and demonstrate a strong sense of social responsibility. • Precise Management: We have established a dual mechanism of "operational early warning + operational evaluation" and are committed to service quality. We evaluate dealer service capabilities across multiple dimensions, including user experience, sales performance, and service standards. This includes standardising terminal images and implementing a red-list/black-list notification system to strengthen service operation management. In 2025, the Company revised and updated the "Management Measures for Service Operation Quality Evaluation of Sales Companies", the "Management Measures for Service Network Operation of Sales Companies", and formulated the "Regulations on the Management of Service Personnel of BAIC Motor" to standardise dealers' service organisation and staffing, and strengthened the qualification review of service personnel; at the same time, the Company focused on improving dealers' core sales capabilities through systematic training. • Empowering Development: In 2025, the Company upgraded its "New Store Sales Capability Enhancement Empowerment System 3.0". This system provides differentiated support to dealers, ranging from "one-store, one-strategy" coaching during initial store construction to in-store guidance after operations mature. Through weekly diagnostics, data reviews, and practical training, we help dealers quickly establish standardised sales management systems and improve their customer service and sales capabilities in key areas such as new media customer acquisition and transaction conversion.

User Satisfaction Management	The Company has established a closed-loop, full-link user experience management system and adopted four coordinated initiatives to enhance end-user experience. This year, the Company's overall NPS significantly increased, achieving exponential growth: • User Experience Surveys: Through NPS and ad-hoc satisfaction surveys, we identified a total of 16 common user issues and 2,262 individual issues. Addressing common issues through project-based resolution and individual issues by dispatching 400 work orders, we achieved 100% resolution of all user concerns • Implementation of Optimised Scenario Standards: We designed and fully implemented service standards for key scenarios such as "referral purchases" and "vehicle delivery". • User Experience Review: We established 12 user experience review standards for both sales and after-sales services. Rectification was promoted through remote video sampling and the CEM (Customer Experience Management) system. We issued a total of 565 sales-related rectification items and 644 after-sales ones. Through continuous follow-up and closed-loop management, the compliance rate for reviews increased from 87% to 94%. • Dealer Incentives: We integrated user experience data into dealer commissions to boost dealer sales service NPS. We also established a case-based reward and punishment mechanism. In 2025, we facilitated the upgrade of store environments and service standards for over 210 dealerships (6S Special Action) and provided operational analysis and guidance to 51 core stores. We recognised 44 excellent cases. This effectively motivated improvements at the dealer level and significantly strengthened initiative in service enhancement.
After-Sales Service Management	An after-sales satisfaction reporting mechanism has been established, in which major problematic dealers are asked to give special reports on a quarterly basis, analyse weak links and causes thereof, formulate rectification plans, and follow up on the implementation of corrective measures in a closed loop, thus helping them raise the level of sales satisfaction. At the same time, a satisfaction management platform has been built to support multi-dimensional and multi-level online viewing of satisfaction data, while promoting closed-loop management of service satisfaction.

Customer Complaint Handling	We strictly enforce the "Management Measures for Customer Complaints of BAIC Motor" and have established an efficient Voice of Customer (VOC) response mechanism. We implement a dual-meeting mechanism consisting of daily VOC evening meetings (Voice of Customer (VOC)-centered retrospective meeting) and weekly meetings, and have established cross-departmental communication channels with the Quality Department to ensure efficient flow of complaint information and collaborative problem resolution. In 2025, through the optimisation of the Sales Champion system, the customer service appointment rate significantly increased from 23% to 55%, and the service order acceptance timeliness rate improved from 71% to 93%. We cumulatively managed and processed 128 cases of various types, effectively ensuring that customer needs were promptly addressed. We optimised the entire process of complaint resolution, focusing on refining the risk early warning model, work order follow-up standards, and customer callback protocols. By improving process efficiency, we reduced the complaint rate, shortened the case closure cycle, and ultimately increased the on-time complaint closure rate to 82%. We adhere to the PDCA cycle for continuous improvement of customer service shortcomings. For stores with low quarterly scores and high complaint volumes, we conduct on-site diagnosis, special reviews, and improvement presentations. In 2025, we cumulatively completed 64 key issue rectifications at 35 stores, ensuring continuous improvement in service quality.

Furthermore, the Company has continued to accelerate the development of its digital customer service capabilities, leveraging digital tools to empower service and sales processes, thereby building a transparent, efficient, and convenient customer management system. In terms of customer service, in 2025, the Company facilitated the installation and commissioning of smart hardware devices at 37 dealers and strengthened the management of transparent service usage. The environmental inspection execution rate increased from 56% to 82%, and the overall execution rate rose from 75% to 86%, effectively improving store-level service operation management efficiency and customer service experience. Regarding sales service, the Company continues to refine its transparent sales funnel management system. By integrating smart tools and introducing the Cyclic Intelligent AI analysis platform, we have built an intelligent sales empowerment system that covers the entire chain from "lead generation – customer registration – store visit – test drive – order placement- vehicle delivery". This upgrades the traditional sales process, which was primarily driven by sales consultants' subjective operations, into a standardised, refined, and quantifiable "human-machine collaborative" management process. In 2025, the Sales Champion system iterated with 12 new features and 32 optimised functions, demonstrating significant empowerment effectiveness.

Strengthening Customer Communication

The Company has established efficient and smooth multi-dimensional customer communication channels, actively communicating through customer service platforms, user surveys, and other methods to truly understand customer needs and expectations, and continuously improve customer satisfaction.

400 call centre platforms	The Company continues to optimise and perfect the mechanism and matters of services. We optimised the distribution of IVR buttons on the 400 hotlines, arranged dedicated personnel to monitor on an 8-hours-a-day-7-days-a-week basis 22 public opinion platforms, including 12365auto.com, qctsw.com, 12345 hotline to swiftly respond to and deal with customers' needs and made proactive reassurance, so as to enhance their satisfaction and strengthen their loyalty as well.
User surveys	In accordance with the time line research mode of the launching period, the Company adopted a combination of rapid independent research and special verification projects after the launching. By carrying out research methods in advance and actively building connections, we obtained users' portraits and needs for products in a timely manner.
Communication channels	We have opened up a number of unimpeded channels such as official accounts on social media network platforms, the BAIC Motor APP, and the Off Road APP, to collect customer feedback and build barrier-free customer communication channels and dedicated customer interaction platforms like official WeChat accounts and APPs. Those tools support product inquiries, maintenance network lookup, maintenance appointments, and other service needs, thereby strengthening customer connection and enhancing customer stickiness.
Dealership communication platform	The Company has built a dealership community via WeChat to achieve efficient communication and connection with dealers, and ensure rapid response and vertical communication, providing end customers with all-around services.

Below are key data of the Company on customer communications during the Reporting Period:

Indicator	Unit	2025
Total number of customer complaints	Case	2,258
Customer complaint reduction rate	%	12.6%
NPS (Net promoter score)	%	71.8%

Information and Network Security Management

The Company places great importance on the management and protection of information data and network security. Referencing the ISO 27001 system, we have developed various guidelines and regulations, including the "IT Information Security Management Manual", the "Network Management System", the "Management Measures on the Use of Development, Operation and Maintenance Resources by Suppliers", and the "Employee Information Security Manual". These measures ensure the security of the Company's information assets and the business continuity of information systems, achieving safe and stable operation of the network information environment.

Regarding information system data security protection, we have built a data security operation platform. For vehicle owner APP management, we have implemented sensitive data storage encryption and added dynamic signature verification for APP software clients to ensure data transmission security. Through these efforts, we are gradually improving the operational risk management and control of data security for various information systems. For vehicle model data security protection, we focus on data security throughout its entire lifecycle, implementing classified and graded protection according to specifications, and strictly implement the consent mechanism for personal information. Sensitive personal information is encrypted during transmission off-board and off-vehicle sensitive personal information is anonymised when leaving the vehicle. Platform-based technical solutions have been developed, including remote vehicle location query, privacy-by-design, and one-click privacy data clearing.

Customer Privacy Protection

The Company actively upholds its customer-centric values, strictly adheres to national laws and regulations concerning personal information protection, and respects and safeguards customer privacy rights. We have established the "Measures for the Management of Customer Information of Sales Companies", which rigorously govern the input, update, and approval and use of customer data during sales, ensuring data accuracy and validity, and preventing unintended use of customer information. For users' personal and vehicle data within in-car systems and vehicle app software, an information collection prompt is provided during initialisation, and data are only collected after obtaining user consent and authorisation. Furthermore, to address security and privacy risks such as personal information leakage, tampering, or loss, the Company implements classified management of personal information, defines internal management systems and operating procedures for handling personal information security incidents, and adopts corresponding security measures like encryption and de-identification. Dedicated personnel are also assigned to respond to privacy security incidents, take prompt loss prevention and remedial measures, and ensure the security of customer personal privacy data, thereby providing users with safer and more stable intelligent services.

Responsible Marketing

The Company consistently complies with the requirements of laws and regulations such as the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" and the "Advertisement Law of the People's Republic of China", and has established a marketing compliance control mechanism centred on "triple-tier basic review + tiered, targeted final approval." This mechanism, building upon the existing three-level review (supplier, execution level, department level), implements layered final approvals based on content importance. This ensures that core materials undergo multiple checks by management, executive directors, and the related departments, thereby eliminating legal and compliance risks at the source. Simultaneously, we organise our marketing team to regularly and proactively study risk cases that occur within the industry, enhancing their risk prevention and compliance awareness. Additionally, while ensuring marketing compliance, the Company has upheld the principles of responsibility and sustainability throughout brand communication and marketing. In 2025, through trending topics and scenario-based interactions, we communicated a product culture of green development, exploration, and responsibility to society. While highlighting the outstanding performance of its products, the Company reinforced its commitment to reducing carbon emissions and promoting green transformation within the industry.

2.4 Sustainable Supply Chain

Supply Chain Management

With the goal of putting in place a more secure and controllable supply chain system that is suitable for its development needs, the Company has formulated and dynamically optimised a number of internal management policies that cover the entire life cycle of parts and components, including the "Management Measures for Parts Supplier Access Control", the "Parts Supplier Development Process", and the "Management Measures for Performance Evaluation of Parts Suppliers". We will continue to leverage supplier resources and build a high-quality, sustainable supply chain assurance system.

Management and Evaluation	Supplier selection	Based on the Company's product planning, technology upgrade and development, changes in market demand and supplier cooperation performance, we implement a three-pillar supplier system for planning, selection, cultivation, and elimination. This includes initial screening for new suppliers, selection of suppliers in existing systems, and confirmation of designated suppliers for new projects. In this way, we have assembled a complete catalogue of parts suppliers to ensure suppliers operate in line with the Company's development needs.
	Supplier inspection	We strictly implement various access standards outlined in relevant management systems to assess and screen potential suppliers. Qualified potential suppliers are audited and evaluated according to relevant review system details, ensuring they meet the Company's requirements in terms of quality, technology, delivery, cost, and management.
	Supplier audit	A routine supplier audit mechanism has been established during both the new project component development and mass production delivery phases. Audits are conducted irregularly based on actual business needs to comprehensively evaluate supplier quality, delivery capabilities, and deficiencies, urging suppliers to quickly rectify relevant issues and continuously improve their autonomous improvement capabilities.
	Incentives and rectification	We conduct comprehensive compliance reviews and disqualify suppliers who fail to meet our standards. Monthly supplier performance evaluations are implemented, together with a supplier red-list and black-list incentive system to drive performance improvement, ensuring all cooperating suppliers meet compliance requirements and effective controls.

Cooperation and Communication	Strengthening multi-party cooperation	The Company continues to deepen strategic cooperation with world-class international component suppliers featuring advanced technologies and stable quality, promoting intelligent and connected transformation and developing highly integrated and intelligent products.
	Conducting supplier training	We provide specialised training for suppliers, co-develop a digital quality portal with core suppliers, and share process capability data and quality requirements. We also conduct joint process audits and targeted capability improvements for suppliers, increase support for key component suppliers, and continuously enhance our overall supply chain competitiveness.

Indicator	Unit	2025
Total number of suppliers	No.	381
Of which: total number of suppliers in Eastern China	No.	192
Of which: total number of suppliers in Southern China	No.	45
Of which: total number of suppliers in Central China	No.	60
Of which: total number of suppliers in Northern China	No.	53
Of which: total number of suppliers in Northwestern China	No.	1
Of which: total number of suppliers in Southwestern China	No.	16
Of which: total number of suppliers in Northeastern China	No.	14
Total number of suppliers in well-established, long-term cooperation	No.	381
Of which: total number of suppliers in Eastern China	No.	192
Of which: total number of suppliers in Southern China	No.	45
Of which: total number of suppliers in Central China	No.	60
Of which: total number of suppliers in Northern China	No.	53
Of which: total number of suppliers in Northwestern China	No.	1
Of which: total number of suppliers in Southwestern China	No.	16
Of which: total number of suppliers in Northeastern China	No.	14
Number of suppliers to whom the practice was enforced	No.	381
Supplier review coverage rate	%	100

Responsible Supply Chain

The Company requires all suppliers to strictly comply with national laws and regulations such as the "Environmental Protection Law of the People's Republic of China", the "Regulations for the Administration of Pollutant Discharge Permits", and the "Classified Administration Catalogue of Fixed Source Pollutant Permits". The Company has formulated the "Administrative Measures on the Recycling of Hazardous Substances Contained in Automotive Products" and continues to optimise internal policies such as the" Green Supply Chain Control Measures", promoting the full-process environmental compliance management of suppliers and building a sound, green and responsible supply chain system.

Supplier Access Stage	The Company comprehensively assesses the environmental performance of the suppliers to be admitted, confirming the validity of their permits. Besides, PSA (safety control measures or product safety features) on-site audits are conducted on suppliers to check the whole production process of parts and components, ensuring that their products meet technical and environmental requirements.
Stage of new product development	The Company stipulates mandatory environmental protection requirements for its products, prioritising the use of eco-friendly and energy-saving materials to ensure that the content of hazardous substances and recyclability meet the requirements of national regulations and standards for hazardous substances, RRR and material labelling. The design change involved in new developments or changes of materials shall be inspected and the "Hazardous Substances Testing Report" needs to be submitted. At the stage of product development approval and mass production approval, the Company requires suppliers to submit test certificates that meet the technical requirements for environmental protection.
Product Mass Production Stage	The Company supervises whether parts products comply with technical requirements through annual type verification. For suppliers found not to meet technical requirements, the Company imposes corresponding penalties and orders rectification.

Furthermore, the Company continuously monitors sustainable supply chain practices. It has established a relatively comprehensive supply chain sustainability risk management system that integrates environmental and social risks into the full life cycle supplier management system. For new suppliers outside the system, strict assessments are conducted during the access phase regarding their environmental management system certification, pollutant discharge permits, etc. Additionally, an evaluation of social factors compliance is carried out, covering basic supplier information, administrative penalties, abnormal operations, serious illegal information, lawsuits, and dishonesty, to verify that the supplier's operations are compliant and risk-free. For approved suppliers, a normalised monitoring mechanism for environmental performance is established, incorporating environmental certifications and environmental penalties as one of the annual performance evaluation items, urging suppliers to continuously improve their environmental risk control capabilities. Regular inspections of supplier safety production and integrity in business operations are also organised to investigate administrative penalty situations, ensuring the safety, civility, fairness, and compliance of supply chain production and transactions.

3. GREEN DEVELOPMENT

3.1 Responding to Climate Change

The Group actively responds to the national "dual carbon" strategy, upholding a development philosophy of "innovation, coordination, green development, openness, and sharing". We adhere to the guiding principles of "top-down planning" and "scientific carbon reduction" to analyse and formulate implementation plans for our "dual carbon" goals. We then break down and execute annual green and low-carbon targets, gradually establishing an internal "carbon trading" mechanism for BAIC Motor, thereby exploring solutions for a comprehensive low-carbon transition.

Governance

BAIC Motor has set up a Dual Carbon Leadership Group and a Dual Carbon Working Group to collectively advance the Company's "dual carbon" objectives and related management efforts. It is mainly responsible for organising the formulation of the Company's "dual carbon" strategy and annual work plan. Various business lines and production bases then collaborate to advance related tasks according to their respective responsibilities. The Company has established a regular meeting mechanism to study and deploy key "dual carbon" initiatives and to coordinate and resolve implementation issues. We have also set up a "dual carbon" management information sharing mechanism to enhance cross-departmental collaboration and communication. Concurrently, "dual carbon" management targets are integrated into the performance appraisal system, with regular evaluations conducted to strengthen accountability and ensure target transmission.

Dual Carbon Leadership Group	Members: Chairman, Party Secretary, President, and leaders overseeing business lines Responsibilities: To comprehensively oversee and advance the Company's "dual carbon" initiatives, guide and review "dual carbon" strategies, implement superior management's directives, and assess business performance.
Dual Carbon Working Group	Members: Leader overseeing "dual carbon" management, heads of business line departments, and heads of production bases Responsibilities: Under the guidance of the Leadership Group, this group systematically carries out collaborative "dual carbon" management, ensuring that each member effectively implements "dual carbon" management requirements within their scope of responsibility, and urges all units to fulfill their "dual carbon" tasks.
All Departments and Units	Members: All business line management departments and production bases Responsibilities: To implement "dual carbon"-related work according to their respective responsibilities, covering strategic planning and institutional building, carbon reduction in manufacturing and process optimisation, supply chain and product carbon reduction management, green marketing and low-carbon ecosystem development, performance management and green finance support, and human resource allocation guarantees, ensuring the effective execution of the Company's "dual carbon" management requirements across all business areas.

Strategy

BAIC Motor closely monitors domestic and international climate change policies and industry development trends, integrating carbon peaking and carbon neutrality targets into its strategic planning. We are building six major carbon reduction actions that cover the entire product lifecycle. By continuously improving management processes and capacity building, we drive a full-process low-carbon transition, providing support for sustainable development and the industry's green transformation.

Carbon Reduction through Management	Institutional building: We have formulated management regulations such as the "Dual Carbon Management Measures (Provisional)", while refining processes for carbon emission monitoring, statistics, reporting, and verification. Daily management: We regularly conduct energy-saving inspections and carbon emissions accounting to ensure all units effectively meet their carbon reduction targets. Talent development: We organise training on energy conservation and dual carbon management to enhance employees' awareness of energy saving and carbon reduction.
Carbon Reduction through Manufacturing	HVAC system optimisation: We implement precise temperature and humidity control for APC air conditioning in the paint shop to achieve energy savings and improve process quality. Upgrade and efficiency enhancement for high-energy-consuming equipment: We upgrade or replace key energy-consuming equipment such as air compressor systems, boiler systems, chillers, painting robots, and paint repair booth exhaust systems for higher efficiency. Lighting system retrofit: We upgrade lighting sources in factory buildings to improve energy efficiency. Renewable energy application: We construct distributed photovoltaic power stations and procure and consume market-based green electricity to increase the proportion of green electricity in the energy mix. Energy storage system pilot program: We pilot the second-life utilisation of power batteries, converting retired batteries into energy storage systems.
Carbon Reduction through Technology	Material innovation: We adopt short-process hot-formed steel and lightweight, high-strength materials to achieve carbon reduction across the entire value chain. Industry-academia-research collaboration: We collaborate with universities and research teams on specialised technological breakthroughs to promote the mass production of carbon reduction technologies in materials and processes. Process optimisation: We reuse experimental prototype vehicles in R&D and have established a classified and graded standard system to reduce redundant material and process consumption.

Carbon Reduction in the Supply Chain	End-to-end collaborative carbon reduction mechanism: We encourage core suppliers to sign carbon neutrality commitments, incorporate low-carbon metrics into our partnership assessment framework, and drive suppliers to improve energy efficiency and adopt green production practices.
Low-Carbon Ecosystem	We promote new energy vehicles and low-carbon mobility solutions.
Carbon Reduction in Products	New energy product lineup: We have launched pure electric, plug-in hybrid, and extended-range electric vehicles to expand our low-carbon product portfolio. Product technology optimisation: We reduce energy consumption and emissions during the usage phase through efficient electric drive systems and lightweight designs.

Case: Precise APC Air Conditioning Control in New Energy Plant Paint Shops

In the paint shop of our Zhuzhou New Energy Plant, we employ APC air conditioning technology for precise temperature and humidity control. This system rapidly adjusts the opening of air conditioning actuators based on real-time environmental changes in the workshop, enabling fine-tuned regulation of the air conditioning system. During system operation, data are continuously accumulated to optimise control accuracy, enabling fast achievement of the target temperature and humidity range while ensuring process stability and energy efficiency.

Process Quality Improvement: Precise control of temperature and humidity ensures uniform paint adhesion and curing, reducing defects such as sagging, particles, and orange peel. This improves the first-pass yield and reduces rework.

Significant Energy Saving Effects: The air conditioning system intelligently matches power based on actual load, achieving up to 30% energy savings annually.

Equipment Maintenance Optimisation: Potential failures are identified in advance, reducing downtime and maintenance costs. Equipment failure downtime is reduced by 40%, and equipment service life is extended.

Case: Categorised and Quantified R&D Experiment Management Aids Carbon Reduction

We have implemented categorised and quantified management for R&D simulation and analysis experiments. By establishing a performance standard system, optimising work mechanisms, promoting cross-departmental collaboration, and enabling precise development, we have enhanced R&D efficiency and reduced carbon emissions by over 370,000 kilograms.

Establishing a Categorised and Tiered Standard System: In accordance with different vehicle categories and performance requirements, complete vehicle technical specifications and sub-performance standards have been formulated, together with an evaluation mechanism, to reduce over-engineering and redundant material usage at the source.

Standardisation of Work Processes: We have institutionalised management methods and operational procedures to achieve standardised operations and reduce the waste of experimental resources.

Dissemination of Best Practices: Classified and graded practices in vehicle technical specifications, NVH, structural durability, crash safety and other fields have been extended to other performance and component development teams across the institute. The utilisation of prototype vehicles has been optimised, reducing the number of dedicated prototypes while improving utilisation rates, thereby lowering carbon emissions in the R&D phase.

Risk Management

The Company has established a climate change risk management mechanism and integrated climate change-related risks into its overall risk management framework. Following specialised risk management policies and processes that encompass "risk identification", "risk assessment", "risk response", and "risk monitoring", management oversees various business units in conducting daily risk identification and monitoring, and reports significant risk matters on a regular basis.

In accordance with the TCFD framework, climate change-related risks primarily fall into two categories: First, transition risks stemming from policy and regulatory changes, market structural shifts, and technological transformations in response to climate change; and second, physical risks triggered by factors such as extreme weather and rising temperatures.

Climate Change-Related Risks

Climate-Related Risks	Risk Category	Potential Impact	Potential Financial Impact	Response Measures
Transition Risks	Policy and Regulatory Risks	As climate change regulations become increasingly stringent worldwide, related disclosure and compliance requirements continue to escalate. As the Company expands its global operations, it must address climate-related regulatory requirements across various jurisdictions, including the EU Carbon Border Adjustment Mechanism (CBAM), the EU New Battery Regulation, and the EU Corporate Sustainability Reporting Directive (CSRD). Policy changes may impose higher requirements for product market access, supply chain management, and information disclosure, increasing compliance complexity.	Increased Operating Costs	We have continuously monitored domestic and international climate-related policy developments, improved our internal compliance management mechanisms, and enhanced our ESG information disclosure capabilities. We have also integrated climate change response into the Company's medium-to-long-term planning, and proactively planned low-carbon transitions to mitigate policy-related uncertainty.
	Market Risk	Climate change and the trend towards low-carbon transition may lead to shifts in market demand structures, affecting the competitive landscape of products. Fluctuations in energy prices and anticipated resource constraints could drive up production costs. The new energy vehicle market still faces uncertainties regarding technological iteration and consumer acceptance.	Increased R&D and Investment Expenditures Revenue Volatility	We have optimised our product lineup and expanded our portfolio of low-carbon and new energy products. We have also enhanced energy utilisation efficiency, explored the application of clean energy, and strengthened market trend analysis, thus improving product competitiveness and market adaptability.
	Reputational Risk	Against the backdrop of the "dual carbon" target, stakeholders are increasingly focused on corporate climate action and transparency of information disclosure. Insufficient climate response measures or inadequate information disclosure could negatively impact the Company's brand image and investor trust.	Brand Value Impairment Increased Financing Costs	We have actively implemented the requirements related to "dual-carbon" and continued to promote energy conservation, emission reduction and low-carbon transformation initiatives; improved the quality of climate-related information disclosure and enhanced communication with investors and other stakeholders.

Climate-Related Risks	Risk Category	Potential Impact	Potential Financial Impact	Response Measures
Physical Risk	Acute Risk	Extreme weather events, such as floods and typhoons, could impact production facilities, supply chains, and logistics, leading to asset losses, personnel safety risks, and production disruptions.	Fixed Asset Losses Revenue Losses Rising Operating Costs	We have strengthened the identification and assessment of extreme weather risks, and improved emergency plans and tiered response mechanisms; we regularly conduct hazard investigations and emergency drills to enhance disaster response capabilities and mitigate the impact of unforeseen events.
	Chronic Risks	Rising temperatures and long-term climate change trends may impact the stability of production environments, leading to higher equipment maintenance frequency and energy consumption.	Rising Operating Costs	We continuously monitor climate change trends and integrate climate factors into long-term strategic planning; mitigate the impact of chronic climate risks on operations through energy-saving technological upgrades and resource efficiency improvement measures.

Climate Change-Related Opportunities

Climate-Related Opportunities	Opportunity Description	Response Measures
Market Expansion of New Energy and Low-Carbon Products	With the advancement of the national "dual carbon" strategy and policy support for new energy vehicles, market demand for new energy and low-carbon products continues to grow, bringing opportunities for product innovation and business expansion.	The Group continuously enhances its new energy product portfolio, promotes pure electric and low-carbon powertrain models, and consistently enriches its product matrix to meet diverse user needs, while also improving product low-carbon competitiveness through carbon footprint management.
Full-Lifecycle Green Transformation and Operational Optimisation	The national "dual carbon" strategy mandates green upgrades across supply chain, manufacturing, and logistics, offering opportunities for enterprises to boost operational efficiency, reduce energy consumption, and enhance brand value.	The Company implements efficiency improvements and carbon reduction measures, along with process optimisation in manufacturing. We continuously increase the construction of photovoltaic power generation projects and the procurement and consumption of market-based green electricity, optimise logistics and transportation structures, and enhance all employees' awareness of energy conservation and carbon reduction through institutional building and management training, thereby achieving cost reduction and efficiency gains in operations.

Climate-Related Opportunities	Opportunity Description	Response Measures
Green Technology and Industrial Cooperation & Innovation	Responding to climate change drives companies to innovate in materials, processes, and low-carbon technologies, creating conditions for the Company to enhance R&D capabilities and establish industry-leading advantages.	BAIC Motor collaborates with research institutes and universities to promote industry-academia-research cooperation, driving the research and application of green technologies and fostering sustainable innovation capabilities.

Indicators and Targets

BAIC Motor's Annual Green and Low-Carbon Targets

Indicator	Unit	2025 Targets	Achievement
New Photovoltaic Installed Capacity	MW	13	**13**
Green Electricity Procurement Volume	10,000 kWh	2,800	**3,380**
Energy Consumption per Vehicle	kg ce/vehicle	154	**151**
Carbon Emissions per Vehicle	kg/vehicle	369	**336**

Indicator	Unit	2025 Note 1	2024	2023
Scope 1: Direct greenhouse gas emissions	tCO_2e	**166,987.40**	168,636.09	196,551.16
Scope 2: Indirect greenhouse gas emissions	tCO_2e	**177,845.18**	201,565.89	401,846.20
Total greenhouse gas emissions Note 2	tCO_2e	**344,832.58**	370,738.05	598,397.36
Greenhouse gas emissions intensity	tCO_2e	**0.40**	0.39	0.57
Total Electricity Consumption	kWh	**322,137,795.40**	360,964,817.82	923,252,004.44
Total Gasoline Consumption	Liter	**763,183.81**	995,311.58	1,891,604.13
Total Diesel Consumption	Liter	**30,529.67**	40,717.99	57,343.21
Natural Gas Consumption	Cubic Metre	**75,507,515.58**	76,261,256.23	88,716,013.59
Total Purchased Heat	Million Kilojoules	**62,898.78**	71,565.16	67,501.07
Total Integrated Energy Consumption Note 3	tce	**140,875.89**	146,912.60	229,866.37
Integrated Energy Consumption Intensity	tce per vehicle	**0.16**	0.16	0.22

Note 1: Given the significance of production and operations to the Group's business and their environmental impact, the scope of the Group's emissions data for 2025 includes the Company and its related subsidiaries.

Note 2: GHG emissions are calculated with reference to the "GHG Protocol Corporate Accounting and Reporting Standard 2012 (Revised Edition)" published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the "Fifth Assessment Report" issued by the Intergovernmental Panel on Climate Change (IPCC). The emission factor used for calculating indirect emission sources refers to the "Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factor", published by the Ministry of Ecology and Environment of the People's Republic of China in December 2025, adopting a national average electricity CO_2 emission factor of 0.5306 $kgCO_2/kWh$.

Note 3: Total comprehensive energy consumption is calculated based on the consumption of electricity and fuel and the relevant conversion factors provided in the People's Republic of China National Standard "General Rules for Calculation of Comprehensive Energy Consumption GBT2589-2020", including electricity, gasoline, diesel, natural gas and purchased heat.

3.2 Environmental Management System

Guided by the philosophy of "green operation and sustainable development", the Company has established and continuously refined its environmental management system throughout the entire production and operation process. We consistently strengthen institutional building and process control, ensuring the system operates effectively. The Company strictly implements the "three simultaneities" requirements for environmental protection in construction projects, sets targets for emissions and water conservation, strengthens target execution and process supervision, continuously improves environmental management, and strictly adheres to environmental compliance bottom lines.

During the Reporting Period, the Company did not experience any major environmental accidents, nor were there any environmental lawsuits arising from violations of emission regulations.

Environmental Management System	Management Responsibilities and Accountability Mechanism	Senior management is explicitly assigned overall responsibility for establishing and continuously improving the environmental management system. All departments conduct environmental aspect identification, legal and regulatory identification, compliance evaluation, supervision and inspection, and risk control in accordance with their respective responsibilities. Environmental protection goals and indicators are set annually and decomposed level by level to affiliated business units through the "Responsibility Statement for Safety, Energy Conservation and Environmental Protection", with progress tracked on a monthly basis.
	Internal management system	The Company has formulated and implemented management systems such as the "Environmental Management Manual", the "Environmental Protection Management Measures" and other in-house policies. Each branch has formulated a series of supporting environmental protection management systems to simultaneously strengthen the management of pollutant discharges.
	Environmental management certification	We first passed the ISO14001 environmental management system certification in 2012 and have continuously conducted internal reviews and annual supervisory reviews of the environmental management system to ensure its adaptability and effectiveness.
	Safety and environmental emergency management	We have established a safety and environmental emergency management mechanism and adopted graded response measures. We have developed environmental emergency plans to ensure prompt and orderly emergency actions, thereby minimising the impact of incidents. We have also developed an annual environmental emergency drill plan and conducted environmental risk emergency drills.

3.3 Emissions Management

In strict compliance with the emissions management requirements of laws, regulations and standards, including the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on Prevention and Control of Water Pollution" and the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste", the Company has formulated and implemented a number of in-house documents such as the "Solid Waste Control Procedures", the "Hazardous Waste Management Policy", the "Air Pollutant Control and Management Measures", and the "Water Pollutant Control and Management Measures" to establish a sound environmental management system for regulating its full-cycle environmental efforts. Guided by "source control, process optimisation and end-to-end treatment", the Company has set up a collaborative control network to improve production process efficiency, intelligent emission monitoring and waste resource conversion to realise precise graded control and circular utilisation of waste, thereby reducing environmental impact. Furthermore, leveraging green technology, the Company actively promotes pollution reduction and environmental process upgrades, ensuring that wastewater, exhaust gas, and solid waste emissions meet compliance standards.

Emissions Management Goals
The concentration and total volume of pollutants discharged shall comply with the control requirements of discharge permits;
Hazardous waste shall be handled in a lawful and compliant manner;
No incidents of "serious environmental pollution" as defined by the judicial interpretation of the Supreme People's Court and the Supreme People's Procuratorate shall occur.
Environmental violations or non-compliance that result in severe penalties or orders to suspend production or operations issued by government authorities in accordance with provincial environmental protection regulations shall be avoided.
A bonus indicator of a 5% reduction in hazardous waste per vehicle is established. Entities that achieve the target for reducing hazardous waste generation density will be awarded additional points in their safety and environmental performance assessment.

Wastewater Management

Facility Upgrades	We've developed a high-efficiency wastewater treatment system that uses chemical, biological, and other methods. Once the wastewater meets standards, it's uniformly discharged to municipal wastewater treatment plants. We also regularly upgrade and optimise our technical processes to enhance treatment efficiency. We've integrated air flotation technology, disinfection tanks, and sludge drying equipment to reduce sludge moisture content and ensure that discharged water complies with national standards. Some factories have constructed new domestic sewage treatment ponds, and carried out supporting renovation designs for the chemical dosing system of phosphating wastewater to enhance wastewater treatment efficiency.
Real-time monitoring	In accordance with the requirements of national and local environmental protection departments, online surveillance equipment for monitoring COD, ammonia nitrogen, total phosphorus and total nickel is installed. The online monitoring data are connected to the Company's environmental management platforms, and simultaneously integrated into the data platforms of local environmental protection departments for supervision by the government.
Third-Party testing	We regularly commission third-party testing agencies to carry out emission testing to ensure the effectiveness of wastewater treatment and compliance with discharge standards.

Exhaust gas management

Categorised management	Priority is given to the use of raw and auxiliary materials with low VOC content to improve the processing efficiency of environmentally friendly equipment and reduce VOC emissions. At the same time, filter cotton + activated carbon adsorption devices are added to areas such as the paint mixing room and the small repair workshop to improve the VOC removal efficiency and reduce the volatility of VOC. We promote the use of water-based paint spraying and end-of-pipe treatment facilities, such as RTO waste gas treatment facilities, to combine emission reduction at the source with end-of-pipe treatment.
Real-time monitoring	In accordance with the requirements of national and local environmental protection departments, online surveillance equipment for monitoring VOC, nitrogen oxide, and other air pollutants is installed and the online monitoring data are connected to the data platforms of local environmental protection departments in real time for their oversight.
Third-Party testing	We regularly conduct third-party testing to ensure the transparency and compliance of emission data.

Solid waste management

The Company continuously promotes the reduction, recycling, and safe disposal of solid waste in line with its green manufacturing objectives.

	General Solid Waste	Hazardous Waste
Management Principles	Prioritising recycling and resource recovery, uncovering the circular value of waste; disposing of non-recyclable waste in an environmentally safe manner.	Strictly adhering to national regulations regarding hazardous waste management, establishing a comprehensive management mechanism to ensure that generation, storage, transfer, and disposal processes are standardised and controllable.
Categorised management	Managing waste by type, including metals, paper, wood, rubber, and waste plastics, with classified collection and storage.	Managing waste by type, including waste solvents, paint sludge, waste glue, sludge, phosphating slag, oil-soaked rags, and waste laboratory chemical reagents. Establishing a hazardous waste management ledger, and conducting daily supervision and inspection of inbound/outbound records, on-site labels, impermeability, and spill prevention; strictly enforcing physical isolation measures to prevent cross-contamination between different types of waste.
Compliant disposal	Recyclable waste is handed over to qualified waste recycling agencies for disposal, with simultaneous recording of their weight, type, and destination to form a tracking ledger. Non-recyclable waste is handed over to the municipal sanitation system for centralised treatment.	Hazardous waste is subject to full-process supervision through a joint bill, and are linked to joint bill from generation, transportation to terminal disposal, ensuring that the treatment process complies with regulatory requirements and is traceable.
Management initiatives	Prioritising the use of reusable containers for component packaging to reduce the consumption of packaging materials such as wood and cardboard.	Installing sludge dryers to dry sludge before disposal, achieving a reduction in volume.

Noise Management

Identification and control	The Company proactively identifies and analyses noise sources during operation and production, including presses, air pressure stations, paint equipment backup generators, boiler rooms and paint shop fans. Vibration and noise reduction, sound insulation and acoustic absorption measures are adopted to ensure noise level meets regulatory limits and does not affect the daily life of surrounding communities.

Case: Hazardous Waste Reduction and Circular Utilisation at Beijing Benz Automotive Co., Ltd.

In hazardous waste management, Beijing Benz has continuously promoted technological reduction and lean management, while exploring pathways for the resource utilisation of hazardous waste.

In 2025, Beijing Benz implemented a project for the recycling of solvent-based waste solvents. The Company delivers solvent-based waste solvents generated during the paint spraying production process to a qualified third-party institution for distillation. This separates usable components, which are then returned to raw material suppliers for use as feedstock in producing fresh solvents, thereby achieving resource circular utilisation. This project can recycle approximately 300 tonnes of waste solvent annually.

Additionally, Beijing Benz's Shunyi plant has implemented a sludge drying and reduction project to minimise waste sludge. Employing low-temperature heat pump drying technology, sludge moisture content has been reduced from approximately 80% to about 30%, achieving an approximate 60% reduction in sludge volume. This initiative reduces waste sludge by about 300 tonnes annually and has led to an approximate 25% decrease in overall hazardous waste at the Shunyi plant.

Indicator	Unit	2025[Note 1]	2024	2023
Total wastewater discharge	Tonne	**1,874,271.22**	2,027,784.66	1,095,852.55
Total COD emissions	Tonne	**97.50**	123.83	82.92
Total ammonia nitrogen emissions	Tonne	**6.46**	9.85	6.88
Total VOC emissions	Tonne	**443.41**	428.61	217.81
Total SO_2 emissions	Tonne	**2.21**	3.91	5.15
Total production of hazardous wastes	Tonne	**11,413.87**	12,561.05	12,072.51
Hazardous wastes generation intensity	kg/vehicle	**13.16**	13.28	11.59
Total production of non-hazardous wastes	Tonne	**115,448.18**	129,743.73	113,196.74
Of which: metal	Tonne	**84,855.75**	86,906.28	71,106.50
Of which: paper	Tonne	**7,038.33**	10,069.55	9,156.76
Of which: timber	Tonne	**7,300.11**	11,652.14	11,317.28
Of which: others	Tonne	**16,253.99**	21,115.77	21,616.21
Non-hazardous waste generation intensity	kg/vehicle	**133.07**	137.21	108.63

Note 1: Based on the importance of production and operation to the Group's business and its environmental impact, the scope of the Group's emissions data for 2025 includes the Company and its related subsidiaries.

3.4 Water Resources Management

The Company implements all national and local requirements for water conservation action plans, continuously promoting the efficient use of water resources. We focus on the goal of reducing water consumption per unit product, strengthening water management throughout the entire process, and enhancing water resource utilisation efficiency.

Management Mechanisms	We conduct water balance tests to identify water usage distribution across various links and water-saving potential. We conduct leak detection and damage inspection for water supply networks to reduce losses from leaks and seepage. We strengthen inspection and maintenance management of water supply system equipment to ensure stable operation of the water supply system.
Leakage Control	We conduct data analysis and routine inspections of the water supply system to identify and repair pipeline leak points. We optimise water supply pressure and water usage patterns within the plant to reduce non-production losses. In new construction or renovation and expansion projects, we optimise pipeline design to enhance ease of maintenance and reduce leakage risks.
Process Optimisation	We adjust the cleaning cycle for washing tanks in processes such as painting, thereby reducing the frequency of wastewater discharge. We optimise spray flow settings to reduce water consumption while still meeting quality requirements.

Recycling and Reuse	Some treated wastewater is reused in various areas, including landscape irrigation, vegetation greening, and industrial production. We have established domestic wastewater treatment facilities and launched a steam recovery programme at the wastewater treatment plant, effectively reducing water resource consumption.

Indicator	Unit	2025	2024	2023
Total water consumption	Tonne	**5,012,068.35**	4,804,196.67	5,764,546.10
Production energy consumption intensity	Tonnes per vehicle	**5.78**	5.08	5.53
Total recycled and reused water	Tonne	**137,308,347.60**	109,427,245.20	93,318,162.80
Percentage of recycled and reused water	%	**96**	96	95

3.5 Circular Economy

The Company focuses on source reduction and resource recycling to promote circular economy practices throughout its production and operations. This approach aims to reduce the use of single-use materials, decrease resource consumption, and minimise waste generation.

Green Packaging	We promote circular packaging to replace single-use packaging materials, thereby reducing the use of wood, cardboard, and other packaging materials. We require component suppliers to use reusable containers for external packaging, so as to establish a circular packaging management system. Digital systems are used to monitor packaging flow and operations, reducing the consumption of single-use packaging materials. We promote reusable packaging materials to reduce packaging waste generation in the supply chain.
Green Office Practices	We're implementing an electronic approval process and promoting paperless office operations. We advocate for concise document content and double-sided printing, utilising reusable ink cartridges to minimise paper consumption. By optimising our office environment and extending the lifespan of furniture, we save more lumber, prolong asset utility, and reduce replacement frequency.

In terms of smart logistics, Beijing Benz has achieved 100% paperless operations in its logistics processes and paperless office work under the AMS system.

Case: Establishing a Used Car Business System, Embracing the Circular Economy

As a leader in the automotive industry, Mercedes-Benz has responded to market potential and customer demand. Partnering with its authorised dealers, it has developed an official certified used-car brand and service system tailored for the Chinese market, offering customers one-stop trade-in services and high-quality official certified pre-owned vehicles.

In 2025, actively responding to the national policy of "trade-in for new", the company launched an "exclusive same-brand trade-in programme" for existing Mercedes-Benz customers. This promoted vehicle circulation among Mercedes-Benz customers and supplied high-quality vehicles for its official certified used-car business. Through the circular economy, more customers can access Mercedes-Benz products and services.

3.6 Environmental Training and Capacity Building

The Company continuously strengthens environmental training and capacity building to enhance all employees' awareness of environmental compliance and management capabilities. During the Reporting Period, the Company conducted special training and inspections on issues such as standardised management of hazardous waste and waste sorting, reinforcing employees' understanding and implementation capabilities of environmental operating procedures. Each affiliated entity conducts environmental training and assessments for new employees annually, achieving 100% training coverage.

Beijing Hyundai – World Environment Day (June 5) Publicity & Quiz Event

Case: Beijing Benz launches the "Green Mountain Reading Corner"project to promote the construction of green culture

To further enhance our employees' awareness of the ecological environment, Beijing Benz has launched the "Green Mountain Reading Corner" project in its factory area, becoming the first domestic manufacturing enterprise to introduce this project. By creating a green reading space, introducing books and knowledge resources related to ecological civilization, environmental protection and sustainable development, this project aims to provide a learning and communication platform for employees, and promote the dissemination of environmental protection concepts within the enterprise.

Through the "Green Mountain Reading Corner" project, Beijing Benz has built a green reading network that covers all employees. By empowering and popularizing environmental protection concepts through culture, stimulating employees' awareness of green actions, it helped the enterprise create a more systematic and multi-dimensional green cultural ecology, and provided a model for the manufacturing industry to implement the new development concept of "innovation, coordination, green, openness and sharing" proposed by General Secretary Xi Jinping.

Indicator	Unit	2025
Number of Environmental Training Sessions	Times	54.00
Number of Participants in Environmental Training	Participants	37,825.00
Fund Investment in Environmental Training	RMB10,000	10.44
Investment in Environmental Protection Technical Renovation Projects	RMB10,000	6,105.07

4. EMPLOYEE RIGHTS AND INTERESTS

In 2025, BAIC Motor was honored with the "2025 Outstanding Employer" and "2025 Customer Success Award" for its comprehensive performance in recruitment system development and social responsibility fulfilment, continuously enhancing its employer brand influence.

4.1 Equal Employment

BAIC Motor adheres to the talent philosophy of "people-oriented, realising the full potential of staff, and promising to achieve win-win situation". We strictly comply with relevant laws and regulations, such as the "Labor Law of the People's Republic of China". In conjunction with the Company's operational needs, we have formulated and implemented the "Recruitment Management Policy of BAIC Motor". This system establishes standardised and clear recruitment procedures and standards, unifies our external recruitment image, and ensures the compliance and standardisation of our recruitment efforts. At the same time, the Company effectively integrates resources to build a diverse team, enabling employees from different cultural backgrounds to work together, thereby enhancing the team's cultural inclusivity and cohesion.

The Company, guided by its development strategy and core business direction, formulates reasonable annual recruitment plans, refines its talent acquisition and selection system, expands recruitment channels, and strengthens collaborative efforts among its branches and departments to enhance the quality and efficiency of recruitment. Recruitment operations are managed through a standardised process, with clear requirements for each stage, including job requisition, information dissemination, screening and interviews, and hiring approvals, ensuring transparency and consistent standards throughout the procedure.

In all recruitment activities, the Company upholds the principle of equality and opposes any discriminatory practices based on factors such as gender, ethnicity, and religious belief. All recruitment information undergoes multi-level review to prevent discriminatory language; no discriminatory questions unrelated to the position are asked during the recruitment process, ensuring a fair and impartial selection process. The Company focuses on optimising its talent structure and continuously organises campus recruitment to proactively secure young talent. Additionally, we actively provide regular and summer internship positions, offering practical platforms for college students and supporting the growth of young talent.

As of the end of 2025, the total number of employees in the Company, its subsidiaries, and joint ventures was 35,298, with a 100% employee contract signing rate.

Indicator	Unit	2025
Percentage of full-time employees	%	100%
Number of production workers	person	25,367
Number of technical staff	person	5,859
Number of sales personnel	person	1,863
Number of other personnel	person	2,209
Percentage of male employees	%	88%
Percentage of female employees	%	12%
Percentage of employees aged below 30	%	32%
Percentage of employees aged 30 and between 30 and 50	%	64%
Percentage of employees aged equal to and above 50	%	5%
Percentage of employees in Eastern China	%	5.11%
Percentage of employees in Southern China	%	2.13%
Percentage of employees in Central China	%	16.21%
Percentage of employees in Northern China	%	75.29%
Percentage of employees in Southwestern China	%	0.47%
Percentage of employees overseas	%	0.79%
Percentage of employees from ethnic minorities	%	3.58%
Percentage of foreign employees	%	1.04%
Percentage of female management	%	15.00%
Annual turnover rate of employees	%	1.14%
Annual turnover rate of male employees	%	0.93%
Annual turnover rate of female employees	%	0.21%
Annual turnover rate of employees aged below 30	%	0.43%
Annual turnover rate of employees aged 30 and between 30 and 50	%	0.67%
Annual turnover rate of employees aged equal to and above 50	%	0.04%
Annual turnover rate of production employees	%	0.40%
Annual turnover rate of technical staff	%	0.47%
Annual turnover rate of sales staff	%	0.10%
Annual turnover rate of other staff	%	0.17%
Annual employee turnover rate in Eastern China	%	0.13%
Annual employee turnover rate in Southern China	%	0.07%
Annual employee turnover rate in Central China	%	0.02%
Annual employee turnover rate in Northern China	%	0.87%
Annual employee turnover rate in Southwestern China	%	0.00%
Annual employee turnover rate in overseas	%	0.04%

4.2 Employee Rights and Interests

The Company always respects the legitimate rights and interests of employees, and strictly complies with and implement the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, the “Provisions on the Prohibition of Using Child Labour” and other relevant laws and regulations, building a full-process management system. The Company has established a management mechanism covering the entire employment process and strictly eliminates the employment of child labour and forced labour. During the employee onboarding process, the Company verifies their ID card information and follows standardised employment review procedures. In the Reporting Period, the Company had no incidents of violating international, national, or local standards and regulations concerning child labour or forced labour.

Reasonable Working Time	According to internal rules and policies including the “Collective Contract” and the “Measures of BAIC Motor for Attendance Management”, the Company has adopted a standard working hour system of 5 days a week and 8 hours a day. Positions involving the comprehensive working hour system should go through the prescribed application and approval procedures stringently. We strictly implement the leave arrangements for national statutory holidays, and pay employees wages in full during their annual leave, marriage leave, funeral leave, public holidays, etc. For overtime work, a pre-approval mechanism is in place, strengthening process control to ensure employees’ right to reasonable rest.
Employee Remuneration System	Based on regulations such as the “Measures of BAIC Motor for Management of Employee Remuneration” and the “Measures of BAIC Motor for the Management of Employee Incentives and Disincentives”, the Company has established a salary and benefits system that is centred on the value of the position and guided by the performance and ability of its employees, strengthening incentives and support for professional and technical talent, innovation and efficiency-improvement teams, and employees with outstanding value contributions. We continuously optimise our compensation structure and incentive mechanisms, benchmarked against industry and regional compensation levels, to ensure fairness in distribution and market competitiveness, aligning with the Company’s development stage and business needs. We have promoted a Special Plan for Human Resource Management to streamline the management procedures for the research and development team. We have implemented special support policies in terms of performance incentive and resource allocation, ensuring the effective advancement of major projects.
Workplace Democracy	Regarding regulations and policies vital to employees’ interests, we legally safeguard employees’ rights to know, participate, express, and supervise, fully soliciting their input. The labour union signs the Collective Contract with the Company through the collective negotiating mechanism and gets it registered with the Human Resources and Social Security Bureau of Shunyi District, Beijing, so as to fully protect the rights and interests of employees.

4.3 Safety and Health

In strict accordance with the requirements of various occupational health laws and regulations such as the "Law of the People's Republic of China on Work Safety" and the "Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China", the Company has formulated and implemented several occupational health management policies such as the "Performance Appraisal, Accountability and Incentive Policy for Work Safety and Environmental Protection", the "Environmental, Occupational Health, Safety and Energy Management Procedures for Construction Projects" and the "Occupational Disease Prevention and Control Management Measures", so as to build an occupational health protection system that covers both headquarters and its subsidiaries. The Company and certain subsidiaries have got certified by ISO 45001 Occupational Health and Safety Management System. Simultaneously, we actively conduct job safety training and emergency drills, strengthening employees' safety awareness and operational standards, thereby ensuring the implementation of annual occupational health management objectives. No employee health and safety lawsuits occurred during the Reporting Period.

Production Safety Management System

The Company has set up sound safety management organisations, clarified duties and charters, and continued to perfect the work safety responsibility system covering all its employees. We formulate production safety and occupational health targets/indicators every year, with target responsibility documents signed at each level.
The Company prioritises ensuring intrinsic safety and meeting requirements for work safety, fire safety and occupational health at the same time, reinforcing the intrinsic safety foundation.
A safety risk classification control system, a dynamic hidden danger screening and management system, and an emergency management system are established as three lines of defence for safety and health, to minimise the occurrence of accidents and injuries.
The Company conducts annual review, and establishes an improvement mechanism by the certification of work safety standardisation and occupational health & safety management systems.
The Company has developed a safety incentive and accountability system, as well as certain information exchange mechanisms such as the safe meeting system to effectively maintain the quality of the system's operation.
The Company builds a culture of safety and conducts regular safety education and culture publicity activities, guiding all employees to know about and act on safety requirements.

Production Safety and Occupational Health Compliance Management

The Company strictly abides by the requirements of the national and local laws, regulations, rules and standards, and occupational health and safety management system in combination with the requirement of the compliance management of the Company. The Company conducts compliance evaluations, analyses the internal and external requirements identified therefrom and implements such requirements by adjusting internal documents every year. Meanwhile, we maintain the efficient operation of the safety management system through the establishment of organisations, allocation of responsibilities and establishment of mechanisms, with sound results achieved therefrom.

Production Safety Management

Risk and Hidden Danger Investigation	The Company improves the hazard identification and management system by developing inspection checklists and self-inspection and patrol workflows, ensuring timely identification and closed-loop rectification of hazards. The Company assigns dedicated personnel for emergency duty and conducts regular risk and hazard inspections, and carries out internal and external collaborative audits, with strict deadlines for rectification.
Use of Safe Production Equipment and Low-Hazard Materials	The Company gives priority to non-toxic, harmless and eco-friendly materials at the product design stage to protect the health of customers and employees, while ensuring environmental friendliness. We conduct safety acceptance checks for new equipment to ensure compliance with safety standards before it is put into use. We have advanced environmental upgrades and technical modifications in painting workshops, replacing oil-based paints with water-based paints and other materials.
Distribution of Labour Protection Supplies	The Company formulates the “Measures on the Management of Labour Protection Supplies”, which clarify the standards for personal protective equipment allocation, and strictly enforce them to ensure that the labour protection supplies provided for each position meet the required needs. We provide protective equipment for various occupational hazard positions, including anti-smash and anti-puncture shoes, protective gloves, safety glasses, and gas masks, to ensure employee safety during operations. The Company has established a ledger for the distribution of labour protection supplies, built a special warehouse to store such supplies, and ensured the implementation of its distribution to reduce employees’ risk of exposure to occupational hazards.

Capacity Building and Training	We conduct emergency drills to test the practicality and reliability of departmental emergency plans and enhance on-site emergency response capabilities. We organise safety education and training and skill enhancement activities for both management and all employees, covering issues such as production safety, fire safety, occupational health, defensive driving, and fire prevention and suppression. By integrating the themes of Work Safety Month, Fire Safety Month and special safety activity days, the Company has fostered a strong safety culture through online promotion, offline training and interactive competitions, raising safety awareness among all employees.

Occupational Health Management

Occupational Hazard Monitoring	For positions and employees exposed to occupational hazards, we have established a "one person, one file" system. The Company conducts annual identification and detection of occupational hazard factors, promptly reports and monitors occupational disease hazard projects, ensuring that monitoring and control measures are effectively implemented. The Company regularly monitors and evaluates occupational hazard factors in the workplace to ensure that monitoring points meet standards, and implements technical or engineering modifications in key positions to reduce occupational hazards.
Employee Health and Surveillance	Based on the occupational hazards present in each post, the Company provides occupational health examinations before employment, during employment, and upon departure, covering all employees and those in high-risk posts. Employees with abnormal health conditions or occupational contraindications identified in examinations are promptly reassigned to other posts to safeguard their health and safety. Physical examination packages with different items are provided based on employees' age and gender.
Occupational Health Training	The Company conducts occupational health training, including job health risk education and occupational hazard protection training, to enhance employees' occupational health awareness and emergency response capabilities. The Company organises specialised training for key positions and management personnel, such as occupational health certification training, health lectures, and operational drills, to ensure comprehensive coverage and enhance occupational health management capabilities for all employees.

Special Occupational Health Activities	For high-temperature work environments, we develop specific heatstroke prevention and cooling measures, including providing medication, beverages, air conditioning, or other cooling facilities, as well as arranging reasonable job rotation to reduce risks associated with high-temperature operations. We organise psychological counselling and mental health training, paying close attention to the psychological adaptation of new employees and those in high-pressure positions.

Case: Fujian Benz Implements Hazard Investigation

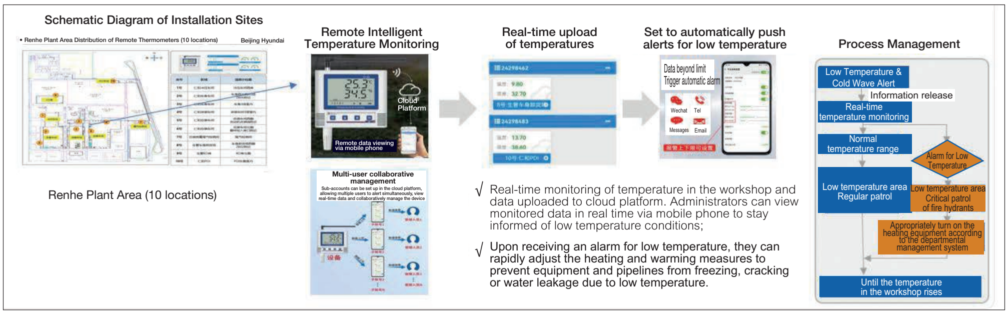
Fujian Benz has established a hazard investigation mechanism featuring "full participation and hierarchical control", enhancing the institutionalisation and execution capacity of safety production management. This provides effective assurance for accident prevention and safety risk control, and continuously deepens the outcomes of comprehensive investigations and rectifications of production safety and fire hazards.

In 2025, in accordance with the requirements of the "Three-Year Action Plan for Tackling Key Problems in Production Safety(2024-2026)", Fujian Benz conducted regular investigations into major potential safety accidents, including special investigations into external thermal insulation materials of existing high-rise civil buildings, special fire prevention inspections of cold storage insulation layers, and fire safety inspections during autumn and winter. The Company organised a total of 42 safety inspections, identifying 118 safety hazards. All were rectified within the stipulated timeframe, achieving a 100% elimination of major safety hazards, effectively curbing the occurrence of serious safety incidents and significantly lowering the safety risk level.

Case: Beijing Hyundai's Digital and Intelligent Safety Management

Beijing Hyundai actively promotes digital and intelligent safety management, with all departments carrying out special digital, intelligent improvement activities to foster deep integration of technological means and safety management. Leveraging smart safety systems, intelligent signage, image collection, and efficient information transmission, the company achieves real-time management of risk monitoring, accident prevention, and emergency response at work sites.

In 2025, Beijing Hyundai completed a total of 69 digital and intelligent safety management projects, realising refined and efficient safety management, which provided effective assurance for accident prevention and employee occupational health.



Case: Zhuzhou Branch Continues to Promote Mental Health and Protection Training

During the Reporting Period, the Zhuzhou Branch conducted diverse and rich occupational health promotion and training activities centred around the theme of "Caring for Workers' Mental Health". These initiatives strengthened occupational health management awareness, enhanced employees' protection skills and mental health, and provided sustainable health assurance for employees in high-risk positions.

Integrated Online and Offline Communication:

- Offline: 10 banners, 20 posters and 4 display boards were placed at the factory gate, workshops, canteen and other areas. 1,000 brochures were distributed, with more than 1,200 on-site consultations;
- Online: Eight pieces of occupational health information were pushed through the enterprise WeChat EHS platform. Warning cases were played in a loop on electronic screens in office areas and workshops, with a daily average exposure of more than 800 people.

Interactive Education and Promotion:

- Participated in the launch ceremony of Hunan Province's Occupational Disease Prevention and Control Publicity Week activities;
- The Company conducted an in-house "Occupational Health Knowledge Quiz", covering 1,410 employees (including 1,001 personnel in posts exposed to occupational hazards), with the average score increased by 23%;
- We organised a "Protective Equipment Wearing Skills Competition" to reinforce employees' awareness of standardised operations through practical drills.

Special Mental Wellness Initiative:

- We set up "Mind Station" psychological counselling points in various departments to provide employees with mental health screenings and counselling services;
- We conducted "5-Minute Mindfulness Relaxation" exercises during pre-shift meetings, helping employees alleviate work pressure and enhance their psychological adaptability.

Indicator	Unit	2025	2024	2023
Number of Work-Related Fatalities	person	3[Note1]	0	1
Work-Related Fatality Rate	%	0.0085	0	0.0038
The lost workdays due to the work injury per 200,000 working hours[Note 2]	person-days per 200,000 working hours	6.83	/	/

Note 1: Not classified as a "production safety accident". Recognised as a work-related fatality due to a sudden illness.

Note 2: This lost days due to the work injury per 200,000 working hours indicator is newly added for the year.

4.4 Growth & Development

The Company has always regarded talent as the most valuable resource, and is committed to recruiting, nurturing, appreciating and valuing talent. It has built a systematic talent echelon around the development of its core business, opened up dual promotion channels for management and professional tracks, and established a systematic training system. This has comprehensively strengthened employees' career growth and organisational effectiveness, providing solid talent support for the Company's sustainable development.

Talent Echelon Development

In 2025, BAIC Motor closely aligned with the corporate development strategy and focused on the three core business segments: R&D, production, and marketing. The Company continued to advance talent echelon development. To support the development of key frontline businesses, the Company prioritised the recruitment of high-quality professional talent in key areas such as system development, process engineering, frontline marketing, and new media marketing. Through multi-channel and targeted special recruitment, we cumulatively brought in over 200 high-end and urgently needed professionals throughout the year, optimising our personnel structure, enhancing overall organisational effectiveness and the strategic value of human resources, and laying a solid talent foundation for the Company's sustainable development.

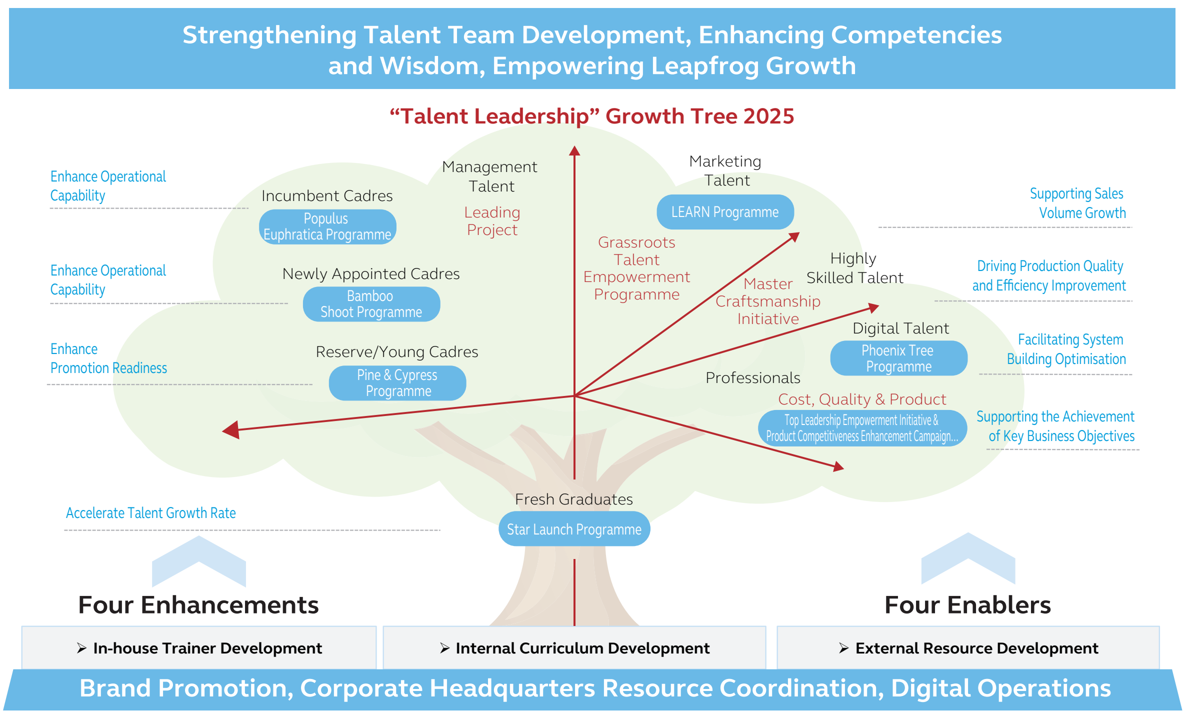
Staff promotion

BAIC Motor is dedicated to recruiting, nurturing, appreciating, and valuing talent. We adhere to principles of fairness and impartiality, with quality and knowledge as the basis and ability and experience as the criteria for promotion. We have set up a dual-track promotion mode for management and occupational development, so as to open up career pathways for employees. We have established a promotion system guided by "post value", featuring vertical promotion, horizontal expansion and career ladders. We regularly optimise the alignment between employees and positions, and implement excellent talent programmes to strengthen talent reserves in key positions. Going forward, on the premise of vacant established positions (referring to positions defined by specific job types, roles or professional titles in the organisational structure according to operational needs, but not yet filled by formal staff), and guided by the "dual-track planning" and based on qualification standards, the Company will conduct targeted training for potential and high-potential talent by level and professional sequence.

Employee Training

BAIC Motor's training management system supports the organisation's core strategic objectives. We have established the "Training Management Measures of BAIC Motor". In response to core business challenges, the training management system aims to enhance organisational effectiveness, stimulate talent vitality, and foster resilient business growth. It integrates efforts in three dimensions: the development of strategically critical talent, integration of business and training, and improvement of employee competence and efficiency. This ensures training meets short-term organisational needs and builds capabilities for the Company's long-term development.

Leveraging digital platforms, internal and external resources, and its comprehensive training management system, the Company systematically develops growth pathways for all types of talent. It designs diverse development programmes based on organisational development stages and needs, creating an accelerated growth channel for young employees and cultivating the cadre team and high-end professionals through the dual career paths of management and professional development.



Regarding core talent development, the Company formulates scientific, systematic, and targeted training strategies tailored to the unique characteristics and development needs of different talent groups, continuously strengthening organisational capacity building:

Enhancing the Reserve and Development System for Young Talent	For fresh graduates, we implement the "BAIC Motor 'Rising Stars' Growth Planning System", which promotes rapid development through a phased training mechanism: • Star Launch Programme: Focusing on onboarding integration and practical experience, we design frontline practice activities such as internship proposals, real-vehicle sales experience, and simulated live streaming to help fresh graduates quickly adapt and create value. • Star Shine Programme: Focusing on long-term development, this programme systematically identifies high-potential young talent through phased interviews and continuous tracking, supporting their career growth and integration into the organisation.
Deepening Capacity Building of the Cadre Team	According to the "Talent Leadership Plan", we have developed the "BAIC Motor 'Talent Leadership' Plan – Leading Project Cadre Training Plan", providing thematic empowerment on key business management issues: • "Populus Euphratica Programme" for Serving Cadres: Focusing on areas like cost reduction and efficiency improvement, risk prevention and control, and sustainable development, the Company conducts cross-departmental collaboration and ecosystem-oriented business operations training. Courses cover competitor insight, enterprise AI application, economic responsibility audit, integrity building, and Party building in state-owned enterprises, thereby enhancing the comprehensive performance capabilities of cadres. • "Bamboo Shoot Programme" for Newly Appointed Cadres: This programme provides new and rotating cadres with quarterly online courses, combined with offline courses on Party building, quality management, cost control, and risk management. It also organises visits to benchmark enterprises to accelerate role transition and capability enhancement.

Indicator	Unit	2025
Percentage of trained employees	%	100%
Of which: percentage of male employees completing the training	%	100%
Of which: percentage of female employees completing the training	%	100%
Of which: percentage of senior management members completing the training	%	100%
Of which: percentage of middle management members completing the training	%	100%
Total hours of employee training	hour	798,940.76
Average completed training hours per employee	hour/person	31.31
Of which: average completed training hours per male employee	hour/person	31.22
Of which: average completed training hours per female employee	hour/person	32.16
Of which: average completed training hours per senior management employee	hour/person	110.00
Of which: average completed training hours per middle management employee	hour/person	24.96
Training expenses	RMB100 Million	0.09

4.5 Staff Care

The Company makes the main channel of the Staff Congress available, actively responds to the concerns of employees, and continuously carries out diversified care activities around employees' needs. Through special support and consolation mechanisms, it provides assistance and safeguards for employees in need, continuously enhances their sense of belonging and organisational identity, and builds a staff culture ecosystem featuring "high ideological awareness, warm activities and dense presence of support platforms".

Listening to staff's demands

BAIC Motor adheres to ensuring employees' rights to information, participation, expression, and supervision. In accordance with the requirements of the labour union and the Company's Party Committee, significant matters involving employees' vital interests are submitted for deliberation at the Staff Congress. We continuously promote the standardised upgrade of grassroots Staff Congress building and strengthen supervision and inspection of its implementation. In 2025, the Company convened two sessions of the Staff Congress to deliberate on important matters such as the "BAIC Motor 2024 Report on Production Safety and Employee Occupational Health", the "BAIC Motor 2024 Report on Business Entertainment Expenses", the "BAIC Motor 2024 Business Operations Report", as well as the election of employee directors, ensuring that the vast majority of employees fully exercise their rights in the Company's major decisions.

Employee Care

Facility Development

The Company's internal sports courts and gymnasium are open to employees at noon and in the evening every day, providing venues for physical exercise and encouraging employees to maintain physical vitality outside of work.

We conduct regular professional maintenance on cultural and sports facilities such as the Staff Home, Staff Activity Centre, Mental Stress Relief Room, and Yoga Studio, ensuring safe use by employees and supporting mental and physical relaxation and leisure activities.



Enriching Cultural and Sports Activities

Throughout the year, we host four online fitness events via the Keep app, smart manufacturing-themed parent-child study tours, and organise basketball, table tennis, and swimming competitions to enrich employees' leisure time.

Various subsidiaries organised over 90 activities including the "Family Carnival", brisk walking events and football matches, involving 4,200 employee participations with a staff participation rate of over 90%, enhancing team cohesion and employee well-being.

Enhancing Employee Well-being

We launched a warmth-delivery campaign under the theme "Striving Together in the Three-Year Leap, Spreading Love for a Happy BAIC", with a total investment of RMB3.6365 million in the warmth-delivery campaign by trade unions in the whole system. A total of RMB1.5028 million was invested in the "Delivering Coolness in Summer" campaign.

We implemented a Union Chairperson Reception Day, following up on and resolving over 10 suggestions proposed by 40 employees, demonstrating how employee feedback is valued in organisational decision-making.

Special solicitude activities

We have launched the "Delivering Coolness in Summer" campaign and organised 12 specialised condolence activities for the off-road vehicle double-shift production team, frontline sales teams, and the C37TB Task Force, covering more than 1,800 employees and investing more than RMB320,000 to safeguard workforce stability.

We conducted home visits to console 4 employees affected by flood disasters, and provided special assistance to 19 employees through the support funds of BAIC and the Great Love Fund to help the employees tide over the difficult period.

Caring for female employees	On International Women's Day, the Company carries out festive activities for female employees, including holiday benefits and psychological counselling, to support work-life balance; We held the theme event "Showcase Women's Achievements, Gather Momentum for Leapfrog Development" to honor annual outstanding female employees, accompanied by handicraft activities to enhance their sense of belonging and identity; We continue to develop lactation rooms, providing convenience and support for breastfeeding employees; We organise summer camps and summer childcare programmes for employees' children, alleviating family caregiving pressure and enabling employees to work with peace of mind.

5. SUPPORTING SOCIAL WELFARE

5.1 Charity

Spearheaded by the values of "openness and sharing", the Group combines business responsibility with social responsibility. Given its characteristics and advantages, it actively responds to the needs of the society, participate in charitable activities, and conducts public welfare donations to jointly create a better future.

Case: BAIC Group's "Beautiful BAIC, Walking with Love" Public Science Education Programme

In conjunction with the "Beautiful BAIC, Walking with Love" project, the Company dispatched young engineers to provide science popularisation classes on automobiles for sponsored students from remote mountain areas, helping them visualise their automotive dreams. Additionally, in 2025, the Company provided support to 42 underprivileged students, with a cumulative aid amount of RMB91,000.

Case: Fujian Benz's "Morning Star Programme"

Fujian Benz continued to deepen its corporate public welfare brand, the "Morning Star Programme", during the Reporting Period:

- It donated a smart calligraphy classroom to Youxi County Second Experimental Primary School, equipped with intelligent copying platforms, digital font libraries, professional teaching software and other facilities, providing students with an immersive and intelligent calligraphy learning environment;

- It supported the hosting of the 2025 Minhou County Youth Science and Technology Innovation Competition and the 2025 Cross-Strait Youth Science Education Exchange Conference;

- It offered scholarships to 46 left-behind and disadvantaged girls in Xiyang Village, Guanyang Town, Fuding City.

Case: Donation to the Public Welfare Desertification Control Project in Hotan Prefecture, Xinjiang

The public welfare desertification control project in Hotan Prefecture is a crucial initiative that responds to Xi Jinping's ecological civilisation philosophy and the Party's new era's strategy for governing Xinjiang, and implements Phase VI of the national Three-North Shelter Forest Programme and the strategic deployment of the battle against desertification on the edge of the Taklimakan Desert. The Company responded to the call and supported the public welfare desertification control project in Hotan Prefecture, subsidising local residents for planting and maintaining economic green plants to fulfill its social responsibilities.

Case: Donation of Vehicles to the Post-disaster Reconstruction Project for Shigatse

On January 7, 2025, a 6.8-magnitude earthquake struck Dingri County, Shigatse City, Xizang. The Company donated BJ60 series vehicles to the People's Government of Lhasa City and the Red Cross Society of Shigatse City in the Xizang Autonomous Region, supporting post-earthquake reconstruction in the earthquake-stricken area, fulfilling its social responsibility.

5.2 Volunteer Activities

The Company actively organises employees to participate in various national and corporate youth volunteer activities, helping communities and vulnerable groups. These efforts foster teamwork and a sense of social responsibility, practice corporate social responsibility, build a positive public image, and give back to society through concrete actions.

Case: BAIC Motor Launches Volunteer Services, Continuously Fulfilling Social Responsib

- During the Spring Festival, 12 young volunteers were organised to participate in the large-scale public welfare event "Warm Journey Home". They provided volunteer services such as on-site guidance and assistance to passengers returning home.
- In April 2025, five young employees were organised to participate in the exclusive taxi service at key railway station in Beijing (Beijing West Railway Station), offering care and support to taxi drivers in Beijing.
- During "Lei Feng Month" in 2025, a series of volunteer activities titled "Strive to Learn from Lei Feng, Youth Strives to Be Pioneers" were launched. Nine "Learn from Lei Feng" activities were held focusing on themes such as public environmental improvement, blood donation, and elder care services.

Indicator	Unit	2025	2024	2023
Total Charitable Donations During the Reporting Period	RMB10,000	**259.41**	/	/
Sessions of volunteer activities	session	**48**	56	53
Number of employees participating in volunteer activities	person	**560**	787	796
Hours of volunteer activities during the Reporting Period	hour	**420**	469	424
Number of beneficiaries in volunteer activities during the Reporting Period	person	**7,560**	8,100	7,129

5.3 Response to Rural Revitalisation

BAIC Motor is vigorously advancing rural revitalisation by actively responding to the strategy of large-scale development of the western region, opening factories to local communities, and developing industrial tourism to diversify channels for rural revitalisation. The Company has fully planned and implemented assistance programmes for economically underdeveloped regions.

In 2025, the Company continued to implement the policy on procurement for consumption assistance. It actively organised various departments to conduct assistance matching and exchanges, and distributed product catalogues. It also required canteens and labour unions of all units to reserve designated procurement quotas for purchasing assistance products when buying agricultural and sideline products. During the Reporting Period, the labor union purchased over RMB 230,000 worth of assistance products during the Spring Festival and Dragon Boat Festival. The Company’s canteens selected 5 intended assistance product distributors, covering 5 counties in assisted regions. The products included fruits, grain, oil and meat, further boosting rural revitalisation and assistance.

ESG INDICATOR INDEX

Aspects	Description	Page
A1 Emissions	General Disclosure Information relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p116-119
	A1.1 The types of emissions and respective emissions data.	p120
	A1.2 [Repealed 1 January 2025]	/
	A1.3 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p120
	A1.4 Description of the emission target(s) set and steps taken to achieve them.	p116
	A1.5 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	p116-119
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	p115
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	p114
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	p121
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	p114
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency, and targets set and steps taken to achieve them.	p120
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, this indicator is not a significant ESG-related issue of the Company

Aspects	Description	Page
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	p115
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	p71-76, 121-123
D Climate Related Disclosure	(I) Governance	p107-108
	(II) Strategy	p109-111
	(III) Risk Management	p112-114
	(IV) Indicators and Targets	p114
B1 Employment	General Disclosure Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p124-126, 136-138
	B1.1 Total workforce by gender, employment type (e.g. full or part-time), age group and geographical region.	p125
	B1.2 Employee turnover rate by gender, age group and geographical region.	p125
B2 Health and Safety	General Disclosure Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p127-132
	B2.1 Number and rate of work-related fatalities that occurred in each of the past three years including the reporting year.	p133
	B2.2 Lost workdays due to work injury.	p133
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	p127-132

Aspects	Description	Page
B3 Development and Training	General Disclosure Policies concerning enhancing employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	p133-135
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	p136
	B3.2 The average training hours completed per employee by gender and employee category.	p136
B4 Labour Standards	General Disclosure Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p126
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	p126
	B4.2 Description of steps taken to eliminate violations when discovered.	p126
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	p105-107
	B5.1 Number of suppliers by geographical region.	p106
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	p106
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	p106-107
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	p106-107

Aspects	Description	Page
B6 Product Responsibility	General Disclosure Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p85-104
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	p94
	B6.2 Number of products and service related complaints received and how they are dealt with.	p102-103
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	p99
	B6.4 Description of quality assurance process and recall procedures.	p93
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	p103-104
B7 Anti-corruption	General Disclosure Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	p82-84
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	p85
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	p82-83
	B7.3 Description of anti-corruption training provided to directors and staff.	p85
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	p138-142
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	p138-142
	B8.2 Resources contributed (e.g. money or time) to the focus area.	p142

TO THE SHAREHOLDERS OF BAIC MOTOR CORPORATION LIMITED
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of BAIC Motor Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 154 to 261, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as issued by 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") as issued by the International Auditing & Assurance Standards Board ("IAASB"). 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 Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Capitalisation of development costs

For the year ended 31 December 2025, RMB2,191 million of internal development costs have been capitalised and recorded as addition to other intangible assets. As at 31 December 2025, the balance of capitalised development costs within other intangible assets amounted to RMB 6,682 million, accounting for 4.01% of total assets at year-end.

The development of new vehicle models by the Group involves significant research and development ("R&D") expenditures. The recognition and measurement of these R&D expenses have a material impact on the consolidated financial statements. Furthermore, development expenditures can only be capitalised upon satisfying all the capitalisation criteria specified in note 2.4 and note 3 to the financial statements, which requires significant management judgment and estimation. Therefore, we have identified this matter as a key audit matter.

Detailed information regarding the capitalisation of development costs is disclosed in note 2.4 material accounting policies, note 3 significant accounting judgements and estimates and note 17 other intangible assets of the consolidated financial statements.

In assessing the inherent risk of material misstatements by estimation uncertainty in capitalisation of development costs, we obtained understanding of the management's process of capitalisation of product development costs and tested the design and implementation of relevant controls identified in this process.

We tested such controls and performed substantive tests of details on the projects with significant expenditure on the internal development. We performed the following major audit procedures:

1. We understood and evaluated management's judgments regarding the timing of capitalizing R&D expenditures, and reviewed whether the capitalization criteria adopted comply with the specific requirements of the relevant accounting standards and industry practices.

2. We obtained and verified approvals related to R&D project progress, and reviewed the business and technical feasibility analyses and conclusion prepared by management for the R&D projects.

3. We tested samples of cost incurred by selected individual project and through our understanding of the projects and assessing the nature and necessity of such costs to evaluate whether such cost items selected for testing were directly attributable to the projects.

4. We assessed the adequacy of the disclosure of capitalisation of development costs made in the consolidated financial statements.

Impairment assessment of property, plant and equipment, land use rights, and intangible assets related to the Beijing brand passenger vehicle business

The Group has material balances of property, plant and equipment, land use rights and intangible assets related to Beijing brand passenger vehicle business, a separate cash generating unit ("CGU") with operating losses for the year ended 31 December 2025.

Management has engaged an independent valuer to determine the recoverable amount of this CGU, being the higher of the fair value less costs of disposal and the value in use. Estimating the value in use requires the Group to estimate the future cash flows from the cash generating units and to choose suitable discount rates to calculate the present value of those projected cash flows. The determination of value in use requires management to make significant estimates and judgments, which are inherently sensitive to unexpected changes in future market or economic conditions. Accordingly, impairment assessment of property, plant and equipment, land use rights, and other intangible assets related to the Beijing brand passenger vehicle business was identified as a key audit matter.

Based on above management's assessment, the value in use of this CGU is larger than its net carrying value as of 31 December 2025.

Details of the impairment provisions are disclosed in note 2.4 material accounting policies, note 3 significant accounting judgements and estimates, note 13 property, plant and equipment, note 15 land use rights, note 17 other intangible assets to the consolidated financial statements.

We obtained an understanding of management's internal control and assessment process of recoverable amount and assessed the inherent risk of material misstatements by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity.

The recoverable amount of the Beijing brand passenger business was determined based on the higher of the fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from this CGU, and we performed the following major audit procedures:

1. We assessed the competence, independence and integrity of the valuer. We read the valuer's report and assessed the valuation methodology.

2. We assessed management's identification of the CGU and the allocation of assets to the CGU for the purpose of impairment assessment.

3. We tested the consistency and assessed the reasonableness of the data used and evaluated the management's key assumptions adopted in the discounted cash flow projections, mainly in relation to:

    - the budgeted sales, gross margin and other operating costs, by comparing them with actual performance and historical financial data of this CGU. For the budgeted sales, we also compared to the Group's strategic plan; and

    - discount rate, by comparing it with the cost of capital of comparable companies and historical weighted average cost of capital, as well as considering territory-specific factors.

4. We engaged our internal valuation experts to review the reasonableness of the benchmarks underlying the key parameters in the discounted cash flow method.

5. We assessed the adequacy of the disclosure of impairment provisions made in the consolidated financial statements.

Warranty provision

As of 31 December 2025, the balance of warranty provisions for passenger vehicles and commercial vehicles sold as stated in the consolidated statement of financial position of the Group amounted to RMB6,794 million.

Provisions for warranties granted by the Group for the vehicles sold are recognised based on sales volume and estimated unit cost of repairs and replacements. Considering the magnitude of the balance of warranty provisions and the significant involvement of management's judgement and assumptions applied in estimating unit cost in respect of future warranty claims, warranty provisions were identified as a key audit matter.

Details of the warranty provisions are disclosed in note 2.4 material accounting policies, note 3 significant accounting judgements and estimates and note 32 provision to the consolidated financial statements.

In assessing the inherent risk of material misstatements by estimation uncertainty in provision for warranties, we obtained an understanding on the management's control and process to identify and quantify the provisions.

We also tested the provision for warranties attributable to vehicles as follows:

1. We tested the mathematical accuracy of the management's calculation of the provision for warranties which is based on the cost-per-unit and sales volume, and traced the volume data in current period to related sales records for each type of vehicle.

2. We compared management's estimates of expected unit warranty costs with historical actual claim data to assess reasonableness.

3. In respect of the provision for warranties previously recorded and subsequently settled during the year, we compared the provision amount with the settlement amount and investigated if significant variance exists and the reasonableness of the reassessment of the adequacy of the provision for warranties previously made by the management. We also discussed with management the existence of any indicators of significant product defect occurred during the year and subsequent to the year-end that would significantly affect the estimates of the year end warranty provisions.

4. We assessed the adequacy of the disclosure of warranty provisions made in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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 scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik (practicing certificate number: A09386).

Ernst & Young
Certified Public Accountants

Hong Kong
25 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**164,046,986**	192,495,606
Cost of sales		**(145,034,619)**	(161,608,557)
Gross profit		**19,012,367**	30,887,049
Other gains and losses	5	**2,501,876**	(104,580)
Selling and distribution expenses		**(6,649,650)**	(8,568,867)
Administrative expenses		**(4,388,835)**	(4,935,786)
Impairment losses on financial and contract assets, net		**(199,474)**	(96,833)
Finance costs, net	7	**(107,200)**	49,572
Share of profits and losses of:			
Joint ventures		**(693,328)**	(1,503,339)
Associates		**222,609**	249,500
PROFIT BEFORE TAX	6	**9,698,365**	15,976,716
Income tax expense	10	**(3,921,547)**	(6,143,857)
PROFIT FOR THE YEAR		**5,776,818**	9,832,859
Attributable to:			
Owners of the parent		**122,696**	955,839
Non-controlling interests		**5,654,122**	8,877,020
		5,776,818	9,832,859
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted (expressed in RMB)		**0.02**	0.12

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR		**5,776,818**	9,832,859
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Gains/(losses) on cash flow hedges, net of tax		**115,219**	(273,929)
Exchange differences:			
Exchange differences on translation of foreign operations		**144,256**	(72,692)
Share of other comprehensive income of joint ventures		**–**	(1,452)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**259,475**	(348,073)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	35	**92,733**	590,078
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**352,208**	242,005
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,129,026**	10,074,864
Attributable to:			
Owners of the parent		**384,860**	1,347,593
Non-controlling interests		**5,744,166**	8,727,271
		6,129,026	10,074,864

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**43,401,247**	45,583,570
Investment properties	14	**207,799**	222,138
Land use rights	15	**6,276,392**	6,380,199
Other intangible assets	17	**13,335,438**	13,097,743
Investments in joint ventures	19	**4,021,464**	2,191,021
Investments in associates	20	**7,421,076**	5,882,027
Equity investments designated at fair value through other comprehensive income	21	**8,512,517**	8,312,628
Financial assets at fair value through profit or loss	22	**166,989**	–
Prepayments, other receivables and other assets	25	**333,307**	825,231
Deferred tax assets	33	**6,894,264**	7,863,476
Total non-current assets		**90,570,493**	90,358,033
CURRENT ASSETS			
Inventories	23	**21,604,473**	27,912,590
Trade and bills receivables	24	**25,603,801**	16,800,277
Advances to suppliers		**244,381**	154,247
Prepayments, other receivables and other assets	25	**2,918,527**	2,177,563
Pledged deposits	26	**2,197,100**	1,043,203
Cash and cash equivalents	26	**23,366,389**	33,598,355
Total current assets		**75,934,671**	81,686,235
CURRENT LIABILITIES			
Lease liabilities	16	**164,018**	94,953
Trade and bills payables	27	**43,668,332**	39,308,419
Other payables and accruals	28	**25,720,387**	32,858,935
Contract liabilities	30	**2,126,888**	1,403,687
Interest-bearing bank and other borrowings	31	**5,934,723**	6,318,369
Tax payable		**483,049**	1,469,893
Provision	32	**1,784,924**	2,835,481
Total current liabilities		**79,882,321**	84,289,737

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	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NET CURRENT LIABILITIES		**(3,947,650)**	(2,603,502)
TOTAL ASSETS LESS CURRENT LIABILITIES		**86,622,843**	87,754,531
NON-CURRENT LIABILITIES			
Lease liabilities	16	**224,876**	262,337
Deferred income	29	**1,880,174**	2,193,034
Interest-bearing bank and other borrowings	31	**1,986,800**	2,271,010
Deferred tax liabilities	33	**436,720**	329,156
Provision	32	**5,009,265**	4,217,521
Total non-current liabilities		**9,537,835**	9,273,058
Net assets		**77,085,008**	78,481,473
EQUITY			
Equity attributable to owners of the parent			
Share capital	34	**8,015,338**	8,015,338
Reserves		**49,929,284**	49,299,480
		57,944,622	57,314,818
Non-controlling interests		**19,140,386**	21,166,655
Total equity		**77,085,008**	78,481,473

Wang Hao
Director

Chen Geng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent					
	Share capital RMB'000 (note 34)	Reserve Funds* RMB'000 (note 35)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	8,015,338	22,556,124	26,437,757	57,009,219	22,374,399	79,383,618
Profit for the year	–	–	955,839	955,839	8,877,020	9,832,859
Other comprehensive income for the year	–	391,754	–	391,754	(149,749)	242,005
Total comprehensive income for the year	**–**	**391,754**	**955,839**	**1,347,593**	**8,727,271**	**10,074,864**
Contribution from non-controlling interest holder of a subsidiary	–	–	–	–	11,985	11,985
Dividends paid to non-controlling shareholders	–	–	–	–	(9,947,000)	(9,947,000)
Final 2023 dividend declared	–	–	(1,041,994)	(1,041,994)	–	(1,041,994)
At 31 December 2024	**8,015,338**	**22,947,878**	**26,351,602**	**57,314,818**	**21,166,655**	**78,481,473**

	Attributable to owners of the parent					
	Share capital RMB'000 (note 34)	**Reserve Funds* RMB'000 (note 35)**	**Retained profits* RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2025	**8,015,338**	**22,947,878**	**26,351,602**	**57,314,818**	**21,166,655**	**78,481,473**
Profit for the year	**–**	**–**	**122,696**	**122,696**	**5,654,122**	**5,776,818**
Other comprehensive income for the year	**–**	**262,164**	**–**	**262,164**	**90,044**	**352,208**
Total comprehensive income for the year	**–**	**262,164**	**122,696**	**384,860**	**5,744,166**	**6,129,026**
Disposal of a subsidiary	**–**	**244,944**	**–**	**244,944**	**(244,944)**	**–**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**(7,546,000)**	**(7,546,000)**
Contribution from non-controlling interest holder of a subsidiary	**–**	**–**	**–**	**–**	**20,509**	**20,509**
At 31 December 2025	**8,015,338**	**23,454,986**	**26,474,298**	**57,944,622**	**19,140,386**	**77,085,008**

* These reserve accounts comprise the consolidated reserves of RMB49,929,284,000 (2024: RMB49,299,480,000) in the consolidated statement of financial position.

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		**9,698,365**	15,976,716
Adjustments for:			
Share of loss of investments accounted for using equity method		**470,719**	1,253,839
Finance costs, net	7	**107,200**	(49,572)
Dividend income from equity investments at fair value through other comprehensive income		**–**	(74)
Loss on disposals of property, plant and equipment	6	**2,408**	168,816
Depreciation and amortization	6	**9,386,938**	8,702,882
Provision for impairment on non-financial assets		**1,182,989**	1,296,006
Net impairment losses on financial assets	6	**199,474**	96,833
Income on forward foreign exchange contracts with fair value through profit or loss	6	**(86,331)**	(30,494)
Foreign exchange losses	6	**189,641**	58,939
Amortisation of deferred income	29	**(372,717)**	(403,425)
Fair value change on financial assets at fair value through profit or loss	6	**(16,989)**	–
Gain on disposal of a subsidiary	36	**(2,206,439)**	–
Decrease/(increase) in inventories		**3,754,311**	(5,318,259)
(Increase)/decrease in accounts receivables		**(7,552,753)**	3,657,886
Advances to suppliers, other receivables and prepayments		**(156,056)**	(37,704)
Increase in accounts payables		**4,558,322**	3,383,053
(Decrease)/increase in contract liabilities, other payables and accruals		**(4,108,454)**	3,675,181
(Increase)/decrease of pledged deposits		**(1,453,897)**	969,841
(Decrease)/increase in provision for product warranties		**(203,148)**	285,194
Cash generated from operations		**13,393,583**	33,685,658
Interest received		**223,773**	461,948
Interest paid		**(281,581)**	(216,954)
Income tax paid		**(3,296,368)**	(4,782,186)
Net cash flows from operating activities		**10,039,407**	29,148,466

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Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities		**10,039,407**	29,148,466
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(6,649,948)**	(5,647,023)
Proceeds from disposal of items of property, plant and equipment		**608**	58,828
Receipt of government grants for property, plant and equipment		**–**	5,251
Additions to other intangible assets		**(2,483,329)**	(4,343,832)
Purchases of equity investments designated at fair value through other comprehensive income		**–**	(2,000,000)
Purchases of equity investments designated at fair value through profit and loss		**(150,000)**	–
Withdrawal of time deposits over three months		**300,000**	–
Payments for investments accounted for using equity method		**(3,909,308)**	–
Net cash inflow from disposal of a subsidiary	36	**452,005**	–
Dividends received from financial assets		**–**	74
Dividends received from investments accounted for using equity method		**651,666**	938,485
Net cash flows used in investing activities		**(11,788,306)**	(10,988,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**9,945,448**	3,527,255
Repayment of bank loans		**(10,556,471)**	(8,032,117)
Repayment of other loans		**(262,769)**	(42,534)
Proceeds from other loans		**45,261**	–
Principal portion of lease payments	37(b)	**(86,387)**	(102,779)
Dividends paid		**–**	(1,041,994)
Dividends paid to non-controlling shareholders		**(7,546,000)**	(9,947,000)
Contribution from non-controlling interest holder of a subsidiary		**20,509**	11,985
Net cash flows used in financing activities		**(8,440,409)**	(15,627,184)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(10,189,308)**	2,533,065
Cash and cash equivalents at beginning of year		**33,598,355**	31,124,229
Effect of foreign exchange rate changes, net		**(42,658)**	(58,939)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**23,366,389**	33,598,355

1. CORPORATE AND GROUP INFORMATION

BAIC Motor Corporation Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group"), are principally engaged in the manufacturing and sales of passenger vehicles, engines and auto parts in the People's Republic of China (the "PRC").

The address of the Company's registered office is A5-061, Unit 101, 5th Floor, Building No.1, Courtyard No.99, Shuanghe Street, Shunyi District, Beijing, the PRC.

The Company was incorporated in the PRC on 20 September 2010 as a joint stock company with limited liability under Company Law of the PRC. The immediate parent company of the Company is Beijing Automotive Group Co., Ltd. ("BAIC Group"), which is beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality ("SASAC Beijing"). The Company's ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 19 December 2014.

These financial statements are presented in Renminbi thousand Yuan ("RMB'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 25 March 2026.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital (million)	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
BAIC Guangzhou Automotive Co., Ltd.	PRC/Mainland China	RMB1,360	100%	–	Manufacture of passenger vehicles
BAIC Investment Co., Ltd.	PRC/Mainland China	RMB8,964	97.95%	–	Investment holding
Beijing Beinei Engine Parts and Components Co., Ltd.	PRC/Mainland China	RMB471	50%	48.97%	Manufacture of auto parts
Beijing Benz Automotive Co., Ltd.*	PRC/ Mainland China	USD2,320	51%	–	Manufacture and sales of passenger vehicles
BAIC Hong Kong Investment Corp. Limited	Hong Kong	USD9	100%	–	Investment holding
BAIC Motor Powertrain Co., Ltd.	PRC/Mainland China	RMB1,476	100%	–	Manufacture of auto engine
Beijing Motor Sales Co., Ltd.	PRC/Mainland China	RMB7,600	100%	–	Sale of passenger vehicles
Zhuzhou (BAIC) Motor Sales Co., Ltd.	PRC/Mainland China	RMB8	100%	–	Sale of passenger vehicles
China Automobile Development United (Beijing) Technology Investment Co., Ltd.	PRC/Mainland China	RMB104	54.09%	–	Investment management

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, except for equity investments, bills receivable and forward foreign exchange contracts which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2025, the current liabilities of the Group exceeded its current assets by approximately RMB3,948 million. In respect of RMB7,546 million dividends paid to the non-controlling interest holder of a subsidiary during the year, and given the debt obligations and working capital requirements, management has thoroughly considered the Group's available sources of the funds as follows:

- the Group's continuous net cash generated from operating and financing activities; and
- undrawn short-term and long-term banking facilities of approximately RMB16,948 million and RMB7,305 million respectively as at 31 December 2025.

Based on the above considerations, the directors of the Company are of the opinion that the Group has sufficient available financial resources to meet or refinance its working capital requirements as and when they fall due. As a result, these financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in August 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was postponed by the IASB indefinitely pending the outcome of its research project on the equity method of accounting. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost (Or valuation) less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.23% – 6.47%
Machinery	9.7%
Furniture and office equipment	19.4% – 32.33%
Vehicles	9.7% – 24.25%
Mouldings	9.7% – 19.4%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are stated at cost less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to ten years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	31.5 to 50 years
Building	15-99 years
Machinery	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessor (Continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables, and borrowings)

After initial recognition, trade and bills payables,and other payables, and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, which is forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value change of commodity purchase contracts that meet the definition of a derivative as defined by IFRS is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Hedge accounting used by the Group is cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges (Continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Some contracts for the sale of industrial products provide customers with sales rebates, giving rise to variable consideration.

Sales rebates

Retrospective sales rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalization of internal development costs

Only internal development costs directly attributable to projects which are considered under development stage and when it is probable that the projects will be successful considering the criteria set out in Note 17(b) are capitalized and recognized as intangible assets. The Group's development activities are tracked by its technical department and documented to support the basis of determining if and when the criteria were met, particularly (i) the timing to start capitalization; (ii) the technical feasibility of the projects; and (iii) the likelihood of the projects that will deliver sufficient future economic benefits.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB56 billion (2024: RMB49 billion) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB16 billion. Further details on deferred taxes are disclosed in note 33 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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. In instances where these criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the financial statements could have a material effect on the Group's financial position.

The Group recognises expected warranty costs for products sold principally at the time of sale of the product and 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 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.

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of industrial products with sales rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected sales rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of sales rebates monthly and the sales discounts and rebates liabilities are adjusted accordingly. Estimates of expected sales rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2025, the amount recognised as sales discounts and rebates liabilities was RMB14,458,475,000 (2024: RMB15,783,980,000) for the expected sales rebates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB901,945,000 (2024: RMB901,945,000). Further details are given in note 17.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 24 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Certain assumptions are required to be made in respect of highly uncertain areas including management's expectations of (i) future unlevered free cash flows; (ii) long-term sales growth rates; and (iii) the selection of discount rates to reflect the risks involved.

The property, plant and equipment, land use right and intangible assets related to Beijing Brand passenger vehicle business are tested for impairment based on the recoverable amount of the CGU to which these assets are related. The recoverable amount of the CGU was determined based upon value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management determines annual sales growth rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is based on past performance and management's expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

For impairment testing, cash flows beyond the five-year period are extrapolated using the estimated annual sales growth rate of 37.92%. The discount rate applied to the cash flow projections used for value-in-use calculations is 14.79% (31 December 2024: 16.36%).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 41 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2025 was RMB2,416,000,000 (2024: RMB2,003,000,000). Further details are included in note 21 to the financial statements.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2025, the best estimate of the carrying amount of capitalised development costs was RMB6,681,917,000. (2024: RMB6,111,980,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, during current period, the Group optimized its business structure to further enhance resource allocation and efficiency. All business operations of the Group are related to the production and sales of automobiles and auto parts, research and development, and related technical services. Accordingly, the Group's performance is comprehensively reviewed under a single business category, and the amounts previously reported under the reportable operating segments have been aggregated to conform with the current period's presentation.

There is no customer accounting for 10 percent or more of the Group's revenue for each of the years ended 31 December 2025 and 2024.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland	158,597,846	187,806,622
Other countries/regions	5,449,140	4,688,984
Total	164,046,986	192,495,606

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	73,918,479	73,118,365
Hong Kong	–	63,257
Other countries/regions	1,078,244	1,000,307
Total	74,996,723	74,181,929

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**163,954,329**	192,397,295
Revenue from other sources		
Other lease payments, including fixed payments	**92,657**	98,311
Subtotal	**92,657**	98,311
Total	**164,046,986**	192,495,606

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sales of Vehicles	**151,050,619**	183,148,365
Others	**12,903,710**	9,248,930
Total	**163,954,329**	192,397,295
Geographical markets		
Mainland China	**158,509,758**	187,797,649
Other countries/regions	**5,444,571**	4,599,646
Total	**163,954,329**	192,397,295
Timing of revenue recognition		
Goods transferred at a point in time	**162,907,240**	190,748,256
Services transferred over time	**1,047,089**	1,649,039
Total	**163,954,329**	192,397,295

5. REVENUE, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	**1,402,609**	860,140

(b) Accounting policies of revenue recognition

The Group manufactures and sells passenger vehicles and auto parts to its dealers and automotive/spare parts manufacturers. The revenue recognition policies applied by the Group for each of these activities are as follows:

Products

Revenue from sales of products is recognized when the performance obligation for promises to transfer goods to customers is satisfied which is at a point in time when control of the products has transferred, being when the risk and reward have been transferred, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products.

The vehicles are often sold with sales rebates. Sales are recorded based on the contract prices, net of the sales rebates which are calculated periodically.

5. REVENUE, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(b) Accounting policies of revenue recognition (Continued)

Services

Revenue from providing services of aftersales, transportation, technical consultancy, etc is recognized upon satisfaction of the performance obligations over time in the accounting period during which the services are rendered.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**2,115,310**	1,403,687
After one year	**428,205**	404,527
Total	**2,543,515**	1,808,214

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

	2025 RMB'000	2024 RMB'000
Other gains and losses		
Government grants	**821,486**	437,759
Loss on disposal of items of property, plant and equipment	**(2,408)**	(168,816)
Income on forward foreign exchange contracts with fair value through profit or loss	**86,331**	30,494
Foreign exchange loss	**(189,641)**	(429,701)
Gain on disposal of a subsidiary (note 36)	**2,206,439**	–
Impairment of property, plant and equipment	**(438,361)**	(22,983)
Others	**18,030**	48,667
Total other gains and losses	**2,501,876**	(104,580)

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		**136,824,138**	150,842,723
Cost of services provided		**1,347,999**	1,633,695
Depreciation of property, plant and equipment	13	**7,125,517**	6,324,070
Depreciation of land use right assets	15	**103,807**	180,658
Depreciation of investment properties	14	**14,662**	14,416
Amortisation of intangible assets	17	**2,142,952**	2,341,848
Impairment of items of property, plant and equipment	13	**438,361**	22,983
Employee benefit expense (excluding directors' and chief executive's remuneration)		**4,489,028**	5,438,534
Wages and salaries		**3,976,411**	4,758,775
Pension scheme contributions		**512,617**	679,759
Product warranty provision		**2,413,506**	2,769,206
Research and development costs		**1,407,334**	1,281,947
Write-down of inventories to net realisable value		**744,628**	1,273,027
Short term lease	16(c)	**49,856**	23,419
Auditor's remuneration		**4,575**	7,061
Foreign exchange differences, net		**189,641**	429,701
Impairment of financial assets, net		**199,474**	96,833
Bank interest income		**(223,773)**	(372,608)
Income on forward foreign exchange contracts with fair value through profit or loss		**(86,331)**	(30,494)
Gain on financial assets at fair value through profit or loss		**(16,989)**	–
Loss on disposal of items of property, plant and equipment and intangible assets		**2,408**	168,816
Gain on disposal of a subsidiary	36	**(2,206,439)**	–

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income on deposits in financial institutions	**(223,773)**	(372,608)
Finance costs		
Interest expense on borrowings from financial institutions	**217,610**	254,109
Interest expense on corporate bonds	**44,655**	112,388
Interest expense on loans from immediate parent company	**3,050**	9,026
Interest on lease liabilities	**15,048**	7,448
Amortisation of discount on non-current provisions	**187,445**	116,238
Total interest expense on financial liabilities not at fair value through profit or loss	**467,808**	499,209
Less: amounts capitalised in qualifying assets	**136,835**	176,173
Subtotal	**330,973**	323,036
Total	**107,200**	(49,572)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Fees	**600**	600
Other emoluments		
Salaries, allowances and benefits in kind	**3,389**	2,127
Performance related bonuses	**1,005**	2,297
Pension scheme contributions	**340**	321
Total	**5,334**	5,345

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments

For the year ended 31 December 2025

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor					
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Performance related bonuses (note 1) RMB'000	Housing allowance RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000
2025						
Executive director:						
Wang Hao (王昊 (note 2))	772	62	-	-	-	-
Song Wei (宋瑋 (note 5))	682	64	522	-	-	-
Chen Geng (陳更 (note 3))	-	-	-	-	-	-
Zhu Yan (朱雁 (note 3))	682	74	-	-	-	-
Subtotal	2,136	200	522	-	-	-
Non-executive director:						
Gu Xin (顧鑫 (note 3))	-	-	-	-	-	-
Hu Hanjun (胡漢軍 (note 5))	-	-	-	-	-	-
Chen Hongliang (陳宏良(note 5))	-	-	-	-	-	-
Peng Jin (彭進 (note 5))	-	-	-	-	-	-
Ye Qian (葉芊)	-	-	-	-	-	-
Gao Xu (高旭)	-	-	-	-	-	-
Kevin Walter Binder	-	-	-	-	-	-
Gu Tiemin (顧鐵民)	-	-	-	-	-	-
Chen Wei (陳巍 (note 6))	-	-	247	-	-	-
Zhao Jinlun (趙錦倫 (note 3))	704	77	149	-	-	-
Subtotal	704	77	396	-	-	-

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (Continued)

For the year ended 31 December 2025 (Continued)

	Emoluments and fees paid to or receivable by director/supervisor in respect of services as a director/supervisor			
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Discretionary bonuses (1) RMB'000	The fees paid to independent non-executive directors RMB'000
2025				
Independent non-executive director				
Yin Yuanping (尹援平)	–	–	–	120
Xu Xiangyang (徐向陽)	–	–	–	120
Tang Jun (唐鈞)	–	–	–	120
Edmund Sit (薛立品)	–	–	–	120
Ji Xuehong (紀雪洪(note 9))	–	–	–	120
Subtotal	–	–	–	600
Supervisor				
Zhao Jinlun (趙錦倫(note 5))	–	–	–	–
Jiao Feng (焦楓(note 5))	–	–	–	–
Xia Peng (夏鵬(note 4&5))	–	–	–	–
Deng Yishuai (鄧懌帥(note 5))	–	–	–	–
Jiang Yumei (薑玉梅(note 5))	549	63	87	–
Zhu Yan (朱雁(note 7))	–	–	–	–
Subtotal	549	63	87	–
Total	3,389	340	1,005	600

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (Continued)

For the year ended 31 December 2024

	Emoluments paid to or receivable by director/supervisor in respect of services as a director/supervisor		
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Performance related bonuses (note 1) RMB'000
2024			
Executive director:			
Song Wei (宋瑋)	805	101	382
Non-executive director:			
Chen Wei (陳巍)	177	16	1,084
Hu Hanjun (胡漢軍)	–	–	–
Chen Hongliang (陳宏良)	–	–	–
Liu Guanqiao (劉觀橋)	–	–	–
Peng Jin (彭進)			
Ye Qian (葉芊)	–	–	–
Gao Xu (高旭)	–	–	–
Kevin Walter Binder	–	–	–
Hubertus Troska (唐仕凱)	–	–	–
Harald Emil Wilhelm	–	–	–
Gu Tiemin (顧鐵民)	–	–	–
Sun Li (孫力)	–	–	–
Subtotal	177	16	1,084

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (Continued)

For the year ended 31 December 2024 (Continued)

	Emoluments and fees paid to or receivable by director/supervisor in respect of services as a director/supervisor			
	Salaries, allowances and estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Discretionary bonus [1] RMB'000	The fees paid to independent non-executive directors RMB'000
2024				
Independent non-executive director	–	–	–	
Ge Songlin (葛松林(note 8))	–	–	–	27
Yin Yuanping (尹援平)	–	–	–	120
Xu Xiangyang (徐向陽)	–	–	–	120
Tang Jun (唐鈞)	–	–	–	120
Edmund Sit (薛立品)	–	–	–	120
Ji Xuehong (紀雪洪(note 9))	–	–	–	93
Subtotal	–	–	–	600
Supervisor				
Zhao Jinlun (趙錦倫(note 10))	178	26	–	–
Zhang Ran (張然(note 11))	438	76	645	–
Jiao Feng (焦楓)	–	–	–	–
Zhu Yan (朱雁(note 9))	–	–	–	–
Zhou Xuehui (周雪輝(note 12))	–	–	–	–
Deng Yishuai (鄧佸帥(note 9))	–	–	–	–
Qiao Yufei (喬雨菲(note 8))	–	–	–	–
Jiang Yumei (薑玉梅(note 9))	391	77	76	–
Zhang Yanjun (張彥軍(note 8))	138	25	110	–
Subtotal	1,145	204	831	–
Total	2,127	321	2,297	600

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (Continued)

For the year ended 31 December 2024 (Continued)

Notes:

(1) Discretionary bonuses are determined based on the performance of the Group.

(2) Wang Hao was appointed in March 2025.

(3) Chen Geng, Zhu Yan, Gu Xin and Zhao Jinlun were appointed in December 2025.

(4) Xia Peng was appointed in January 2025.

(5) Song Wei, Hu Hanjun, Chen Hongliang, Peng Jin, Zhao Jinlun, Jiao Feng, Xia Peng, Deng Yishuai and Jiang Yumeii resigned in December 2025.

(6) Chen Wei resigned in March 2025.

(7) Zhu Yan resigned in January 2025.

(8) Ge Songlin, Qiao Yufei and Zhang Yanjun resigned in March 2024.

(9) Ji Xuehong, Zhu Yan, Deng Yishuai and Jiang Yumei were appointed in March 2024.

(10) Zhao Jinlun was appointed in October 2024.

(11) Zhang Ran resigned in September 2024.

(12) Zhou Xuehui resigned in June 2024.

(b) During the year ended 31 December 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/supervisor in respect of his services as a director/supervisor or other services in connection with the management of the affairs of the Company or its subsidiaries (2024: Nil).

(c) During the year ended 31 December 2025, no payments or benefits in respect of termination of director/ supervisor's services were paid or made, directly or indirectly, to or receivable by a director/supervisor; nor are any payable (2024: Nil).

(d) There are no loans, quasi-loans or other dealings in favour of the director/supervisor, his controlled bodies corporate and connected entities (2024: Nil).

(e) Save as disclosed elsewhere in these financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/ supervisor 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).

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group did not include any director (2024: Nil) or supervisor (2024: Nil) for the year ended 31 December 2025. The directors' and supervisors' emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the five (2024: five) highest individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**20,213**	17,862
Pension scheme contributions	**127**	351
Total	**20,340**	18,213

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK$2,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**–**	4
HK$4,000,001 – HK$4,500,000	**5**	1
Total	**5**	5

During the year, there was no emolument paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

10. INCOME TAX EXPENSE

PRC profits tax has been provided at the statutory income tax rate of 25% (2024: 25%) on the assessable income of respective Group entities in accordance with relevant PRC enterprise income tax rules and regulations, except for certain entities of the Group in the PRC were recognized as new and high-technology enterprises with preferential income tax rate of 15% and certain overseas subsidiaries which are subject to statutory income tax rates in respective tax jurisdictions.

	2025 RMB'000	2024 RMB'000
Current income tax expense	2,990,332	6,157,009
Deferred (note 33)	931,215	(13,152)
Total	3,921,547	6,143,857

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax from continuing operations	9,698,365	15,976,716
Tax at the statutory tax rate of 25% (2024: 25%)	2,424,591	3,994,179
Effects of preferential tax rates and different tax rates in other jurisdictions	24,021	25,186
Impact on share of results of investments accounted for using equity method	117,680	313,460
Income not subject to tax	(379,916)	(10,619)
Expenses not deductible for tax	14,853	54,073
Additional deduction on research and development costs	(238,094)	(313,171)
Unrecognized tax losses/deductible temporary differences utilized	(58,610)	(27,251)
Tax losses/deductible temporary differences for which no deferred tax was recognized	2,017,022	2,108,000
Tax charge at the Group's effective rate	3,921,547	6,143,857

The share of tax attributable to associates and joint ventures amounting to zero (2024: Nil) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

No dividends has been paid or delivered by the Company during the years ended 31 December 2025 and 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculations of basic earnings per share are based on:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**122,696**	955,839

	Number of shares (thousands)	
	2025	**2024**
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**8,015,338**	8,015,338

During the years ended 31 December 2025 and 2024, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Mouldings RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	25,364,162	34,852,546	1,053,845	8,825,709	16,433,997	9,648,200	96,178,459
Accumulated depreciation and impairment	(9,386,732)	(21,574,689)	(753,019)	(7,121,747)	(11,758,702)	–	(50,594,889)
Net carrying amount	15,977,430	13,277,857	300,826	1,703,962	4,675,295	9,648,200	45,583,570
At 1 January 2025, net of accumulated depreciation and impairment	15,977,430	13,277,857	300,826	1,703,962	4,675,295	9,648,200	45,583,570
Additions	105,257	4,858	166	351	10,071	5,251,942	5,372,645
Disposals	–	(3,044)	(1,434)	(2,479)	(1,437)	–	(8,394)
Transformation and upgrading	–	(81,554)	(115)	(32)	–	81,701	–
Disposal of a subsidiary (note 36)	–	–	(1,045)	(1,345)	(449)	(1,854)	(4,693)
Depreciation provided during the year	(1,144,609)	(4,106,721)	(77,205)	(123,896)	(1,673,086)	–	(7,125,517)
Impairment	–	(438,361)	–	–	–	–	(438,361)
Transfers							
– property, plant and equipment	307,392	1,750,403	26,043	135,849	563,141	(2,782,828)	–
– investment properties	–	–	–	–	–	(323)	(323)
Exchange realignment	13,489	8,517	–	314	–	–	22,320
At 31 December 2025, net of accumulated depreciation and impairment	15,258,959	10,411,955	247,236	1,712,724	3,573,535	12,196,838	43,401,247
At 31 December 2025:							
Cost	25,796,050	36,339,730	1,073,688	8,905,159	16,988,022	12,196,838	101,299,487
Accumulated depreciation and impairment	(10,537,091)	(25,927,775)	(826,452)	(7,192,435)	(13,414,487)	–	(57,898,240)
Net carrying amount	15,258,959	10,411,955	247,236	1,712,724	3,573,535	12,196,838	43,401,247

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Mouldings RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	24,842,941	35,317,790	1,018,010	9,184,451	16,115,058	7,611,615	94,089,865
Accumulated depreciation and impairment	(8,249,359)	(20,800,144)	(710,474)	(7,241,250)	(10,002,390)	–	(47,003,617)
Net carrying amount	16,593,582	14,517,646	307,536	1,943,201	6,112,668	7,611,615	47,086,248
At 1 January 2024, net of accumulated depreciation and impairment	16,593,582	14,517,646	307,536	1,943,201	6,112,668	7,611,615	47,086,248
Additions	290,132	9,489	1,533	2,163	4,034	4,751,996	5,059,347
Disposals	(785)	(128,891)	(1,165)	(73,023)	(378)	–	(204,242)
Transformation and upgrading	–	(34,259)	–	–	–	34,259	–
Depreciation provided during the year	(1,128,126)	(2,231,250)	(71,203)	(952,621)	(1,940,870)	–	(6,324,070)
Impairment	(13,391)	(305)	(146)	(9,141)	–	–	(22,983)
Transfers	236,845	1,145,856	64,271	793,395	499,841	(2,749,670)	(9,462)
Exchange realignment	(827)	(429)	–	(12)	–	–	(1,268)
At 31 December 2024, net of accumulated depreciation and impairment	15,977,430	13,277,857	300,826	1,703,962	4,675,295	9,648,200	45,583,570
At 31 December 2024:							
Cost	25,364,162	34,852,546	1,053,845	8,825,709	16,433,997	9,648,200	96,178,459
Accumulated depreciation and impairment	(9,386,732)	(21,574,689)	(753,019)	(7,121,747)	(11,758,702)	–	(50,594,889)
Net carrying amount	15,977,430	13,277,857	300,826	1,703,962	4,675,295	9,648,200	45,583,570

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2025, the Group performed impairment test based on the following.

– for assets still in use, impairment test was performed on related cash-generating unit with impairment indicator.

  The CGU with impairment indicator mainly represented Beijing brand passenger vehicle business CGU, which is in loss-making position in prior years. The cash-generating units mainly include property, plant and equipment and intangible assets.

  The recoverable amount of the cash-generating unit was determined based on value-in-use calculation using cash flow projection, based on financial budget approved by senior management covering an 18-year period which reflects potential economic life of the related cash-generating unit.

  The key assumptions used for impairment test of Beijing brand passenger vehicle business CGU are as follows:

  Discount rates: Discount rates reflect management's estimate of specific risks relating to the relevant units, the pre-tax discount rate used is 14.79%(2024:16.36%).

– for assets not in use, which is a cease of production of certain vehicle model production line of a subsidiary other than Beijing brand, fair value less cost to sell was used to determine the recoverable amount. Impairment loss of RMB438,361,000 (31 December 2024: RMB22,983,000) were recognised in 2025.
  The Group has not capitalized any borrowing costs to property, plant and equipment for the year (2024: RMB4,452,000).

  Certain of the Group's buildings and machinery, with a carrying amount of RMB 366,010,000 (comprising buildings of RMB 357,953,000 and machinery of RMB 8,157,000), are leased out to generate rental income.

  Right-of-use assets are included in this note and details are disclosed in Note 16(a) to the consolidated financial statements.

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost		
At January 1	**266,383**	256,921
Additions from construction	**323**	9,462
At December 31	**266,706**	266,383
Accumulated depreciation and amortization		
At January 1	**(44,245)**	(29,829)
Depreciation provided during the year	**(14,662)**	(14,416)
At December 31	**(58,907)**	(44,245)
Total carrying amount	**207,799**	222,138

The management of the Group regularly reviews whether there are any indications of impairment for investment properties and recognises an impairment loss if the carrying amount of an asset is higher than its recoverable amount. The Group conducts impairment test on investment properties whenever there is an indication that the investment properties may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of its future cash flows. As at 31 December 2025, there is no provision for impairment of investment properties of the Group (2024: Nil).

As at 31 December 2025, the fair value of the investment properties was approximately RMB868,096,000 (fair value measurement hierarchy: level 3) according to a valuation performed by an independent professionally qualified valuer.

15. LAND USE RIGHTS

	2025 RMB'000	2024 RMB'000
Net book amount at January 1	**6,380,199**	6,606,030
Depreciation charge	**(103,807)**	(180,658)
Disposals	**–**	(45,173)
Net book amount at December 31	**6,276,392**	6,380,199

The Group's land use rights are held under leases for periods of 31.5 to 50 years.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery and other equipment used in its operations. The leased land has a lease term of 99 years. Leases of plant and machinery generally have terms ranging from 3 to 5 years. Other equipment typically has lease terms of 3 to 5 years or less, Generally, the Group is restricted from assigning or subleasing the leased assets outside the Group. Several lease contracts include options to extend or terminate the leases, as well as variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follow:

	Building RMB'000	Machinery RMB'000	Total RMB'000
Included in Property, Plant and Equipment			
As at 1 January 2024	186,291	34	186,325
Additions	290,132	111	290,243
Depreciation charge	(101,549)	(48)	(101,597)
Exchange realignment	582	–	582
As at 31 December 2024 and 1 January 2025	**375,456**	**97**	**375,553**
Additions	**96,000**	**–**	**96,000**
Depreciation charge	**(114,974)**	**(68)**	**(115,042)**
Exchange realignment	**9,257**	**–**	**9,257**
As at 31 December 2025	**365,739**	**29**	**365,768**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**357,290**	169,826
New leases	**96,000**	290,243
Accretion of interest recognised during the year	**15,048**	7,448
Payments	**(86,387)**	(102,779)
Exchange realignment	**6,943**	(7,448)
Carrying amount at 31 December	**388,894**	357,290
Analysed into:		
Current portion	**164,018**	94,953
Non-current portion	**224,876**	262,337

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

16. LEASES (CONTINUED)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**15,048**	7,448
Depreciation charge of right-of-use assets	**115,042**	101,597
Expense relating to short-term leases (included in cost of sales)	**49,856**	23,419
Total amount recognised in profit or loss	**179,946**	132,464

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 37(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties and buildings in Chinese mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB 92,657,000 (2024: RMB 98,311,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**70,575**	77,786
After one year but within two years	**72,290**	70,545
After two years but within three years	**66,449**	72,260
After three years	**649,232**	713,781
Total	**858,546**	934,372

17. OTHER INTANGIBLE ASSETS

	Development costs (note (b)) RMB'000	Patents and proprietary technology RMB'000	Computer software RMB'000	Goodwill (note (a)) RMB'000	Total RMB'000
31 December 2025					
Cost at 1 January 2025, net of accumulated amortisation	6,111,980	5,619,864	463,954	901,945	13,097,743
Purchase	2,191,034	3,461	264,692	–	2,459,187
Internal transfers	(1,545,429)	1,545,429	–	–	–
Disposal	(75,668)	–	(80)	–	(75,748)
Amortisation provided during the year	–	(1,981,249)	(161,703)	–	(2,142,952)
Disposal of a subsidiary	–	–	(2,792)	–	(2,792)
31 December 2025	6,681,917	5,187,505	564,071	901,945	13,335,438
At 31 December 2025:					
Cost	6,681,917	27,053,255	1,879,661	901,945	36,516,778
Accumulated amortisation	–	(21,865,750)	(1,315,590)	–	(23,181,340)
Net carrying amount	6,681,917	5,187,505	564,071	901,945	13,335,438

	Development costs (note (b)) RMB'000	Patents and proprietary technology RMB'000	Computer software RMB'000	Goodwill (note (a)) RMB'000	Total RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	5,357,023	4,405,807	273,737	901,945	10,938,512
Purchase	3,030,692	1,150,000	320,387	–	4,501,079
Internal transfers	(2,275,735)	2,275,735	–	–	–
Amortisation provided during the year	–	(2,211,678)	(130,170)	–	(2,341,848)
At 31 December 2024	6,111,980	5,619,864	463,954	901,945	13,097,743
At 31 December 2024:					
Cost	6,111,980	25,504,365	1,617,841	901,945	34,136,131
Accumulated amortisation	–	(19,884,501)	(1,153,887)	–	(21,038,388)
Net carrying amount	6,111,980	5,619,864	463,954	901,945	13,097,743

17. OTHER INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill is monitored by management at the level of the two operating segments identified

A segment-level summary of the goodwill allocation is presented below.

	2025 RMB'000	2024 RMB'000
Passenger vehicles of Beijing Benz (i)	**807,505**	807,505
Passenger vehicles of Beijing Brand (ii)	**94,440**	94,440
Total	**901,945**	901,945

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combinations in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management determines annual sales growth rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is based on past performance and management's expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

(i) This arises from the acquisition of Beijing Benz in 2013 and is fully allocated to the CGU of passenger vehicles of Beijing Benz. For impairment testing, the estimated annual sales growth rate covering the five-year forecast period is 1.60% (31 December 2024: 2.00%) beyond which is extrapolated at 2.00% (31 December 2024: 2.00%). The discount rate applied to the cash flow projections used for value-in-use calculations is 15.59% (31 December 2024: 15.52%).

In the opinion of the directors of the Company, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1.00% from 15.59%, the headroom would decrease by RMB2,295,728,000 or increase by RMB2,399,639,000, respectively, during the year ended 31 December 2025.

17. OTHER INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill is monitored by management at the level of the two operating segments identified (Continued)

(ii) This arises from the acquisition of China Automobile Development United (Beijing) Technology Investment Co., Ltd. in September 2016 and is fully allocated to the CGU of passenger vehicles of Beijing Brand. For impairment testing, the estimated compound annual sales growth rate covering the five-year forecast period is 6.92% (31 December 2024: 13.96%) beyond which is extrapolated at 2.00% (31 December 2024: 2.00%). The discount rate applied to the cash flow projections used for value-in-use calculations is 19.79% (31 December 2024: 16.12%).

In the opinion of the directors of the Company, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1.00% from 19.79%, the headroom would decrease by RMB3,105,000 or increase by RMB3,237,000, respectively, during the year ended 31 December 2025.

(b) Development costs

Research cost is recognized in profit or loss in the period in which it is incurred. Development cost is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- management ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

The development 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 development 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.

17. OTHER INTANGIBLE ASSETS (CONTINUED)

(b) Development costs (Continued)

Capitalised development costs are amortised using the straight-line method after being transferred to intangible assets.

Development costs not satisfying the above criteria are recognized in the profit or loss as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

The Group has capitalised borrowing costs amounting to RMB136,835,000 on qualifying intangible assets for the year ended 31 December 2025 (2024: RMB171,721,000). Borrowing costs were capitalized at the weighted average of its borrowing rate of 2.42% during the year (2024: 2.72%).

The carrying amount of internally generated intangible assets recognised from Development costs is RMB4,161,501,000 for the year ended 31 December 2025 (2024: RMB4,348,160,000).

(c) Amortisation on intangible assets of the Group is analysed as follows

The group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Patents and proprietary technology	5-10 years
Computer software	5 years

	2025 RMB'000	2024 RMB'000
Cost of sales	1,717,839	2,002,782
General and administrative expenses	415,657	325,287
	2,133,496	2,328,069
Capitalized in intangible assets – development costs	9,456	13,779
Total	2,142,952	2,341,848

18. SUBSIDIARIES

(a) Material non-controlling interests

Set out below is the summarized financial information for a 51% owned subsidiary, Beijing Benz, which has non-controlling interests that are material to the Group. The amounts disclosed below are before inter-company eliminations, and are stated at the basis upon the Group acquired 51% interests in Beijing Benz as according to IFRS 3 “Business Combinations”.

(i) Summarized balance sheet

	2025 RMB’000	2024 RMB’000
Non-current assets	**48,135,989**	50,979,042
Current assets	**45,116,187**	56,839,592
Total assets	**93,252,176**	107,818,634
Non-current liabilities	**5,231,121**	5,062,212
Current liabilities	**47,493,234**	58,805,455
Total liabilities	**52,724,355**	63,867,667
Net assets	**40,527,821**	43,950,967
The Group’s non-controlling interests in Beijing Benz	**19,858,632**	21,535,974

18. SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (Continued)

(ii) Summarized statement of comprehensive income

	2025 RMB'000	2024 RMB'000
Revenue	**135,868,529**	176,538,420
Net profit	**11,861,636**	18,435,723
Other comprehensive income	**115,218**	(273,929)
Total comprehensive income	**11,976,854**	18,161,794

Below sets out the amounts attributable to non-controlling interests in Beijing Benz in the Group's consolidated statements of comprehensive income:

	2025 RMB'000	2024 RMB'000
Net profit attributable to non-controlling interests	**5,812,202**	9,033,504
Other comprehensive income attributable to non-controlling interests	**56,457**	(134,225)
Total comprehensive income attributable to non-controlling interests	**5,868,659**	8,899,279
Dividends to non-controlling interest holders	**7,546,000**	9,947,000

(iii) Summarized statement of cash flows

	2025 RMB'000	2024 RMB'000
Net cash flows generated from operating activities	**13,340,670**	29,567,048
Net cash flows used in investing activities	**(4,897,235)**	(6,201,548)
Net cash flows used in financing activities	**(15,262,739)**	(20,300,000)
Exchange differences on cash and cash equivalents	**18,577**	(89,887)
Net (decrease)/increase in cash and cash equivalents	**(6,800,727)**	2,975,613

19. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	**4,021,464**	2,191,021
Total	**4,021,464**	2,191,021

The Company announced that on 11 December 2024, BAIC Investment Co., Ltd ("BAIC Investment"), a non-wholly owned subsidiary of the Company, and Hyundai Motor Company ("Hyundai Motor") entered into the Agreement, pursuant to which BAIC Investment and Hyundai Motor agreed to jointly inject US$1,095,466,000 into Beijing Hyundai Motor Company ("Beijing Hyundai"), a joint venture owned as to 50% by each of BAIC Investment and Hyundai Motor. Upon completion of the Capital Injection, the registered capital of Beijing Hyundai increased to US$4,074,005,464 and Beijing Hyundai will remain owned as to 50% by each of BAIC Investment and Hyundai Motor and continue to be accounted as a joint venture of the Company.

BAIC Investment has fully paid the additional capital contribution of US$1,095,466,000 to Beijing Hyundai Motor Company before 31 December 2025.

Particular of the principal joint ventures is as follows:

Name	Particulars of issued shares held	Place of registration and business	Ownership interest	Percentage of Voting power	Profit sharing	Principal activities
Beijing Hyundai Motor Company	Ordinary shares	PRC/Mainland China	50	50	50	Manufacture and sales of passenger vehicles

The above investment is indirectly held by the Company.

Beijing Hyundai, which is considered a material joint venture of the Group, acts as the Group's distributor of industrial products in the PRC and is accounted for using the equity method.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised financial information in respect of Beijing Hyundai adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	**4,874,250**	1,699,571
Other current assets	**10,219,672**	6,288,021
Current assets	**15,093,922**	7,987,592
Non-current assets, excluding goodwill	**13,548,457**	13,732,768
Financial liabilities, excluding trade and other payables and provisions	**(4,691,008)**	(4,749,117)
Other current liabilities	**(19,319,922)**	(17,911,513)
Current liabilities	**(24,010,930)**	(22,660,630)
Non-current financial liabilities, excluding trade and other payables and provisions	**(172,036)**	(495,166)
Non-current liabilities	**(636,513)**	(983,657)
Net assets	**3,994,936**	(1,923,927)
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture, excluding goodwill	**1,997,468**	–
Carrying amount of the investment	**1,997,468**	–
Revenue	**21,622,241**	17,503,582
Interest income	**(175,771)**	(95,948)
Depreciation and amortisation	**1,660,164**	1,804,556
Interest expenses	**213,320**	257,751
Loss and total comprehensive income for the year	**(1,899,754)**	(3,826,490)

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint ventures' profit for the year	**256,549**	409,906
Share of the joint ventures' other comprehensive income	**–**	(1,452)
Share of the joint ventures' total comprehensive income	**256,549**	408,454
Dividend received	**(423,574)**	(544,848)
Aggregate carrying amount of the Group's investments in the joint ventures	**2,023,996**	2,191,021

20. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	**7,421,076**	5,882,027
Total	**7,421,076**	5,882,027

None of the associates are considered individually material as at 31 December 2025.

The following table illustrates the aggregate financial information of the Group's associates:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	**222,609**	249,500
Share of the associates' total comprehensive income	**222,609**	249,500
Dividend received	**(228,092)**	(393,637)
Additions	**1,544,532**	–
Aggregate carrying amount of the Group's investments in the associates	**7,421,076**	5,882,027

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
BAIC Bluepark New Energy Technology Co.,Ltd	**6,096,517**	6,309,628
Subtotal	**6,096,517**	6,309,628
Unlisted equity investments, at fair value		
Beijing Electric Vehicle Co., Ltd	**2,413,000**	2,000,000
Guoqi (Beijing) Auto Lightweight Technology Research Institute Co., Ltd.	**3,000**	3,000
Subtotal	**2,416,000**	2,003,000
Total	**8,512,517**	8,312,628

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

On 13 December 2024, the Company entered into a "Capital Increase Agreement" with Beijing Electric Vehicle Co., Ltd. (hereinafter referred to as "BAIC BJEV"). Pursuant to the non-public agreement, the Company made a capital increase of RMB2 billion to BAIC BJEV and acquired 839,806,844 shares of BAIC BJEV, representing a shareholding percentage of 5.58%.

Balances at 31 December 2025 and 2024 mainly represent 10.99% equity interests in BAIC BluePark New Energy Technology Co., Ltd. ("BAIC BluePark") being held by the Company and 4.81% equity interests in BAIC BluePark being held by BAIC Guangzhou Automotive Co., Ltd. ("BAIC Guangzhou"), a wholly-owned subsidiary of the Company. BAIC BluePark is an A-share listed subsidiary of BAIC Group and listed on Shanghai Stock Exchange.

The Board of Directors believed that the Group did not appoint any directors to BAIC BluePark and BAIC BJEV, did not assign the managerial personnel of BAIC BluePark and BAIC BJEV, did not provide the essential technical information to BAIC BluePark and BAIC BJEV, nor had power to participate in or influence the financial and operating policy-making process of BAIC BluePark and BAIC BJEV in any other way. Therefore, the Group had no significant influence over the above companies. The investments were designated as financial assets at fair value through other comprehensive income in consideration of the financial investment purpose.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Other unlisted investments, at fair value	166,989	–
Total	166,989	–

The above equity investments were classified as financial assets at fair value through profit or loss (Or as the Group has not elected to recognise the fair value gain or loss through other comprehensive income).

In 2025, the Group entered into the Partnership Agreement with Shenzhen Anpeng, BAIC Group, BAIC Investment and Beiqi Foton, pursuant to which the Company participate in the Partnership as a limited partner (representing 17.2414% equity interest) and has agreed to contribute RMB500 million. As of 31 December 2025, the first tranche of RMB 150 million has been paid.

23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	10,207,489	9,310,902
Work in progress	598,221	501,663
Finished goods	12,767,676	19,812,731
	23,573,386	29,625,296
Less: provision for impairment	1,968,913	1,712,706
Total	21,604,473	27,912,590

(a) Provision for impairment is recognized for the amount by which the carrying amount of the inventories exceeds the net realizable value, and is recorded in cost of sales in the profit or loss.

(b) Inventories recognized as expenses and included in cost of sales for the year ended 31 December 2025 amounted to RMB136,824,138,000 (2024: RMB150,842,723,000).

24. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables, gross (note (a))	**14,902,268**	12,518,966
Less: impairment	**1,340,870**	1,457,105
	13,561,398	11,061,861
Bills receivable measured at (note (c))		
FVOCI	**1,338,008**	5,743,081
amortized cost	**10,752,758**	2,869
Less: impairment	**48,363**	7,534
Net carrying amount	**25,603,801**	16,800,277

(a) The majority of the Group's sales are on credit. A credit period may be granted in respect of sales to customers with good credit history and long-established relationship with the Group. The ageing analysis of trade receivables based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**10,861,903**	7,218,606
1 to 2 years	**243,257**	44,780
2 to 3 years	**44,664**	455,414
Over 3 years	**3,752,444**	4,800,166
Total	**14,902,268**	12,518,966

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**1,464,639**	1,296,514
Impairment losses	**183,659**	194,633
Disposal of a subsidiary	**(256,260)**	–
Amount written off as uncollectible	**(2,805)**	(26,508)
At end of year	**1,389,233**	1,464,639

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) The impairment assessment of financial assets is disclosed in note 42.

(c) Substantially all bills receivables are with maturity period of within six months.

(d) Most accounts receivable are denominated in RMB and their carrying amounts are reasonable approximations of fair values.

(e) The amounts of accounts receivable pledged as collateral as at the respective ends of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Bills receivables (i)	**7,390,215**	4,372,354

(i) collateral for bills payable issued by banks

Details of the Group's trade balances with its joint ventures and associates as at the end of the reporting period are disclosed in note 39 to the financial statements.

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Deductible value-added tax		**1,088,679**	1,722,067
Receivable from			
– disposals of property, plant and equipment and land use rights		**605,763**	526,615
– disposal of subsidiary		**803,787**	–
– sales of raw materials		**219,447**	480,801
– sales of new energy vehicle credits		**264,226**	328,340
Contracts fulfilment costs		**324,198**	384,158
Service fees		**307,225**	56,157
Deposits		**15,468**	13,624
Prepayments for property, plant and equipment		**4,684**	3,979
Derivative financial instruments	(a)	**86,472**	–
Others		**224,310**	163,929
		3,944,259	3,679,670
Less: non-current portion		**333,307**	825,231
Less: Impairment allowance		**692,425**	676,876
Total		**2,918,527**	2,177,563

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

(a) Derivative financial instruments represented forward foreign exchange contracts entered by the Group to hedge against the relative currency movements for settlement of Euro denominated trade payables (the hedged forecast transactions).

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41. Movements in the hedging reserve in equity are shown in note 35. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

See note 2.4 for the other accounting policies relevant to derivatives and hedging activities.

(b) Movements on the provision for impairment on other receivables are as follows:

	For the year ended 31 December	
	2025 **RMB'000**	**2024** **RMB'000**
As at January 1	**676,876**	776,052
Provision for impairment losses/(reversal) recognized during the year	**15,815**	(99,176)
Disposal of a subsidiary	**(266)**	–
As at December 31	**692,425**	676,876

(c) The impairment assessment of financial assets are disclosed in note 42.

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents		
Cash and bank balances	**19,132,122**	28,187,096
Short-term deposits	**4,234,267**	5,411,259
	23,366,389	33,598,355
Restricted cash and term deposits with initial term of over three months		
Term deposits with initial term of over three months	**–**	300,000
Pledged deposits	**2,197,100**	743,203
	2,197,100	1,043,203

(a) At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to 24,947,896,000 (2024: 32,189,589,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

(c) Pledged deposits are maintained with banks mainly for issuance of bills payable. They earn interests at annual rates ranging from 0.05% to 0.392% in 2025 (2024: 0.10% to 0.65%).

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Trade payables	**32,371,895**	32,033,789
Bills payable	**11,296,437**	7,274,630
Total	**43,668,332**	39,308,419

	2025 RMB'000	2024 RMB'000
Within 1 year	**32,336,209**	31,954,999
1 to 2 years	**2,166**	41,582
2 to 3 years	**4,326**	17,721
Over 3 years	**29,194**	19,487
Total	**32,371,895**	32,033,789

Details of the Group's trade balances with its joint ventures and associates as at the end of the reporting period are disclosed in note 39 to the financial statements.

The trade payables are non-interest-bearing and are normally settled on 30-60-day terms.

28. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Sales discounts and rebates		**14,458,475**	15,783,980
Payable for			
– services		**1,330,664**	3,007,285
– property, plant and equipment and intangible assets		**2,129,500**	3,502,098
– general operations		**2,306,560**	2,409,527
Wages, salaries and other employee benefits		**2,094,908**	1,798,310
Other taxes payable		**1,344,888**	1,759,780
Payables for transportation and warehouse expenses		**793,724**	1,457,126
Advertising and promotion		**769,946**	1,209,385
Investment payable to a joint venture		**–**	961,963
Derivative financial instruments	25(a)	**–**	181,813
Deposits		**136,205**	64,981
Others		**355,517**	722,687
Total		**25,720,387**	32,858,935

(a) Other payables are non-interest-bearing and have an average term of three months.

29. DEFERRED INCOME

Balances mainly include supports from local government to compensate for purchases of assets and development of new technologies and deferred income from customers for roadside assistance and in – vehicle software.

	31 December 2025 RMB'000	31 December 2024 RMB'000
Government grants	**1,448,041**	1,788,507
Contract liabilities	**432,133**	404,527
Total	**1,880,174**	2,193,034

29. DEFERRED INCOME (CONTINUED)

Movements of government grants are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
At January 1	**1,788,507**	2,091,310
Additions	**32,251**	59,422
Amortization	**(372,717)**	(362,225)
At December 31	**1,448,041**	1,788,507

30. CONTRACT LIABILITIES

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Current			
Sale of goods	**1,823,152**	982,971	407,509
Services	**303,143**	403,684	471,195
Others	**593**	17,032	10,681
Total-current	**2,126,888**	1,403,687	889,385
Non-current			
Services	**242,543**	301,501	342,702
Others	**189,590**	103,026	51,408
Total-non-current (note 29)	**432,133**	404,527	394,110
Total	**2,559,021**	1,808,214	1,283,495

Contract liabilities mainly include short-term advances received to deliver goods and services. The increase in contract liabilities in 2025 was mainly due to the cash received in advance for vehicles sold to BAIC International Development Co., Ltd. after the disposal of BAIC International Development Co., Ltd.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans-secured	2.53	2026	2,782,049	5.7-6.35	2025	2,638,756
Bank loans-unsecured	2.11-3.10	2026	1,257,657	2.5-3.45	2025	354,856
Current portion of long term bank loans-secured	1.71	2026	19,200	/	–	–
Current portion of long term bank loans-unsecured	1.95-2.34	2026	1,875,817	2.38-3.20	2025	800,862
Current portion of corporate bonds	/	/	–	2.76-2.98	2025	2,523,895
Total – current			5,934,723			6,318,369
Non-current						
Bank loans-secured	1.71	2027	80,800	/	–	–
Bank loans-unsecured	2.34-2.78	2027-2030	1,906,000	1.95-3.20	2026-2029	2,271,010
Total – non-current			1,986,800			2,271,010
Total			7,921,523			8,589,379

The carrying amounts of borrowings are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	5,037,133	5,950,623
United States Dollar	2,784,390	2,638,756
South African Rand	100,000	–
Total	7,921,523	8,589,379

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2025 RMB'000	2024 RMB'000
Fixed interest rate	755,316	3,163,164
Variable interest rate	7,166,207	5,426,215
Total	7,921,523	8,589,379

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Borrowings from financial institutions:		
Current to 1 year	**5,934,723**	6,318,369
1 to 2 years	**104,800**	1,846,010
2 to 5 years	**1,882,000**	425,000
Total	**7,921,523**	8,589,379

Undrawn facilities at floating rates

	2025 RMB'000	2024 RMB'000
Within 1 year	**16,948,407**	13,526,932
Over 1 year	**7,305,100**	2,100,000
Total	**24,253,507**	15,626,932

Notes:

(a) Balances at 31 December 2025 include borrowings of RMB2,328 million (31 December 2024: RMB952 million) obtained from BAIC Finance, an associate of the Group. The remaining balances were obtained from banks.

(b) The fair values of the borrowings are not materially different to their carrying amounts, since the interests payable on these borrowings is either close to that calculated by current interest rate or the borrowings are of a short-term nature.

(c) Certain of the Group's bank loans are secured by:

(i) BAIC Motor Corporation Limited has guaranteed certain of BAIC Hong Kong Investment Corp. Limited's bank loans which had a net carrying value of RMB2,782,049,000 as at 31 December 2025 (2024: USD367,085,000).

(ii) Sinosure Insurance and Debt Service Reserve Account has guaranteed certain of BAIC Automobile SA (Pty) Ltd.,'s bank loan which had a net carrying value of approximately RMB100,000,000 (2024: Nil) as at 31 December 2025.

32. PROVISION

Balances represent warranty provisions for vehicles sold.

	Notes	2025 RMB'000	2024 RMB'000
At 1 January		**7,053,002**	6,651,570
Additional provision		**2,413,506**	2,769,206
Increase in discounted amounts arising from the passage of time	7	**187,445**	116,238
Amounts utilised during the year		**(2,804,099)**	(2,484,012)
Disposal of a subsidiary	36	**(55,665)**	–
At 31 December		**6,794,189**	7,053,002
Portion classified as current liabilities		**1,784,924**	2,835,481
Non-current portion		**5,009,265**	4,217,521

The Group provides warranties ranging from three to five years for certain automotive products. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

33. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2025				
	Right-of-use assets RMB'000	Valuation surplus upon acquisition of a subsidiary RMB'000	Depreciation of fixed assets RMB'000	Others RMB'000	Total RMB'000
At 31 December 2024	95,601	587,195	1,162,198	329,157	2,174,151
Credited to statement of profit or loss (note 10)	(9,818)	(18,942)	(225,418)	(20,579)	(274,757)
Charged to statement of other comprehensive income	–	–	–	145,561	145,561
Gross deferred liabilities at 31 December 2025	85,783	568,253	936,780	454,139	2,044,955

Deferred tax assets

	2025				
	Provisions for impairment losses RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2024	506,499	8,401,173	90,672	710,127	9,708,471
Credited/(charged) to statement of profit or loss (note 10)	266,681	(1,318,008)	(9,089)	(145,556)	(1,205,972)
Gross deferred tax assets at 31 December 2025	773,180	7,083,165	81,583	564,571	8,502,499

33. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2024				
	Right-of-use assets RMB'000	Valuation surplus upon acquisition of a subsidiary RMB'000	Depreciation of fixed assets RMB'000	Others RMB'000	Total RMB'000
At 31 December 2023	48,305	606,137	645,818	85,348	1,385,608
(Credited)/charged to statement of profit or loss (note 10)	47,296	(18,942)	516,380	269,336	814,070
Credited to statement of other comprehensive income	–	–	–	(25,527)	(25,527)
Gross deferred tax liabilities at 31 December 2024	95,601	587,195	1,162,198	329,157	2,174,151

Deferred tax assets

	2024				
	Provisions for impairment losses RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2023	297,225	7,853,487	43,711	942,621	9,137,044
Credited to statement of profit or loss (note 10)	209,274	547,686	46,961	23,301	827,222
Charged to statement of other comprehensive income	–	–	–	(255,795)	(255,795)
Gross deferred tax assets at 31 December 2024	506,499	8,401,173	90,672	710,127	9,708,471

33. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**6,894,264**	7,863,476
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(436,720)**	(329,156)
Net deferred tax assets	**6,457,544**	7,534,320

Deferred income tax assets and liabilities are presented net to the consolidated balance sheet through setting-off of RMB 1,608,235,000 as at 31 December 2025 (31 December 2024: RMB1,844,995,000).

Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of losses and deductible temporary differences amounting to approximately RMB66 billion (31 December 2024: RMB60 billion) that can be carried forward against future taxable income as at 31 December 2025.

The unrecognized tax loss amounting to approximately RMB56 billion (31 December 2024: RMB49 billion) can be carried forward for utilization in future included in which approximately RMB6 billion, RMB11 billion, RMB36 billion and RMB3 billion being expired in less than 1 year, 1-2 years, 2-5 years and 5-10 years respectively (31 December 2024: RMB2 billion, RMB6 billion, RMB33 billion and RMB8 billion respectively).

34. SHARE CAPITAL

Shares

	Number of ordinary shares of RMB1 each (thousands)	RMB'000
At 1 January 2025 and 31 December 2025	8,015,338	8,015,338
At 1 January 2024 and 31 December 2024	8,015,338	8,015,338

35. RESERVE FUNDS

	Capital reserve RMB'000 (note (a))	Statutory reserve RMB'000 (note (b))	Financial assets at FVOCI RMB'000	Cash flow hedges RMB'000	Currency translation differences RMB'000	Total RMB'000
At 1 January 2025	17,541,520	4,691,251	1,047,733	(60,932)	(271,694)	22,947,878
Other comprehensive income						
Gain on cash flow hedges	–	–	–	58,761	–	58,761
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	–	–
Currency translation differences	–	–	–	–	110,670	110,670
Changes in fair value of financial assets at FVOCI	–	–	92,733	–	–	92,733
Dispose interest in subsidiary to NCI (note (c))	244,944	–	–	–	–	244,944
At 31 December 2025	17,786,464	4,691,251	1,140,466	(2,171)	(161,024)	23,454,986
At 1 January 2024	17,541,520	4,691,251	457,655	80,224	(214,526)	22,556,124
Other comprehensive income/(loss)						
Losses on cash flow hedges	–	–	–	(139,704)	–	(139,704)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(1,452)	–	(1,452)
Currency translation differences	–	–	–	–	(57,168)	(57,168)
Changes in fair value of financial assets at FVOCI	–	–	590,078	–	–	590,078
At 31 December 2024	17,541,520	4,691,251	1,047,733	(60,932)	(271,694)	22,947,878

(a) Capital reserve

Capital reserve includes share premium and reserves arising from capital contributions from equity holders. Share premium represents the difference between the fair value of shares issued and their respective par value. Incremental costs directly attributable to the issue of new shares are shown as a deduction.

(b) Statutory reserve

In accordance with the relevant PRC laws and financial regulations, every year the Company is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards to the statutory surplus reserve until the balance reaches 50% of the paid-up share capital. Such reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

(c) Detailed information regarding gain on disposal of a subsidiary is disclosed in note 36 disposal of a subsidiary.

36. DISPOSAL OF A SUBSIDIARY

On 21 November 2025, the Company executed a Share Acquisition Agreement with Beijing Automotive Group Co., Ltd. ("BAIC Group"). Pursuant to the Agreement, the Company disposed of its 51% equity interest in BAIC International Development Co., Ltd. ("BAIC International") to BAIC Group for a total cash consideration of RMB 1,607,574,000.

The aforesaid equity transfer was duly approved by way of an ordinary resolution at the Company's Third Extraordinary General Meeting held on 29 December 2025. Upon completion of the disposal, BAIC International is held as to 51% by BAIC Group and 49% by the Company. Consequently, BAIC International has ceased to be a subsidiary of the Company, and its financial performance will no longer be consolidated into the Group's financial statements effective from the completion date.

	Notes	2025 RMB'000
Net assets disposed of:		
Property, plant and equipment	13	4,693
Other intangible assets	17	2,792
Equity investments designated at fair value through other comprehensive income		690
Cash and bank balances		351,782
Trade receivables		696,989
Prepayments and other receivables		855,608
Advances to suppliers		29,171
Inventories		1,809,178
Provision	32	(55,665)
Trade and bills payables		(2,262,404)
Other payables and accruals		(139,552)
Contract liabilities		(347,615)
Subtotal		945,667
Gain on disposal of a subsidiary	5	2,206,439
Total consideration		3,152,106
Satisfied by:		
Cash		1,607,574
49% equity interest in BAIC International (note 20)		1,544,532

36. DISPOSAL OF A SUBSIDIARY (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Notes	2025 RMB'000
Cash consideration		1,607,574
Cash and bank balances disposed of		(351,782)
Outstanding balance of cash consideration	(a)	(803,787)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary		452,005

(a) As of 31 December 2025, the consideration of the disposal of RMB 803,787,000 has been received, with RMB 803,787,000 still outstanding.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB96,000,000 (2024: RMB290,243,000) and RMB96,000,000 (2024: RMB290,243,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2025

	Interest- bearing bank and other borrowings RMB'000	Loans from immediate parent company and fellow subsidiaries RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	(8,589,379)	(350,991)	(357,290)	(9,297,660)
Changes from financing cash flows	611,023	217,508	86,387	914,918
Addition of leases and interest on lease liabilities	-	-	(111,048)	(111,048)
Foreign exchange adjustments	36,820	-	(6,943)	29,877
Other changes	20,013	718	-	20,731
At 31 December 2025	(7,921,523)	(132,765)	(388,894)	(8,443,182)

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (Continued)

2024

	Interest- bearing bank and other borrowings RMB'000	Loans from immediate parent company and fellow subsidiaries RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	(13,274,941)	(393,525)	(169,826)	(13,838,292)
Changes from financing cash flows	4,504,862	42,534	102,779	4,650,175
Addition of leases and interest on lease liabilities	–	–	(297,691)	(297,691)
Foreign exchange adjustments	(38,628)	–	7,448	(31,180)
Other changes	219,328	–	–	219,328
At 31 December 2024	(8,589,379)	(350,991)	(357,290)	(9,297,660)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	**2024 RMB'000**
Within operating activities	**49,856**	23,419
Within financing activities	**86,387**	102,779
Total	**136,243**	126,198

38. COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment, intangible assets	**9,151,554**	6,705,684
Equity Investment (note)	**350,000**	–

Note: BAIC announced that, on 25 July 2025, the Company entered into the Partnership Agreement with Shenzhen Anpeng, BAIC Group, BAIC Investment and Beiqi Foton, pursuant to which the Company will participate in the Partnership as a limited partner and has agreed to contribute RMB 500 million. The first tranche of RMB 150 million has been paid in July 2025.

39. RELATED PARTY TRANSACTIONS

The expression of related party relationships has been disclosed in material accounting policies.

The immediate parent company of the Company is BAIC Group and as a result related parties of the Group include BAIC Group, other entities and corporations in which BAIC Group is able to control or exercise significant influence, joint control and key management personnels of the Company and BAIC Group, as well as their close family members.

BAIC Group is a company beneficially owned by SASAC Beijing which also owns a significant portion of the productive assets and entities in the PRC (collectively referred as the "government-related entities"). Apart from transactions with abovementioned related parties, the Group has transactions with other government-related entities which are conducted in the ordinary course of the Group's business on terms comparable to those with non-government-related entities. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the information disclosed elsewhere in the financial statements, the following transactions were carried out in the ordinary course of the Group's business and were determined based on mutually agreed terms for each of the years ended 31 December 2025 and 2024.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Sale of goods and materials and property, plant and equipment to	(i)		
– fellow subsidiaries		**18,970,313**	20,827,159
– joint ventures		**675,096**	810,983
– an associate		**–**	608
– other related companies		**2,189,338**	3,231,956
Services provided to			
– fellow subsidiaries		**223,809**	36,791
– joint ventures		**2,595**	2,771
– an associate		**15,726**	17,691
– other related companies		**31,760**	51,626
Purchases of goods and materials from	(ii)		
– immediate parent company		**2,665**	–
– fellow subsidiaries		**21,768,152**	14,333,583
– a joint venture		**477,531**	238,533
– other related companies		**53,200,396**	74,363,161
Services received from			
– immediate parent company		**581,286**	662,317
– fellow subsidiaries		**4,087,348**	4,390,862
– joint ventures		**1,100,482**	1,237,777
– an associate		**28,048**	247,765
– other related companies		**6,409,505**	4,751,920
Lease income from			
– fellow subsidiaries		**7,798**	15,593
– other related companies		**87,804**	72,226
Lease payments to			
– fellow subsidiaries		**98,960**	109,108

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the year: (Continued)

	Notes	2025 RMB'000	2024 RMB'000
Interest income from			
– an associate		**93,934**	105,543
– an other related company		**708**	381
Interest expenses to			
– immediate parent company		**3,050**	2,362
– an associate		**48,226**	33,946
Key management compensations			
– salaries, allowances and other benefits		**7,608**	7,181
– employer's contributions to pension schemes		**693**	986
– discretionary bonuses		**2,230**	6,224
Repayment of borrowings		**2,175,100**	25,000
Borrowings from an associate		**3,552,300**	333,500
Repayment of immediate parent company and fellow subsidiaries		**263,487**	42,534
Loan from immediate parent company and fellow subsidiaries		**45,261**	–

Notes:

(i) The sales to the related parties was based on mutually agreed terms between the relevant parties.

(ii) The purchases from the related parties was based on mutually agreed terms between the relevant parties.

(iii) The Group has entered into a lease agreement in respect of R&D Base Housing with Beijing Automotive Research Institute Co., Ltd. The transaction was made according to the price and terms agreed with Beijing Automotive Research Institute Co., Ltd.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

	Notes	2025 RMB'000	2024 RMB'000
Assets			
Financial assets at FVOCI			
– fellow subsidiaries		**8,509,517**	8,309,628
Trade receivables			
– fellow subsidiaries		**2,081,326**	1,015,558
– joint ventures		**206,540**	143,720
– an associate		**3,486,193**	–
– other related companies		**534,467**	977,147
Bills receivables			
– fellow subsidiaries		**397,764**	301,191
– a joint venture		**17,517**	8,203
Advances to suppliers			
– immediate parent company		**5,664**	–
– fellow subsidiaries		**80,528**	46,053
– an associate		**35,859**	–
Other receivables			
– immediate parent company		**803,787**	–
– fellow subsidiaries		**245,167**	33,940
– joint ventures		**208,202**	328,058
– an associate		**4,305**	–
– other related companies		**471,024**	472,932
Cash and cash equivalents			
– an associate		**12,897,964**	18,753,221
– an other related company		**127,955**	177,226

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (Continued)

	Notes	2025 RMB'000	2024 RMB'000
Liabilities			
Trade payables			
– immediate parent company		1,132	–
– fellow subsidiaries		4,809,492	4,158,363
– a joint venture		213,014	161,095
– an associate		30,246	–
– other related companies		7,711,140	9,050,556
Bills payable			
– fellow subsidiaries		5,653,793	2,773,674
– a joint venture		88,445	119,272
– an associate		504	910
– other related companies		8,539	37,396
Contract liabilities			
– fellow subsidiaries		69,168	62,618
– an associate		1,328,362	–
Other payables and accruals			
– immediate parent company		308,391	684,270
– fellow subsidiaries		322,408	645,480
– joint ventures		269,833	1,078,196
– an associate		131,859	–
– other related companies		2,236,991	3,575,792
Borrowings from			
– an associate (note 31(a))		2,328,310	952,395
Lease liabilities			
– a fellow subsidiary	(iii)	233,816	289,314

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Commitments with related parties

	2025 RMB'000	2024 RMB'000
Purchase of non-patented technology – an other related company	**1,150,000**	1,150,000

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income					
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Equity investments RMB'000	Derivative RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	–	8,512,517	–	–	8,512,517
Trade and bills receivables	–	1,332,635	–	–	24,271,166	25,603,801
Financial assets included in prepayments, other receivables and other assets	–	–	–	86,472	1,736,491	1,822,963
Financial assets at fair value through profit or loss	166,989	–	–	–	–	166,989
Pledged deposits	–	–	–	–	2,197,100	2,197,100
Cash and cash equivalents	–	–	–	–	23,366,389	23,366,389
Total	166,989	1,332,635	8,512,517	86,472	51,571,146	61,669,759

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	43,668,332
Financial liabilities included in other payables and accruals	22,280,589
Interest-bearing bank and other borrowings	7,921,523
Total	73,870,444

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2024

Financial assets

	Financial assets at fair value through other comprehensive income			
	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	8,312,628	–	8,312,628
Trade and bills receivables	5,735,552	–	11,064,725	16,800,277
Financial assets included in prepayments, other receivables and other assets	–	–	885,228	885,228
Pledged deposits	–	–	1,043,203	1,043,203
Cash and cash equivalents	–	–	33,598,355	33,598,355
Total	5,735,552	8,312,628	46,591,511	60,639,691

Financial liabilities

	Financial liabilities at fair value through other comprehensive income RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	39,308,419	39,308,419
Financial liabilities included in other payables and accruals	181,813	29,251,716	29,433,529
Interest-bearing bank and other borrowings	–	8,589,379	8,589,379
Total	181,813	77,149,514	77,331,327

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	**2024 RMB'000**	**2025 RMB'000**	**2024 RMB'000**
Financial liabilities				
Interest-bearing bank and other borrowings	**7,921,523**	8,589,379	**7,899,843**	8,528,643
Total	**7,921,523**	8,589,379	**7,899,843**	8,528,643

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, represented forward currency contracts, are measured using swap points as the benchmark to determine the fair value. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 December 2025, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Average P/E multiple of peers	6.37 (2024: Nil)	1% (2024: Nil) increase/decrease in multiple would result in increase/ decrease in fair value by RMB 23,776,000 (2024: Nil)
Unlisted equity investments	Market approach	Discount for lack of marketability	20% (2024: Nil)	1% (2024: Nil) increase/decrease in discount would result in decrease/ increase in fair value by RMB 6,382,000 (2024: Nil)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Assets				
Financial assets designed as fair value through other comprehensive income	–	1,332,635	–	1,332,635
Equity investments designated at fair value through other comprehensive income	–	6,096,517	2,416,000	8,512,517
Financial assets at fair value through profit or loss	–	–	166,989	166,989
Derivative financial instruments	–	86,472	–	86,472
Total	–	7,515,624	2,582,989	10,098,613

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Assets				
Financial assets designed as fair value through other comprehensive income	–	5,735,552	–	5,735,552
Equity investments designated at fair value through other comprehensive income	6,309,628	–	2,003,000	8,312,628
Total	6,309,628	5,735,552	2,003,000	14,048,180
Liabilities				
Derivative financial instruments	–	181,813	–	181,813

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investments at fair value through other comprehensive income		
At 1 January	2,003,000	3,000
Purchases	–	2,000,000
Total gains recognised in other comprehensive income	413,000	–
At 31 December	2,416,000	2,003,000

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss		
At 1 January	–	–
Purchases	150,000	–
Total gains recognised in profit or loss	16,989	–
At 31 December	166,989	–

Assets for which fair values are disclosed:

The fair value of investment properties is disclosed in note 14.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	7,899,843	–	7,899,843
Total	–	7,899,843	–	7,899,843

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	8,528,643	–	8,528,643
Total	–	8,528,643	–	8,528,643

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward foreign exchange contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, restricted cash and term deposits with initial term of over three months and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2025, if the interest rates on borrowings had been 100 basis points higher/lower than the prevailing rate, with all other variables held constant, net profit for the year ended 31 December 2025 would have been approximately RMB37,033,000 (2024: RMB37,612,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign currency risk

The Group has international purchase transactions and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

To manage the impact of exchange rate fluctuations, the Group continually assesses its exposure to foreign exchange risks, and a portion of those risks will be mitigated by using derivative financial instruments when management considers necessary.

Management has set up a policy to manage their foreign exchange risk against their functional currency. The Group uses forward foreign exchange contracts to hedge anticipate cash flows (mainly purchase of inventories) in major foreign currencies for the subsequent periods.

At 31 December 2025, the asset carrying value of the forward foreign exchange contracts was RMB 86,472,000 (note 25) (31 December 2024: liability of RMB181,813,000 (note 28)). The foreign exchange forwards are denominated in the same currency as the highly probable future inventory purchases (both in Euro) and therefore the hedge ratio is 1: 1.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and RMB exchange rates, with all other variables held constant, of the Group's profit after tax (arising from EUR and RMB denominated financial instruments) and the Group's equity (due to changes in the fair value of forward foreign exchange contracts).

	Increase/ (decrease) in EUR/RMB rate %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity* RMB'000
2025			
If the RMB weakens against the EUR	**10**	**649,838**	**6,485**
If the RMB strengthens against the EUR	**10**	**(649,838)**	**(6,485)**
2024			
If the RMB weakens against the EUR	10	(96,940)	375,635
If the RMB strengthens against the EUR	10	96,940	(375,635)

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	–	26,993,034	26,993,034
Financial assets included in prepayments, other receivables and other assets					
– Normal*	1,478,315	–	–	–	1,478,315
– Doubtful*	–	946,552	4,049	–	950,601
Pledged deposits					
– Not yet past due	2,197,100	–	–	–	2,197,100
Cash and cash equivalents					
– Not yet past due	23,366,389	–	–	–	23,366,389
Total	27,041,804	946,552	4,049	26,993,034	54,985,439

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	–	18,264,916	18,264,916
Financial assets included in prepayments, other receivables and other assets					
– Normal*	906,920	–	–	–	906,920
– Doubtful*	–	655,183	–	–	655,183
Pledged deposits					
– Not yet past due	1,043,203	–	–	–	1,043,203
Cash and cash equivalents					
– Not yet past due	33,598,355	–	–	–	33,598,355
Total	35,548,478	655,183	–	18,264,916	54,468,577

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Impairment of financial assets are determined on the basis outlined in Note 3. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2025 the provision for impairment in respect of those collectively assessed trade receivables was approximately RMB1,340,870,000 (31 December 2024: RMB1,457,105,000) based on expected loss rates applied on different groupings as follows.

Trade receivables from sales of products and services

	Current RMB'000	More than 30 days RMB'000	More than 1 year RMB'000	More than 2 years RMB'000	More than 3 years RMB'000	Total RMB'000
As at 31 December 2025						
Expected loss rate	**0.79%**	**10.06%**	**6.23%**	**6.07%**	**99.03%**	**9.54%**
Trade receivables, gross	**9,394,588**	**1,207,838**	**154,831**	**5,010**	**916,838**	**11,679,105**
Provision for impairment	**74,683**	**121,548**	**9,651**	**304**	**907,919**	**1,114,105**
As at 31 December 2024						
Expected loss rate	0.25%	16.19%	36.87%	62.19%	97.90%	13.90%
Trade receivables, gross	6,528,972	689,635	6,341	6,023	1,037,278	8,268,249
Provision for impairment	16,264	111,674	2,338	3,746	1,015,529	1,149,551

Trade receivables from government subsidies of new energy vehicle sales

As at 31 December 2025, trade receivables, gross, from government subsidies of new energy vehicle sales amounted to approximately RMB3,223,163,000 (31 December 2024: RMB4,250,717,000) with provision for impairment of approximately RMB226,765,000 (31 December 2024: RMB307,554,000).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

The Group categorizes the other receivables into different groups based on their shared risk characteristics, and calculates the expected credit losses for each group respectively. The basis for the determination of grouping and the method of provision are as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025				
Expected loss rate	**1.74%**	**70.01%**	**100.00%**	**28.51%**
Other receivables, gross	**1,478,315**	**946,552**	**4,049**	**2,428,916**
Provision for impairment	**25,709**	**662,667**	**4,049**	**692,425**
As at 31 December 2024				
Expected loss rate	2.39%	100.00%	–	43.33%
Other receivables, gross	906,920	655,183	–	1,562,103
Provision for impairment	21,693	655,183	–	676,876

Liquidity risk

Management regularly monitors the Group's current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed banking facilities to meet its capital commitments and working capital requirements. The amount of undrawn credit facilities at the balance sheet dates are disclosed in Note 31 to these financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	2025			
	less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	165,488	156,403	13,200,841	13,522,732
Interest-bearing bank and other borrowings	6,033,412	2,103,426	–	8,136,838
Trade and bills payables	43,668,332	–	–	43,668,332
Other payables and accruals	22,280,589	–	–	22,280,589
Total contractual undiscounted payments	72,147,821	2,259,829	13,200,841	87,608,491

Group	2024			
	less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	101,991	206,455	12,010,312	12,318,758
Interest-bearing bank and other borrowings	6,467,524	2,325,507	–	8,793,031
Trade and bills payables	39,308,419	–	–	39,308,419
Other payables and accruals	29,121,243	–	–	29,121,243
Total contractual undiscounted payments	74,999,177	2,531,962	12,010,312	89,541,451

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 for shareholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated includes interest-bearing bank and other borrowings, trade and bills payables, lease liabilities and certain other payables and accruals, less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated balance sheet plus net debt.

As at 31 December 2025 and 2024, the balance of total cash and cash equivalents exceeded the balance of borrowings.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings (note 31)	**7,921,523**	8,589,379
Trade and bills payables	**43,668,332**	39,308,419
Other payables and accruals (note 28)	**25,720,387**	32,858,935
Lease liabilities	**388,894**	357,290
Less: Cash and cash equivalents	**(23,366,389)**	(33,598,355)
Net debt	**54,332,747**	47,515,668
Equity attributable to owners of the parent	**57,944,622**	57,314,818
Less: Cash flow hedge reserve	**(58,761)**	139,704
Adjusted capital	**57,885,861**	57,454,522
Capital and net debt	**112,218,608**	104,970,190
Gearing ratio	**48%**	45%

43. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2025.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**3,959,652**	4,271,960
Land use rights	**458,306**	470,251
Intangible assets	**10,447,443**	10,055,409
Investments in subsidiaries	**39,285,434**	38,386,536
Investments in joint ventures and associates	**3,087,385**	2,165,895
Equity investments at fair value through other comprehensive income	**6,596,812**	6,168,192
Financial assets at fair value through profit or loss	**166,989**	–
Other receivables and prepayments	**321,189**	726,718
Total non-current assets	**64,323,210**	62,244,961
CURRENT ASSETS		
Inventories	**368,177**	240,826
Trade and bills receivables	**20,450,011**	13,031,597
Advances to suppliers	**72,346**	47,759
Prepayments, other receivables and other assets	**20,977,864**	19,029,865
Pledged deposits	**1,062,297**	2,596
Cash and cash equivalents	**2,428,477**	5,260,633
Total current assets	**45,359,172**	37,613,276
CURRENT LIABILITIES		
Trade and bills payables	**15,354,248**	8,650,377
Contract liabilities	**1,377,371**	4,519
Lease liabilities	**137,246**	93,830
Other payables and accruals	**3,124,572**	4,424,593
Interest-bearing bank and other borrowings	**2,976,533**	3,525,013
Provisions	**78,568**	145,745
Total current liabilities	**23,048,538**	16,844,077

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
NET CURRENT ASSETS	**22,310,634**	20,769,199
TOTAL ASSETS LESS CURRENT LIABILITIES	**86,633,844**	83,014,160
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,906,000**	2,271,010
Lease liabilities	**99,070**	195,484
Provisions	**574,983**	350,376
Deferred income	**586,685**	410,082
Deferred tax liabilities	**428,732**	321,577
Total non-current liabilities	**3,595,470**	3,548,529
Net assets	**83,038,374**	79,465,631
EQUITY		
Share capital	**8,015,338**	8,015,338
Other reserves	**75,023,036**	71,450,293
Total equity	**83,038,374**	79,465,631

Wang Hao
Director

Chen Geng
Director

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's other reserves is as follows:

	Capital reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	22,832,172	875,915	4,007,671	38,627,373	66,343,131
Final 2023 dividend declared	–	–	–	(1,041,994)	(1,041,994)
Total comprehensive income for the year	–	–	–	6,060,339	6,060,339
Changes in fair value of equity investments at fair value through other comprehensive income	–	88,817	–	–	88,817
At 31 December 2024 and 1 January 2025	**22,832,172**	**964,732**	**4,007,671**	**43,645,718**	**71,450,293**
Total comprehensive income for the year	**–**	**–**	**–**	**3,251,278**	**3,251,278**
Changes in fair value of equity investments at fair value through other comprehensive income	**–**	**321,465**	**–**	**–**	**321,465**
At 31 December 2025	**22,832,172**	**1,286,197**	**4,007,671**	**46,896,996**	**75,023,036**

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2026.

"2023" or "the year 2023"	the year ended December 31, 2023
"2024" or "the year 2024"	the year ended December 31, 2024
"2025" or "the year 2025" or "the year"	the year ended December 31, 2025
"Articles of Association"	the articles of association of BAIC Motor Corporation Limited considered and amended at the 2025 third extraordinary general meeting of the Company held on December 29, 2025
"Audit Committee"	audit committee of the Board
"BAIC Auto Finance"	BAIC Automotive Finance (Hangzhou) Co., Ltd.
"BAIC Auto Finance Financial Services Framework Agreement"	the financial services framework agreement entered into between the Company and BAIC Automotive Finance (Hangzhou) Co., Ltd. on March 31, 2025
"BAIC Finance"	Beijing Automotive Group Finance Co., Ltd.
"BAIC Finance Financial Services Framework Agreement"	the financial services framework agreement entered into between the Company and Beijing Automotive Group Finance Co., Ltd. on December 2, 2014
"BAIC Group"	Beijing Automotive Group Co., Ltd.
"BAIC Guangzhou"	BAIC Guangzhou Automotive Co., Ltd.
"BAIC Gulf"	BAIC GULF AUTOMOBILE TRADING FZ
"BAIC International"	BAIC International Development Co., Ltd.
"BAIC Investment"	BAIC Investment Co., Ltd.
"BAIC Mexico"	BAIC De Mexico Sa De CV
"BAIC Off-road Vehicle"	BAIC Group Off-road Vehicle Co., Ltd.
"BAIC SA"	BAIC Automobile SA Proprietary Limited
"Beijing Benz"	Beijing Benz Automotive Co., Ltd. (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.)
"Beijing Brand"	the passenger vehicle business of our proprietary brand

"Beijing Hyundai"	Beijing Hyundai Motor Co., Ltd.
"Benz Sales"	Beijing Mercedes-Benz Sales Service Co., Ltd.
"BH Leasing"	BH Leasing Co., Ltd.
"Board of Directors" or "Board"	the board of directors of the Company
"Board of Supervisors"	the former board of supervisors of the Company, which was repealed on December 29, 2025
"CAAM"	China Association of Automobile Manufacturers
"China Accounting Standards" or "PRC Accounting Standards"	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
"Company"	BAIC Motor Corporation Limited
"Company Law"	the Company Law of the People's Republic of China, as amended and adopted at the Seventh Meeting of the Standing Committee of the Fourteenth National People's Congress on December 29, 2023 and effective from July 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules
"Date of Issue of the Report"	March 25, 2026, i.e. the date on which the annual report is submitted to the Board of Directors for approval
"Director(s)"	director(s) of the Company
"Domestic Shares"	ordinary shares in the Company's share capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi
"end of 2024"	December 31, 2024
"end of 2025"	December 31, 2025
"E&Y"	Ernst & Young
"Ernst & Young Hua Ming"	Ernst & Young Hua Ming LLP

"ESG"	Environmental, Social and Governance
"ESG Code"	the Environmental, Social and Governance Reporting Code as set forth in Appendix C2 to the Listing Rules
"FJMOTOR"	Fujian Motor Industry Group Co., Ltd.
"Fujian Benz"	Fujian Benz Automotive Co., Ltd.
"general meeting"	the Shareholder's general meeting of the Company
"Group", "our Group" or "We" or "our"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.0 each, to be subscribed for and traded in HK dollars and listed and traded on the Stock Exchange
"HK dollar(s)"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hyundai Motor"	Hyundai Motor Company
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Latest Practicable Date"	April 22, 2026, being the latest practicable date for ascertaining relevant information contained in this annual report prior to printing
"Listing"	listing of the H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock market operated by the Stock Exchange (excluding options market), independent of and operated in parallel with the GEM of the Stock Exchange
"MBLC"	Mercedes-Benz Leasing Co., Ltd.
"Mercedes-Benz Group"	Mercedes-Benz Group AG (formerly known as Daimler AG)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix C3 to the Listing Rules
"NFRA"	National Financial Regulatory Administration

"Nomination Committee"	nomination committee of the Board
"PBOC"	the People's Bank of China
"Powertrain"	BAIC Motor Powertrain Co., Ltd.
"Products and Services Purchasing Framework Agreement"	the products and services purchasing framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014
"Property and Facility Leasing Framework Agreement"	the property and facility leasing framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014
"Property and Facility Leasing Supplemental Agreement"	the property and facility leasing supplemental agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on March 27, 2019
"Prospectus"	the prospectus of the Company dated December 9, 2014
"Provision of Products and Services Framework Agreement"	the provision of products and services framework agreement entered into between the Company and Beijing Automotive Group Co., Ltd. on December 2, 2014
"Remuneration Committee"	remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Rules of Procedure of the Board of Supervisors"	the former Rules of Procedure of the Board of Supervisors of BAIC Motor Corporation Limited which was repealed on December 29, 2025
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Special Committees"	collectively, Strategy and Sustainability Committee, Audit Committee, Remuneration Committee and Nomination Committee
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Sustainability Committee"	strategy and sustainability committee of the Board

“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Supply of Products”	including facilities, raw materials, components and parts, and vehicles
“Supply of Services”	including sales agency, processing agency, labor, logistics, transportation and consultancy services
“Supervisor(s)”	former supervisor(s) of the Company

北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED*