



GITI TIRE PTE. LTD.
AND ITS SUBSIDIARIES
(Registration No. 199304649R)

DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2025.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 6 to 90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2025, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Michelle Liem Mei Fung
Tan Enk Ee
Lei Huai Chin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of directors	
	At beginning of year	At end of year
Ultimate holding company - <u>GITI Holdings Ltd.</u>	<u>Ordinary shares</u>	
Michelle Liem Mei Fung	60,000	60,000
Tan Enk Ee	20,000	20,000

By virtue of Section 7 of the Companies Act 1967, Ms Michelle Liem Mei Fung and Mr Tan Enk Ee are deemed to have interest in all the related companies of the ultimate holding company.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



.....
Lei Huai Chín



.....
Michelle Liem Mei Fung

May 14, 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

GITI TIRE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Giti Tire Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 90.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement as set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GITI TIRE PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

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

- (a) Identify and assess the risks of material misstatement of the 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
GITI TIRE PTE. LTD.

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.



Public Accountants and
Chartered Accountants
Singapore

May 14, 2026

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
December 31, 2025

	Note	<u>Group</u>		<u>Company</u>	
		2025	2024	2025	2024
		RMB'million	RMB'million	RMB'million	RMB'million
<u>ASSETS</u>					
Current assets					
Cash and bank balances	8	3,096	3,524	16	29
Restricted bank deposits	9	3,151	1,832	66	61
Trade and other receivables	10	3,498	3,382	5	4
Amounts due from subsidiaries	5	-	-	6,368	5,992
Amount due from immediate holding company	7	1,390	1,413	1,390	1,413
Amounts due from related companies/parties	7	814	650	-	-
Inventories	14	5,135	5,064	-	-
Financial assets at fair value through profit or loss	11	163	164	-	-
Financial assets at fair value through other comprehensive income ("FVTOCI")	12	391	554	-	-
		17,638	16,583	7,845	7,499
Assets classified as held for sale	13	11	-	-	-
Total current assets		17,649	16,583	7,845	7,499
Non-current assets					
Property, plant and equipment	15	15,832	13,553	3	3
Right-of-use assets	16	1,570	1,672	-	-
Investment properties	17	166	182	-	-
Goodwill	18	-	-	-	-
Intangible assets	19	102	82	8	7
Investments in subsidiaries	20	-	-	3,794	3,794
Investments in associates	21	68	76	-	-
Investment in a joint venture	22	-	-	-	-
Financial assets at fair value through profit or loss	11	44	40	-	-
Deferred tax assets	27	1,878	1,804	-	-
Deposits for purchase of property, plant and equipment		820	920	-	-
Other receivables - non-current		124	49	-	-*
Amounts due from related parties	7	343	343	-	-
Total non-current assets		20,947	18,721	3,805	3,804
Total assets		38,596	35,304	11,650	11,303

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (cont'd)
December 31, 2025

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		2025	2024	2025	2024
		RMB'million	RMB'million	RMB'million	RMB'million
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Trade and other payables	23	7,489	8,715	65	72
Lease liabilities	24	113	111	-	-
Contract liabilities	25	602	450	-	-
Amounts due to subsidiaries	5	-	-	4,420	3,977
Amounts due to immediate holding company	7	772	819	772	819
Amounts due to related companies/parties	7	15	10	4	1
Tax payable		89	70	-*	-*
Borrowings	26	4,868	6,363	1,558	673
		13,948	16,538	6,819	5,542
Liabilities directly associated with assets classified as held for sale	13	2	-	-	-
Total current liabilities		13,950	16,538	6,819	5,542
Non-current liabilities					
Trade and other payables	23	7,854	6,235	-	10
Lease liabilities	24	279	342	-	-
Amount due to immediate holding company	7	1,345	1,375	1,345	1,375
Amounts due to related companies/parties	7	19	19	-	-
Borrowings	26	7,814	3,752	807	1,426
Retirement benefit obligations	28	774	800	-	-
Deferred tax liabilities	27	853	867	-	-
Total non-current liabilities		18,938	13,390	2,152	2,811
Equity					
Share capital	29	1,758	1,758	1,758	1,758
Reserves		1,212	885	921	1,192
Equity attributable to owner of the company		2,970	2,643	2,679	2,950
Non-controlling interests		2,738	2,733	-	-
Total equity		5,708	5,376	2,679	2,950
Total liabilities and equity		38,596	35,304	11,650	11,303

* Amount is less than RMB1 million.

See accompanying notes to financial statements.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2025

		<u>Group</u>	
	<u>Note</u>	<u>2025</u>	<u>2024</u>
		RMB'million	RMB'million
Revenue	30	22,821	22,056
Cost of sales		(16,877)	(15,923)
Gross profit		5,944	6,133
Other income	31	274	188
Selling and distribution expenses		(2,706)	(2,626)
Administrative expenses		(1,667)	(1,589)
Share of results of associates	21	(6)	(20)
Share of results of a joint venture	22	-	-
Finance costs	32	(780)	(908)
Profit before tax		1,059	1,178
Income tax expense	33	(250)	(269)
Profit for the year	34	809	909

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended December 31, 2025

		<u>Group</u>	
	<u>Note</u>	<u>2025</u>	<u>2024</u>
		RMB'million	RMB'million
Other comprehensive income, net of income tax:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value gain (loss) on investments in equity instruments designated as FVTOCI		1	(3)
Actuarial (loss) gain - net of tax benefit	28	(36)	9
Share of other comprehensive income of associate and joint venture	21	4	7
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		(243)	(88)
Total comprehensive income for the year		<u>535</u>	<u>834</u>
Profit for the year attributable to:			
Owner of the Company		426	541
Non-controlling interests		<u>383</u>	<u>368</u>
		<u>809</u>	<u>909</u>
Total comprehensive income attributable to:			
Owner of the Company		327	478
Non-controlling interests		<u>208</u>	<u>356</u>
		<u>535</u>	<u>834</u>

See accompanying notes to financial statements.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2025

	<----- Attributable to owner of the Company ----->								
	Share capital	Statutory surplus reserve	Capital reserve	Equity reserve	Retained earnings	Exchange reserve	Subtotal	Non-controlling interests	Total
	RMB' million	RMB' million (Note A)	RMB' million	RMB' million (Note B)	RMB' million	RMB' million (Note C)	RMB' million	RMB' million	RMB' million
<u>Group</u>									
Balance at January 1, 2024	1,758	1,173	(40)	(117)	201	(802)	2,173	2,520	4,693
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	541	-	541	368	909
Other comprehensive income for the year	-	-*	12	-	4	(79)	(63)	(12)	(75)
Total	-	-*	12	-	545	(79)	478	356	834
<i>Transactions with owner, recognised directly in equity</i>									
Transfer from retained earnings to statutory surplus reserve	-	40	-	-	(40)	-	-	-	-
Dividend	-	-	-	-	-	-	-	(151)	(151)
Deemed distribution to non-controlling interest	-	(8)	-	-	-	-	(8)	8	-
	-	32	-	-	(40)	-	(8)	(143)	(151)
Balance at December 31, 2024	1,758	1,205	(28)	(117)	706	(881)	2,643	2,733	5,376
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	426	-	426	383	809
Other comprehensive income for the year	-	-	3	-	(17)	(85)	(99)	(175)	(274)
Total	-	-	3	-	409	(85)	327	208	535
<i>Transactions with owner, recognised directly in equity</i>									
Transfer from retained earnings to statutory surplus reserve	-	407	-	-	(407)	-	-	-	-
Dividend	-	-	-	-	-	-	-	(203)	(203)
Sale of treasury shares	-	-	-	-*	-	-	-*	-	-*
	-	407	-	-	(407)	-	-	(203)	(203)
Balance at December 31, 2025	1,758	1,612	(25)	(117)	708	(966)	2,970	2,738	5,708

* Amount is less than RMB1 million.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (cont'd) Year ended December 31, 2025

Note A:

In accordance with the relevant People's Republic of China ("PRC") laws and regulations, the companies established in the PRC are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under the PRC Generally Accepted Accounting Principles (the "PRC GAAP") to the statutory surplus reserve. Allocation to the statutory surplus reserve shall be approved by the board of directors. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC companies' registered capital. The statutory surplus reserves may be used to make up losses or for conversion into capital. The PRC companies may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory surplus reserves into capital in proportion to their then existing shareholdings. However, when converting the PRC companies' statutory surplus reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

Note B:

The equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control. During the year, a subsidiary sold treasury shares amounting to RMB0.03 million.

Note C:

The exchange reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Renminbi.

	Share capital	Retained earnings	Capital reserve	Total
	RMB'million	RMB'million	RMB'million	RMB'million
<u>Company</u>				
Balance at January 1, 2024	1,758	1,442	16	3,216
Loss for the year, representing total comprehensive income for the year	-	(266)	-	(266)
Transfer of capital reserve to retained earnings upon liquidation of subsidiary, representing transactions with owner, recognised directly in equity	-	16	(16)	-
Balance at December 31, 2024	1,758	1,192	-	2,950
Loss for the year, representing total comprehensive income for the year	-	(271)	-	(271)
Balance at December 31, 2025	1,758	921	-	2,679

See accompanying notes to financial statements.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2025

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Operating activities		
Profit before tax	1,059	1,178
Adjustments for:		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	828	785
Depreciation of investment properties	9	8
Depreciation of right-of-use assets	97	104
Impairment loss (reversed) recognised on:		
Inventories	(13)	5
Property, plant and equipment	5	6
Trade and other receivables	2	7
Interest expense	780	908
Interest income	(39)	(32)
Gain on disposal of property, plant and equipment	(28)	(5)
Loss (Gain) from fair value adjustments on forward foreign exchange contracts	-	- *
Share of results of associates	6	20
Income from government grants	(23)	(16)
Investment income from equity instruments designated as FVTOCI	- *	- *
Gain on financial assets measured at FVTPL	(11)	(4)
Provision for post-employment benefits	125	116
Unrealised foreign exchange loss	8	51
Loss on intangible assets written off	- *	-
Operating cash flows before movements in working capital	2,818	3,144
Inventories	(150)	(660)
Trade and other receivables	(70)	(460)
Amounts due from related companies	(159)	(4)
Trade and other payables	(12)	1,073
Amounts due to related companies	5	(2)
Contract liabilities	160	47
Cash generated from operations	2,592	3,138
Income taxes paid	(344)	(380)
Income taxes refunded	18	118
Interest paid	(675)	(798)
Payment of defined benefit plan	(136)	(117)
Net cash from operating activities	1,455	1,961

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Year ended December 31, 2025

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Investing activities		
Payment for acquisition of property, plant and equipment	(2,339)	(1,364)
Deposits for acquisition of property, plant and equipment	(2,308)	(2,011)
Acquisition of investment properties	- *	(5)
Acquisition of intangible assets	(30)	(30)
Proceeds from disposal of property, plant and equipment	47	26
Dividend received from equity instruments designated at FVTOCI	- *	- *
Withdrawals of investment in joint venture	-	1
Interest received	39	32
Government grant received	1,627	4,504
Movement in restricted cash	147	(1,180)
Purchase of financial assets mandatorily measured at FVTPL	(1)	-
Net cash used in investing activities	(2,818)	(27)
Financing activities		
Restricted bank deposits	(1,467)	(147)
Increase in amount due to immediate holding company	(28)	(7)
New borrowings raised	9,981	4,741
Repayment of borrowings	(6,763)	(4,618)
Payments of lease liabilities	(140)	(153)
Dividends paid to non-controlling interest	(209)	(93)
Issuance cost of borrowings	-	(26)
Proceeds from issuance of bonds	827	-
Payment of issuance costs for bonds	(13)	-
Payment of bonds	(1,231)	-
Proceeds from sale of treasury shares	- *	-
Net cash from (used in) financing activities	957	(303)
Net (decrease) increase in cash and cash equivalents	(406)	1,631
Cash and cash equivalents at beginning of the year	3,524	1,911
Effect of foreign exchange rate changes	(20)	(18)
Cash and cash equivalents at end of the year, represented by cash and bank balances (Note 8)	3,098	3,524

See accompanying notes to financial statements.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

1 GENERAL

The Company (Registration No. 199304649R) is incorporated in the Republic of Singapore with its principal place of business and registered office at 150 Beach Road, #22-01/08 Gateway West, Singapore 189720. The financial statements are expressed in Renminbi ("RMB").

The principal activities of the Company are that of investment holding and provision of services.

The principal activities of the subsidiaries and associates are disclosed in Note 20 and Note 21 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2025 were authorised for issue by the Board of Directors on May 14, 2026.

1.1 BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

1.2 ADOPTION OF NEW AND REVISED STANDARDS – In the current year, the Group and the Company have applied all the new and revised FRSs that are mandatorily effective for an accounting period that begins on or after January 1, 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1.3 STANDARDS ISSUED BUT NOT EFFECTIVE - At the date of authorisation of these financial statements, the Group and the Company have not applied the following FRS pronouncements that have been issued but are not yet effective:

- Amendments to FRS 109 and FRS 107: *Amendments to the Classification and Measurement of Financial Instruments*¹
- Annual Improvements to FRSs–Volume 11¹
- FRS 118 *Presentation and Disclosures in Financial Statements*²
- FRS 119 *Subsidiaries without Public Accountability: Disclosures*²

¹ Effective for annual periods beginning or after January 1, 2026

² Effective for annual periods beginning or after January 1, 2027

Management anticipates that the initial application of the new/revised FRSs will result in changes to the Group and the Company's accounting policies, including additional disclosures. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group and the Company's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new/revised FRSs.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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- 2.2 FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.2.1 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Debt instruments at FVTOCI

Notes receivables held by the Group are classified at FVTOCI. Fair value is determined in the manner described in Note 4(c)(vi).

The notes receivables are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these notes receivables as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss.

The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these notes receivables had been measured at amortised cost. All other changes in the carrying amount of these notes receivables are recognised in other comprehensive income and accumulated under the heading of capital reserve. When these notes receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a designated and effective hedging instrument).

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Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the capital reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated certain investments in equity instruments that are not held for trading as at FVTOCI on initial application of FRS 109.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4(c)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the capital reserve.

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI and lease receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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The Group recognises lifetime ECL for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

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Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with FRS 116 *Leases*.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments
- Past-due status
- Nature, size and industry of debtors
- External credit ratings where available

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the capital reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the capital reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the capital reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.2.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The recognition of exchange differences where the foreign currency risk component of a financial liability is designated as a hedging instrument for a hedge of foreign currency risk is described below.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.3 LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The estimated useful life, residual values and depreciation method are reviewed at the end of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.6.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies FRS 115 to allocate the consideration under the contract to each component.

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- 2.4 PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Certain of the land use rights held by the Group in Indonesia will expire in 2027 to 2046. Management has assessed that those land use rights can be extended upon expiry and has classified them as leasehold land.

Depreciation is charged so as to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	20 to 50 years
Plant and equipment	5 to 30 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

- 2.5 INVESTMENT PROPERTIES - Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any, made in recognition of a decline in value which is other than temporary.

The leasehold properties are depreciated on a straight-line basis over their estimated useful lives of 10 to 25 years.

The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

- 2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

- 2.7 GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

- 2.8 RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.9 INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

- 2.10 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Renminbi, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

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For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Renminbi using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's material accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Control over Giti Tire Corporation

Giti Tire Corporation is listed on the Shanghai Stock Exchange. Although the Group has only 44.4% (2024 : 44.4%) equity interest in Giti Tire Corporation, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Giti Tire Corporation on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The remaining 55.6% (2024 : 55.6%) of the ordinary shares in Giti Tire Corporation are owned by numerous other shareholders.

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Control over PT. Gajah Tunggal Tbk

Note 20 describes that PT. Gajah Tunggal Tbk is a subsidiary of the Group even though the Group has only 49.5% (2024 : 49.5%) ownership interest and has only 49.5% (2024 : 49.5%) of the voting rights in PT. Gajah Tunggal Tbk. PT. Gajah Tunggal Tbk is listed on the Jakarta Stock Exchange. The remaining 50.5% (2024 : 50.5%) of the ownership interests are held by numerous other shareholders that are unrelated to the Group.

The directors of the Group assessed whether or not the Group has control over PT. Gajah Tunggal Tbk based on the Group's practical ability to direct the relevant activities of PT. Gajah Tunggal Tbk unilaterally. In making their judgement, the directors considered the Group's absolute size of shareholdings in PT. Gajah Tunggal Tbk and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of PT. Gajah Tunggal Tbk, and therefore, the Group has control over PT. Gajah Tunggal Tbk.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of loss allowances recognised and carrying amount of financial assets are set out in Note 4(c)(iii) to the financial statements.

Useful lives, residual value and impairment of property, plant and equipment

Management determines the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. Details of the useful lives of the property, plant and equipment, and impairment loss on property, plant and equipment are set out in Notes 2.4 and 2.6 respectively.

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Impairment of investments in subsidiaries

Management carries out a review of the recoverable amount of its investments in subsidiaries to identify impairment indicators. Where indicators of impairment exist, management determines the value-in-use of those investments and compare it to the cost of investment amount to determine the amount of impairment loss. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the investments and a suitable discount rate in order to calculate present value. The carrying amount of investments in subsidiaries in the Company's financial statements at the end of the reporting period are set out in Note 20 to the financial statements.

Impairment of inventories

Management carries out an inventory review and an aging analysis on a product-by-product basis at the end of each reporting period, and makes allowance for obsolete or slow-moving inventory items identified that are no longer suitable for use in production or trading. The Group is exposed to fluctuations in the prices of the raw materials it requires for the production of the Group's tire products, including natural rubber and synthetic rubber. The Group purchases its raw materials at market prices. Therefore, fluctuations in prices of raw materials required for its production could have a significant effect on the Group's results. The management estimates net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Should there be changes in market conditions of the inventories, additional impairment may be required. Details of the impairment of inventories are set out in Note 14 to the financial statements.

Income taxes

As at December 31, 2025, deferred tax assets of RMB1,082 million (2024 : RMB1,031 million) principally in relation to unused tax losses, other payables and accruals, accelerated accounting depreciation on property, plant and equipment, impairment loss on trade receivables and impairment loss on inventories has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB576 million (2024 : RMB346 million) for the year ended December 31, 2025, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. Details of the deferred tax assets are set out in Note 27 to the financial statements.

Retirement benefit obligations

The determination of employee benefits obligation is dependent on selection of certain assumptions used by the actuary for the calculation of the liability. These assumptions include discount rate and rate of increase in salaries. Different realisation, from the Group's assumptions are recognised in consolidated statements of profit or loss and other comprehensive income. Although the assumptions of the Group are considered appropriate and reasonable, significant changes in fact or significant changes in assumptions used can significantly affect the employee benefits obligation of the Group. The carrying amount of employee benefit obligation is disclosed in Note 28.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Financial assets				
Assets measured at amortised cost	11,139	10,204	7,840	7,495
Assets mandatorily measured at FVTPL	207	204	-	-
Assets measured at FVTOCI:				
Debt instruments classified as at FVTOCI	391	554	-	-
Financial liabilities				
Liabilities measured at amortised cost	22,843	21,501	8,971	8,353
Lease liabilities	392	453	-	-

* Amount is less than RMB1 million.

(b) Financial instruments subjected to offsetting, enforcing master netting arrangements and similar agreements

Group

The Group does not have any financial instruments that are subject to enforceable master netting arrangements or similar netting agreements as at December 31, 2025 and 2024.

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Company

As at December 31, 2025

Financial assets			
	(a)	(b)	(c) = (a) + (b)
Type of financial assets	Gross amounts of recognised financial assets (RMB'million)	Gross amounts of recognised financial liabilities set off in the statement of financial position (RMB'million)	Net amounts of financial assets presented in the statement of financial position (RMB'million)
Amount due from a subsidiary	8	(8)	-

Financial liabilities			
	(a)	(b)	(c) = (a) + (b)
Type of financial liabilities	Gross amounts of recognised financial liabilities (RMB'million)	Gross amounts of recognised financial assets set off in the statement of financial position (RMB'million)	Net amounts of financial liabilities presented in the statement of financial position (RMB'million)
Amount due to a subsidiary	(4,423)	8	(4,415)

As at December 31, 2024

Financial assets			
	(a)	(b)	(c) = (a) + (b)
Type of financial assets	Gross amounts of recognised financial assets (RMB'million)	Gross amounts of recognised financial liabilities set off in the statement of financial position (RMB'million)	Net amounts of financial assets presented in the statement of financial position (RMB'million)
Amount due from a subsidiary	8	(8)	-

Financial liabilities			
	(a)	(b)	(c) = (a) + (b)
Type of financial liabilities	Gross amounts of recognised financial liabilities (RMB'million)	Gross amounts of recognised financial assets set off in the statement of financial position (RMB'million)	Net amounts of financial liabilities presented in the statement of financial position (RMB'million)
Amount due to a subsidiary	(3,981)	8	(3,973)

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts related to those that are not in scope of the offsetting disclosures.

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(c) Financial risk management policies and objectives

The Group's major financial instruments include trade and other receivables, trade and other payables, amount due from/to immediate holding company, amounts due from/to related companies, borrowings, restricted bank deposits, cash and bank balances.

Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Foreign currency risk management

The Group and the Company undertake certain transactions denominated in foreign currencies, and therefore is exposed to foreign exchange risk.

The carrying amounts of the monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of respective reporting periods are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
<u>Group</u>				
United States dollar ("US dollar")	1,302	1,353	4,349	6,330
Sterling pound	39	32	4	3
Euro	306	407	17	11
Japanese yen	2	-	1	1
Singapore dollar	28	27	842	25
Hong Kong dollar	15	13	-	-
Polish Zloty	-	14	-	-
Malaysian Ringgit	1	2	-	-
<u>Company</u>				
US dollar	7,454	7,108	8,130	8,331
Euro	-	46	-	-
Singapore dollar	10	16	839	21

The Group is mainly exposed to US dollar, Sterling pound, Euro, and Singapore dollar. The Company is mainly exposed to US dollar, Euro and Singapore dollar.

The Group has investments in foreign subsidiaries and associate, whose net assets are exposed to currency translation risk.

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Foreign currency sensitivity

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in Renminbi against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

For the years ended December 31, 2025 and 2024, a positive number below indicates a increase in profit before tax where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the profit before tax for the year.

	2025	2024
	RMB'million	RMB'million
<u>Group</u>		
<u>US dollar</u>		
- if RMB weakens against US dollar	(152)	(249)
- if RMB strengthens against US dollar	152	249
<u>Sterling pound</u>		
- if RMB weakens against Sterling pound	2	1
- if RMB strengthens against Sterling pound	(2)	(1)
<u>Euro</u>		
- if RMB weakens against Euro	14	20
- if RMB strengthens against Euro	(14)	(20)
<u>Singapore dollar</u>		
- if RMB weakens against Singapore dollar	(41)	- *
- if RMB strengthens against Singapore dollar	41	(-)*

* Amount is less than RMB1 million.

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The impact on the Group's profit or loss due to strengthening or weakening of Japanese yen, Malaysian ringgit, Polish Zloty and Hong Kong dollar is not material for the financial years ended December 31, 2025 and 2024.

For the years ended December 31, 2025 and 2024, a positive number below indicates a decrease in loss before tax where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the loss before tax for the year.

	2025	2024
	RMB'million	RMB'million
<u>Company</u>		
<u>US dollar</u>		
- if RMB weakens against US dollar	(34)	(61)
- if RMB strengthens against US dollar	34	61
<u>Singapore dollar</u>		
- if RMB weakens against Singapore dollar	(41)	(-)*
- if RMB strengthens against Singapore dollar	41	-*
<u>Euro</u>		
- if RMB weakens against Euro	-	2
- if RMB strengthens against Euro	-	(2)

(ii) Interest rate risk management

The Group's fair value interest rate risk relates primarily to fixed-rate restricted bank deposits and bank deposits, fixed-rate borrowings and fixed-rate bonds payable. The Company is not exposed to significant fair value interest rate risk. The Group's and the Company's cash flow interest rate risk relates primarily to variable-rate promissory note due from immediate holding company, variable-rate bank deposits and variable-rate borrowings (see Note 26 for details of these borrowings). The fair value interest rate risk on bank deposits is insignificant as the restricted deposits are short-term.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For year ended December 31, 2025, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax would decrease/increase by approximately RMB35 million (2024 : RMB22 million) and the Company's loss before tax would increase/decrease by approximately RMB8 million (2024 : RMB7 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2025, the Group's maximum exposure to credit risk without taking into account any credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due if there is past default experience of the counterparty or there has been a significant increase in credit risk since initial recognition, unless the Group has reasonable and supportable information that demonstrates otherwise.	Lifetime ECL - not credit-impaired
In default	The counterparty has breached financial covenants or is unlikely to pay its creditors in full.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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The tables below detail the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB' million	Loss allowance RMB' million	Net carrying amount RMB' million
<u>Group</u>						
<u>2025</u>						
Current						
Cash and bank balances	8, 13	Performing	12-month ECL	3,098	-	3,098
Restricted bank deposits	9	Performing	12-month ECL	3,151	-	3,151
Trade receivables	10, 13	(i)	Lifetime ECL (simplified approach)	2,598	(25)	2,573
Other receivables	10	Performing	12-month ECL	98	(14)	84
Notes receivable	10	Performing	12-month ECL	135	-	135
Amount due from immediate holding company	7	Performing	12-month ECL	1,390	-	1,390
Due from related companies/parties - trade	7	(i)	Lifetime ECL (simplified approach)	190	-	190
Due from related companies/parties - non-trade	7	Performing	12-month ECL	60	-	60
				<u>10,720</u>	<u>(39)</u>	<u>10,681</u>
Non-current						
Other receivables		Performing	12-month ECL	124	-	124
Due from related companies/parties - non-trade	7	Performing	12-month ECL	343	-	343
				<u>467</u>	<u>-</u>	<u>467</u>

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	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB' million	Loss allowance RMB'million	Net carrying amount RMB'million
<u>Group</u> (cont'd)						
<u>2024</u>						
Current						
Cash and bank balances	8	Performing	12-month ECL	3,524	-	3,524
Restricted bank deposits	9	Performing	12-month ECL	1,832	-	1,832
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	2,863	(25)	2,838
Other receivables	10	Performing	12-month ECL	81	(14)	67
Notes receivable	10	Performing	12-month ECL	51	-	51
Amount due from immediate holding company	7	Performing	12-month ECL	1,413	-	1,413
Due from related companies/parties - trade	7	(i)	Lifetime ECL (simplified approach)	46	-	46
Due from related companies/parties - non-trade	7	Performing	12-month ECL	41	-	41
				<u>9,851</u>	<u>(39)</u>	<u>9,812</u>
Non-current						
Other receivables		Performing	12-month ECL	49	-	49
Due from related companies/parties - non-trade	7	Performing	12-month ECL	343	-	343
				<u>392</u>	<u>-</u>	<u>392</u>

- (i) For trade receivables and trade amounts due from related parties, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The carrying amount of the Group's financial assets at FVTPL and FVTOCI as disclosed in Notes 11 and 12 respectively best represent their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

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	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB' million	Loss allowance RMB'million	Net carrying amount RMB'million
<u>Company</u>						
<u>2025</u>						
Current						
Cash and bank balances	8	Performing	12-month ECL	16	-	16
				66	-	66
Restricted bank deposits	9	Performing	12-month ECL			
Amounts due from subsidiaries	5	Performing	12-month ECL	6,368	-	6,368
Amount due from immediate holding company	7	Performing	12-month ECL	1,390	-	1,390
				<u>7,840</u>	<u>-</u>	<u>7,840</u>
<u>2024</u>						
Current						
Cash and bank balances	8	Performing	12-month ECL	29	-	29
Restricted bank deposits	9	Performing	12-month ECL	61	-	61
Amounts due from subsidiaries	5	Performing	12-month ECL	6,042	(50)	5,992
Amount due from immediate holding company	7	Performing	12-month ECL	1,413	-	1,413
				<u>7,545</u>	<u>(50)</u>	<u>7,495</u>

(iv) Credit risk management

In order to minimise credit risk, management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure adequate impairment losses are made for the expected credit losses. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk from the amount due from the immediate holding company, related companies and related parties, the Group and the Company have limited concentration of credit risk, with exposure spread over a large number of counterparties and customers. In order to minimise the credit risk, management continuously monitor the level of exposure to ensure that corrective actions are taken as appropriate.

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(v) Liquidity risk management

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In doing so, the management monitors the utilisation of bank borrowings and compliance with loan covenants.

The Group finances its capital intensive operations by short-term and long-term borrowings and shareholders' equity. Its current liabilities as at December 31, 2025 and 2024 includes short-term bank borrowings which management believes could be renewed on an annual basis.

Management is of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements that is for at least the next 12 months from the end of the reporting period. Hence, the financial statements have been prepared on a going concern basis.

Liquidity and interest risk tables

Non-derivative financial liabilities

The following tables detail the Group's and Company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2-5 years	After 5 years	Adjustment	Total
	%	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
<u>Group</u>						
<u>2025</u>						
Trade and other payables	-	7,166	372	-	-	7,538
Amount due to immediate holding company	-	772	1,345	-	-	2,117
Amounts due to related companies/parties	-	15	19	-	-	34
Customer sales rebates	-	471	-	-	-	471
Lease liabilities	6.3	134	292	5	(39)	392
Variable interest rates borrowings	4.3	4,590	6,444	817	(954)	10,897
Fixed interest rates borrowings	4.1	707	289	-	(18)	978
Unsecured bonds payable	5.8	46	982	-	(221)	807
		<u>13,901</u>	<u>9,743</u>	<u>822</u>	<u>(1,232)</u>	<u>23,234</u>
<u>2024</u>						
Trade and other payables	-	8,407	351	-	-	8,758
Amount due to immediate holding company	-	819	1,375	-	-	2,194
Amounts due to related companies/parties	-	10	19	-	-	29
Customer sales rebates	-	405	-	-	-	405
Lease liabilities	5.7	136	369	3	(55)	453
Variable interest rates borrowings	6.5	4,094	3,829	-	(573)	7,350
Fixed interest rates borrowings	3.7	1,313	171	-	(28)	1,456
Secured bonds payable	9.0	1,314	-	-	(5)	1,309
		<u>16,498</u>	<u>6,114</u>	<u>3</u>	<u>(661)</u>	<u>21,954</u>

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	Weighted average effective interest rate	On demand or within 1 year	Within 2-5 years	After 5 years	Adjustment	Total
<u>Company</u>	%	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
<u>2025</u>						
Other payables	-	65	-	-	-	65
Amount due to immediate holding company	-	772	1,345	-	-	2,117
Amounts due to subsidiaries	-	4,420	-	-	-	4,420
Amounts due to related companies/parties	-	4	-	-	-	4
Variable interest rates borrowings	7.6	1,576	-	-	(89)	1,487
Fixed interest rates borrowings	5.0	75	-	-	(4)	71
Unsecured bonds payable	5.8	46	982	-	(221)	807
		<u>6,958</u>	<u>2,327</u>	<u>-</u>	<u>(314)</u>	<u>8,971</u>
<u>2024</u>						
Other payables	-	72	10	-	-	82
Amount due to immediate holding company	-	819	1,375	-	-	2,194
Amounts due to subsidiaries	-	3,977	-	-	-	3,977
Amounts due to related companies/parties	-	1	-	-	-	1
Variable interest rates borrowings	8.3	750	1,518	-	(241)	2,027
Fixed interest rates borrowings	5.0	76	-	-	(4)	72
		<u>5,695</u>	<u>2,903</u>	<u>-</u>	<u>(245)</u>	<u>8,353</u>

(vi) Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

Management considers that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding fair values.

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

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Group

Financial assets / financial liabilities	Fair value as at (RMB'million)				Fair value hierarchy	Valuation technique(s) and key input(s)
	2025		2024			
	Assets	Liabilities	Assets	Liabilities		
Financial assets at fair value through other comprehensive income (Note 12)						
Notes receivable	391	-	554	-	Level 2	Net asset value ^(a)
Financial assets at fair value through profit or loss (Note 11)						
Quoted equity shares	16	-	11	-	Level 1	Quoted bid prices in an active market
Unquoted investment funds (current)	163	-	164	-	Level 2	Net asset value ^(a)
Unquoted investment funds (non-current)	28	-	29	-	Level 2	Net asset value ^(a)

* Amount is less than RMB1 million.

(a) The Group has determined that the reported net asset value represents fair value at the end of the reporting period.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in 2025 and 2024.

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(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes amounts due to related companies/parties and borrowings, as disclosed in Notes 7 and 26 respectively and equity attributable to owner of the Company, comprising share capital and reserves.

The Group is in compliance with externally imposed capital requirements for the financial years ended December 31, 2025 and 2024. There are no changes in such externally imposed capital requirements from 2024.

Management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the issue of new shares, new debts or the redemption of existing debts.

The Group's overall strategy remains unchanged from 2024.

5 HOLDING COMPANY AND RELATED COMPANIES TRANSACTIONS

Prior to December 20, 2024, the Company was a wholly-owned subsidiary of GT Asia Pacific Holdings Pte. Ltd, a company incorporated in Singapore, and its ultimate holding company was GITI Holdings Ltd., a company incorporated in the British Virgin Islands. On December 20, 2024, GT Asia Pacific Holdings Pte. Ltd transferred all equity interests held in the Company to GITI Holdings Ltd., which became the Company's immediate and ultimate holding company.

Some of the transactions and arrangements are between members of the Group and the effects of these on the bases determined between the parties are reflected in these financial statements.

The amounts due from subsidiaries are expected to be recovered within 12 months from the end of each reporting period and are shown as current assets in the statement of financial position. The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

For the purpose of impairment assessment, amounts due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the receivables from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these balances, the loss allowance is measured at an amount equal to 12-month ECL.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the holding company and related companies balances.

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6 OTHER RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following significant transactions with related parties:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<i>Companies with common ultimate shareholder</i>		
Sales of tires and related products	345	303
Purchase of intangible assets	(3)	(4)
Purchase of spare parts	(10)	(2)
Sale of spare parts	- *	-
Purchase of raw materials	(1)	-
Payment for consultancy and other services	(32)	(37)
Rental income	3	3
Service income	- *	- *

* Amount is less than RMB1 million.

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<i>Company in which key management of a subsidiary has control</i>		
Sale of raw materials	22	22
Purchases of raw materials	(9)	(3)

* Amount is less than RMB1 million.

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<i>Subsidiary of an associate</i>		
Sale of tires and related products	387	13

Compensation of directors and key management personnel

The remuneration of directors and other members of key management was as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Short-term benefits	117	119
Post-employee benefits	1	1
	118	120

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7 AMOUNTS DUE FROM (TO) IMMEDIATE HOLDING COMPANY AND RELATED COMPANIES/PARTIES

(a) Amounts due from immediate holding company

	<u>Group and Company</u>	
	2025	2024
	RMB'million	RMB'million
Senior promissory note	993	1,016
Non-trade	397	397
	<u>1,390</u>	<u>1,413</u>

The senior promissory note of US\$141 million (2024 : US\$141 million), equivalent to approximately RMB993 million (2024 : RMB1,016 million), bears interest at Secured Overnight Financing Rate ("SOFR") plus 4.71% per annum and payable in a single payment on December 31, 2026 (2024 : December 31, 2025).

The non-trade balance represents advances to the immediate holding company and is unsecured, non-interest bearing and repayable on demand. Accordingly, it is shown as current asset.

(b) Amounts due to immediate holding company

	<u>Group and Company</u>	
	2025	2024
	RMB'million	RMB'million
<u>Current</u>		
Non-trade	772	819
<u>Non-current</u>		
Non-trade	1,345	1,375
	<u>2,117</u>	<u>2,194</u>

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(c) Amounts due from related companies/parties

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<u>Current</u>		
<i>Subsidiaries of immediate holding company</i>		
Non-trade	66	66
<i>Companies with common ultimate shareholder</i>		
Trade	73	64
Non-trade	529	510
<i>Company in which director of subsidiary has control</i>		
Trade	140	4
<i>Company in which key management of subsidiary has control</i>		
Trade	3	4
Non-trade	3	2
<i>Subsidiaries of an associate</i>		
Non-trade	- *	- *
	<u>814</u>	<u>650</u>
<u>Non-current</u>		
<i>Company with common ultimate shareholder</i>		
Non-trade	<u>343</u>	<u>343</u>

* Amount is less than RMB1 million.

The non-trade receivables mainly represent advances and deposits paid for the purchase of machinery and equipment and properties. They are unsecured, non-interest bearing and repayable on demand.

The non-trade receivables due from company with common ultimate shareholder amounting to RMB343 million (2024 : RMB343 million) represent refundable deposits paid for purchase of machinery and equipment and are unsecured and non-interest bearing. Management does not expect the machinery and equipment to be delivered within 12 months from the end of the reporting period. Accordingly, the amounts were classified as non-current assets at the end of the reporting period.

The non-trade receivables due from a subsidiary of an associate are unsecured and bear interest at 6% (2024 : 6%) per annum.

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Trade amounts due from related companies and related parties

The average credit period for trade-related balances is 30 to 60 days (2024 : 30 to 60 days). Loss allowance for trade-related balances is always measured at an amount equal to lifetime ECL. The ECL on trade-related balances are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management determined that the trade amounts due from related companies and related parties are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade amounts due from related companies and related parties.

Non-trade amounts due from immediate holding company, related companies and related parties

For purpose of impairment assessment, the non-trade receivables due from immediate holding company, related companies and related parties are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the immediate holding company, related companies and related parties and general economic conditions of the industry in which they operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines the non-trade amounts from immediate holding company, related companies and related parties are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for non-trade amounts due from immediate holding company, related companies and related parties.

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(d) Amounts due to related companies/parties

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
<u>Current</u>				
<i>Companies with common ultimate shareholder</i>				
Trade	5	4	-	-
Non-trade	7	4	4	1
<i>Company in which key management of subsidiary has control</i>				
Trade	- *	- *	-	-
Non-trade	-	-	-	-
<i>Associate of a subsidiary</i>				
Trade	2	2	-	-
Non-trade	1	-	-	-
<i>Subsidiary of an associate</i>				
Non-trade	- *	- *	-	-
	15	10	4	1
<u>Non-current</u>				
<i>Subsidiary of an associate</i>				
Non-trade	-	7	-	-
<i>Associate of a subsidiary</i>				
Non-trade	19	12	-	-
	19	19	-	-

* Amount is less than RMB1 million.

Trade payables principally comprise amounts outstanding for trade purchases. The credit period taken for trade purchases is 7 to 120 days (2024 : 7 to 120 days).

The non-trade payables represent outstanding amounts for machinery and equipment acquired by the Group.

The amounts due to related companies/parties are unsecured, non-interest bearing and repayable on demand.

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8 CASH AND BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Cash on hand	1	1	- *	- *
Cash at bank	3,095	3,523	16	29
	3,096	3,524	16	29
Add: Cash and bank balances included in a disposal group held-for-sale (Note 13)	2	-	-	-
Cash and cash equivalents in the statement of cash flows	3,098	3,524	16	29

* Amount is less than RMB1 million.

Bank balances and cash of the Group and the Company comprise cash and short-term bank deposits with an original maturity of three months or less. In 2025, the Group has cash and short-term bank deposits amounting to RMB22 million and RMB32 million respectively (2024 : RMB24 million and RMB24 million) being placed with a related party bank (Note 6). The bank balances carry variable interest rates ranging from 0.05% to 6.00% (2024 : 0.05% to 6.50%) per annum.

9 RESTRICTED BANK DEPOSITS

The restricted bank deposits include deposits pledged to banks to secure bills and notes payables, and short-term borrowings granted to the Group, and deposits restricted for the aggregate interest and principal payables for a period of 1 to 6 months (2024 : 1 to 6 months) of long-term borrowings, and are therefore classified as current assets.

The Group's and the Company's restricted bank deposits carry fixed interest on prevailing market rates ranging 0.01% to 1.20% (2024 : 0.02% to 1.30%) per annum. The restricted bank deposits will be released upon the repayment of the relevant bills, notes payable, short-term borrowings and long-term borrowings.

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10 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Trade receivables (Note a)	2,591	2,863	-	-
Allowance for expected credit loss (Note a)	(25)	(25)	-	-
	2,566	2,838	-	-
Notes receivable (Note d)	135	51	-	-
Deposits for purchase of raw materials	47	84	-	-
Allowance for expected credit loss (Note c)	-	(7)	-	-
	47	77	-	-
Value-added tax receivable	601	260	1	-
Other receivables due from third parties (Note b)	98	81	- *	- *
Allowance for expected credit loss (Note b)	(14)	(14)	-	-
	84	67	- *	- *
Prepayments	65	89	4	4
Total	3,498	3,382	5	4

* Amount is less than RMB1 million.

- (a) Before accepting any new customers, the Group assesses the potential customer's credit quality and defined credit limits by customer. Limits attributed to customers are reviewed once a year.

As at January 1, 2024, trade receivables for the Group and the Company are RMB2,910 million and RMB Nil respectively.

The credit period extended to the Group's trade customers is from 0 to 118 days (2024 : 0 to 118 days). Trade receivables at the end of the reporting period mainly comprise amounts receivable from the sales of tires. No interest is charged on the trade receivables. The Group does not hold any collateral over these balances.

As at the end of the reporting period, certain trade receivable balances due from third parties are factored to a bank for cash on non-recourse basis amounting to RMB75 million (2024 : RMB79 million). As the Group has transferred substantially all the risks and rewards of ownership of those trade receivables, the Group derecognised such receivables. Expenses incurred representing the discount granted and fees paid to the bank on the factored receivables were recognised in profit or loss for the year.

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Trade receivables amounting to RMB1,289 million (2024 : RMB1,260 million) were pledged to banks to secure banking facilities (Note 26) granted to the Group as at the end of the reporting period.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL. The ECL on trade-related balances are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

December 31, 2025	Group					
	Trade receivables - days past due					
	Not past due	< 90 days	91- 180 days	181 - 365 days	> 1 year	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Estimated total gross carrying amount at default	2,431	123	7	7	23	2,591
Lifetime ECL	- *	- *	- *	(4)	(21)	(25)
						<u>2,566</u>

December 31, 2024	Group					
	Trade receivables - days past due					
	Not past due	< 90 days	91- 180 days	181 - 365 days	> 1 year	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Estimated total gross carrying amount at default	2,629	197	13	8	16	2,863
Lifetime ECL	(1)	- *	(1)	(7)	(16)	(25)
						<u>2,838</u>

* Amount is less than RMB1 million.

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The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in FRS 109:

	Lifetime ECL	
	2025	2024
<u>Group</u>	RMB'million	RMB'million
Balance at beginning of the year	25	20
Amounts written off	(2)	(2)
Amounts recovered	(4)	(8)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	6	15
	<u>25</u>	<u>25</u>

(b) Other receivables, after allowance for expected credit loss, comprise the following:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Staff advances	2	3
Deposit for supplies	5	4
Others (Note)	77	60
	<u>84</u>	<u>67</u>

Note: Others mainly represent deposits for utilities.

Other receivables at December 31, 2025 and December 31, 2024 are interest-free, unsecured and not past due.

For purpose of impairment assessment as at the end of the reporting period, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

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The following table shows the movement in ECL that has been recognised for other receivables.

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Balance at beginning of the year	14	14
Net decrease in loss allowance arising from new other receivables which originated from current year, net of those derecognised upon settlement	- *	- *
Balance at end of year	14	14

* Amount is less than RMB1 million.

- (c) The following table shows the movement in ECL that has been recognised for deposits for purchase of raw materials.

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Balance at beginning of the year	7	7
Net (decrease) increase in loss allowance arising in current year	(7)	- *
Balance at end of year	-	7

* Amount is less than RMB1 million.

- (d) Notes receivable represents commercial bills which are interest free with maturity period between 3 to 6 months (2024 : 3 to 6 months) from the end of the reporting period. The Group does not hold any collateral over these balances.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Financial assets mandatorily measured at FVTPL:		
Held for trading non-derivative financial assets		
- unquoted investment funds (current)	163	164
- quoted equity shares (current)	- *	-
- quoted equity shares (non-current)	16	11
- unquoted investment funds (non-current)	28	29
	207	204

The investments above pertain to investments in equity instruments that offer the Group the opportunity for return through dividend income and fair value gains.

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Investments in quoted equity shares have no fixed maturity or coupon rate. The fair value of investments in quoted equity shares are based on quoted closing market rates on the last market day of the financial year. Investments in quoted equity shares also include investments with fund managers that are in the form of bonds, funds and shares or other assets. The Group appointed Abacus Capital Cayman Limited and Value Venture Ltd to manage the investments by agreeing terms and clauses on signed applications.

Investments in unquoted investment funds are investments in private equity funds which have a maturity date of 2 years and have no fixed coupon rate. The fair value of investments in unquoted investment funds are based on the net asset value of the private equity funds.

Unquoted investments with fund managers amounting to RMB163 million (2024 : RMB164 million) represent agreements with the respective fund managers that mature within 12 months from the end of the reporting period. Accordingly, they are classified as current assets at the end of the reporting period.

Fair value gain on financial assets measured at fair value through profit or loss, amounting to RMB11 million (2024 : RMB4 million) have been included in profit or loss for the year as part of "other income".

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Investment in debt instrument designated as at FVTOCI:		
- Notes receivables (current)	391	554

Investments in debt instruments

The notes receivable pertains to banker acceptance bills received from customers by the Group to settle trade receivables. These bank acceptance bills may either be presented to the respective financial institutions for collection upon maturity or endorsed to suppliers to settle trade payables.

The Group has assessed that these notes receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Accordingly, such notes receivables are classified as financial assets measured at fair value through other comprehensive income.

The Group had derecognised certain banker acceptance bills which had been discounted with banks or endorsed to certain suppliers but had not yet matured. In the event that the bank acceptance bills are not honoured upon maturity, the holders have the right to require the Group to settle the outstanding amounts. The loss allowance for debt instruments measured at FVTOCI is recognised in other comprehensive income. Management estimates that the exposure to loss arising from such continuing involvement is insignificant because these bank acceptance bills were issued or guaranteed by reputable PRC banks with high credit ratings. As the credit risk associated with these bills is minimal, the Group considers that substantially all risks and rewards relating to these bills have been transferred to the relevant financial institutions.

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13 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the year, the Group committed to a plan to dispose all of its shareholdings in its subsidiary, Giti Tire (Malaysia) Sdn Bhd. The assets and liabilities attributable to Giti Tire (Malaysia) Sdn Bhd, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position.

The proceeds of disposal are expected to exceed the carrying amount of the related net assets and accordingly, no impairment loss has been recognised on the classification of this disposal group as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	<u>Group</u> 2025 RMB'million
Cash and bank balances	2
Inventories	1
Trade and other receivables	8
Property, plant and equipment	- *
Right-of-use assets	- *
Deferred tax assets	- *
Assets classified as held for sale	<u>11</u>
Trade and other payables, and total liabilities directly associated with assets classified as held for sale	<u>(2)</u>
Net assets of disposal group	<u>9</u>

* Amount is less than RMB1 million.

14 INVENTORIES

	<u>Group</u> 2025 RMB'million	2024 RMB'million
Finished goods	3,333	3,244
Work in process	324	303
Raw materials	<u>1,479</u>	<u>1,517</u>
	5,136	5,064
Classified as part of a disposal group held for sale (Note 13)	<u>(1)</u>	-
	<u>5,135</u>	<u>5,064</u>

The cost of inventories recognised as an expense includes RMB12 million (2024 : RMB8 million) in respect of write-downs of inventory to net realisable value, and has been reduced by RMB25 million (2024 : RMB3 million) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets.

As at the end of the reporting period, finished goods amounting to RMB900 million (2024 : RMB983 million) were pledged to banks to secure bank facilities (Note 26) granted to the Group.

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15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land and buildings	Plant and equipment	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' Million
<u>Group</u>							
Cost:							
At January 1, 2024	181	6,005	19,814	671	261	698	27,630
Additions	8	6	198	36	24	5,124	5,396
Transfer	-	40	515	4	4	(563)	-
Write-off/disposals	-	(8)	(342)	(13)	(22)	(2)	(387)
Currency alignment	(3)	11	(62)	(1)	(1)	(2)	(58)
At December 31, 2024	186	6,054	20,123	697	266	5,255	32,581
Additions	25	8	481	40	18	2,938	3,510
Transfer	-	1,150	2,522	7	5	(3,684)	-
Transfer to intangible assets (Note 19)	-	-	-	-	-	(2)	(2)
Write-off/disposals	(8)	(6)	(288)	(23)	(24)	-*	(349)
Reclassified as held for sale (Note 13)	-	-*	-	-*	-	-	-
Currency alignment	(15)	(140)	(617)	(21)	(8)	(40)	(841)
At December 31, 2025	188	7,066	22,221	700	257	4,467	34,899
Accumulated depreciation:							
At January 1, 2024	-	2,876	14,730	567	210	-	18,383
Depreciation for the year	-	181	609	34	15	-	839
Eliminated on write-off/ disposal	-	(7)	(322)	(13)	(21)	-	(363)
Currency alignment	-	(3)	(42)	(1)	(1)	-	(47)
At December 31, 2024	-	3,047	14,975	587	203	-	18,812
Depreciation for the year	-	181	646	36	19	-	882
Eliminated on write-off/ disposal	-	(5)	(276)	(23)	(23)	-	(327)
Reclassified as held for sale (Note 13)	-	-*	-	-*	-	-	-
Currency alignment	-	(62)	(434)	(17)	(6)	-	(519)
At December 31, 2025	-	3,161	14,911	583	193	-	18,848

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	Leasehold land	Freehold land and buildings	Plant and equipment	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
<u>Group</u> (cont'd)							
At January 1, 2024	-	8	197	1	-*	6	212
Impairment loss recognised for the year	-	-	6	-	-*	-	6
Eliminated on write-off/ disposal	-	-	(2)	-	-*	-	(2)
At December 31, 2024	-	8	201	1	-*	6	216
Impairment loss recognised for the year	-	-	4	-	-*	1	5
Eliminated on write-off/ disposal	-	-	(2)	-*	-*	-	(2)
At December 31, 2025	-	8	203	1	-*	7	219
Carrying amount:							
At December 31, 2025	188	3,897	7,107	116	64	4,460	15,832
At December 31, 2024	186	2,999	4,947	109	63	5,249	13,553

* Amount is less than RMB1 million.

During the year, management conducted a review of the Group's manufacturing assets and performed an assessment on the utilisation of relevant assets and their fair value less cost to sell. Accordingly, impairment losses of RMB5 million (2024 : RMB6 million) have been recognised for the year ended December 31, 2025.

Certain land and buildings and plant and equipment of the Group mortgaged to banks to secure banking facilities (Note 26) granted to the Group are as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<u>Carrying amount</u>		
Freehold land and buildings	422	651
Leasehold land	93	101
Plant and equipment	1,603	1,454
	<u>2,118</u>	<u>2,206</u>

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	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
<u>Company</u>	RMB'million	RMB'million	RMB'million	RMB'million
Cost:				
At January 1, 2024	6	7	1	14
Additions	-	-*	-	-*
At December 31, 2024	6	7	1	14
Additions	-	-*	-	-*
At December 31, 2025	6	7	1	14
Accumulated depreciation:				
At January 1, 2024	4	7	-*	11
Depreciation for the year	-*	-*	-*	-*
At December 31, 2024	4	7	-*	11
Depreciation for the year	-*	-*	-*	-*
At December 31, 2025	4	7	-*	11
Carrying amount:				
At December 31, 2025	2	-	1	3
At December 31, 2024	2	-	1	3

* Amount is less than RMB1 million.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

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16 RIGHT-OF-USE ASSETS

The Group leases several assets including land, office space, apartments, warehouse, plant and equipment, office equipment and motor vehicles. The average lease term is 3 years (2024 : 3 years) except for land use rights which has a lease term from 10 to 68 years (2024 : 10 to 68 years).

	Land	Leasehold building	Apartments	Plant and equipment	Office equipment	Motor vehicles	Total
<u>Group</u>	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Cost:							
At January 1, 2024	1,562	429	4	419	- *	6	2,420
Additions	-	34	2	-	- *	9	45
Derecognition due to expiry and early termination	-	(2)	- *	(2)	- *	(2)	(6)
Currency alignment	(19)	5	- *	6	- *	- *	(8)
At December 31, 2024	1,543	466	6	423	- *	13	2,451
Additions	-	72	2	15	-	2	91
Derecognition due to expiry and early termination	-	(37)	(2)	-	-	(4)	(43)
Currency alignment	(85)	(7)	- *	(10)	- *	- *	(102)
Reclassified as held for sale (Note 13)	-	- *	-	-	-	-	-
At December 31, 2025	1,458	494	6	428	- *	11	2,397

* Amount is less than RMB1 million.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

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<u>Group</u>	<u>Land</u>	<u>Leasehold building</u>	<u>Apartments</u>	<u>Plant and equipment</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Accumulated depreciation:							
At January 1, 2024	430	198	3	48	- *	3	682
Depreciation	10	72	2	14	- *	6	104
Derecognition due to expiry and early termination	-	(2)	- *	(2)	- *	(1)	(5)
Currency alignment	(5)	3	- *	- *	- *	- *	(2)
At December 31, 2024	435	271	5	60	- *	8	779
Depreciation	10	65	2	16	- *	4	97
Derecognition due to expiry and early termination	-	(13)	(2)	-	-	(4)	(19)
Currency alignment	(23)	(5)	- *	(2)	- *	- *	(30)
Reclassified as held for sale (Note 13)	-	- *	-	-	-	-	- *
At December 31, 2025	422	318	5	74	- *	8	827
Carrying amount:							
At December 31, 2025	1,036	176	1	354	- *	3	1,570
At December 31, 2024	1,108	195	1	363	- *	5	1,672

* Amount is less than RMB1 million.

Expired lease contracts were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets during the reporting period amounting to RMB91 million (2024 : RMB45 million).

As at December 31, 2025, the Group has pledged land use rights having carrying values of approximately RM10 million (2024 : RMB105 million) to secure banking facilities (Note 26) granted to the Group.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

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17 INVESTMENT PROPERTIES

	Group
	RMB'million
Cost:	
At January 1, 2024	250
Additions	5
Currency alignment	4
At December 31, 2024	259
Additions	- *
Currency alignment	(10)
At December 31, 2025	249
Accumulated depreciation:	
At January 1, 2024	67
Depreciation for the year	8
Currency alignment	2
At December 31, 2024	77
Depreciation for the year	9
Currency alignment	(3)
At December 31, 2025	83
Carrying amount:	
At December 31, 2025	166
At December 31, 2024	182

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

	2025	2024
	RMB'million	RMB'million
Commercial building located in Jakarta, Indonesia ⁽ⁱ⁾	146	159
Commercial office unit located in Hong Kong, Special Administrative Region of the People's Republic of China ⁽ⁱ⁾	67	78
Commercial office units located in Republic of Singapore ⁽ⁱ⁾	64	58

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- (i) The fair value of the properties are categorised into Level 2 of the fair value hierarchy and were determined on the basis of valuations of sale prices of comparable properties in close proximity and are adjusted for differences in key attributes such as property sizes. The most significant input into this valuation approach is selling prices per square metre. The open market value of the investment properties at the end of the reporting period is estimated by a director. In determining the fair value, the director uses estimates based on valuations carried out at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued.

As at December 31, 2024 and 2025, certain investment properties were mortgaged to a bank as collateral for credit facilities utilised by the Company.

Direct operating expenses arising from the investment properties are insignificant.

18 GOODWILL

	Group RMB'million
Cost:	
At January 1, 2024, December 31, 2024 and December 31, 2025	<u>14</u>
Accumulated impairment:	
At January 1, 2024, December 31, 2024 and December 31, 2025	<u>14</u>
Carrying amount:	
At December 31, 2025	<u>-</u>
At December 31, 2024	<u>-</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination.

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19 INTANGIBLE ASSETS

	Development cost	Software	Trademarks	Order backlog	Total
<u>Group</u>	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Cost:					
At January 1, 2024	8	182	27	12	229
Transfer	(13)	13	-	-	-
Additions	17	10	2	-	29
Currency alignment	-	-*	-	-	-*
At December 31, 2024	12	205	29	12	258
Transfer	(27)	27	-	-	-
Transfer from property, plant and equipment (Note 15)	-	2	-	-	2
Additions	20	10	-*	-	30
Write-off/disposals	-	(2)	-	-	(2)
Currency alignment	-*	-*	-	-	-*
Reclassified as held for sale (Note 13)	-	-*	-	-	-*
At December 31, 2025	5	242	29	12	288
Accumulated amortisation:					
At January 1, 2024	-	129	21	12	162
Amortisation for the year	-	12	1	-	13
Currency alignment	-	1	-	-	1
At December 31, 2024	-	142	22	12	176
Amortisation for the year	-	13	-*	-	13
Write-off/disposals	-	(2)	-	-	(2)
Currency alignment	-	(1)	-	-	(1)
Reclassified as held for sale (Note 13)	-	-*	-	-	-*
At December 31, 2025	-	152	22	12	186
Carrying amount:					
At December 31, 2025	5	90	7	-	102
At December 31, 2024	12	63	7	-	82

* Amount is less than RMB1 million.

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	<u>Trademarks</u> RMB'million
<u>Company</u>	
Cost:	
At January 1, 2024	18
Additions	<u>1</u>
At December 31, 2024	19
Additions	<u>1</u>
At December 31, 2025	<u>20</u>
Accumulated amortisation:	
At January 1, 2024	12
Amortisation for the year	<u>- *</u>
At December 31, 2024	12
Amortisation for the year	<u>- *</u>
At December 31, 2025	<u>12</u>
Carrying amount:	
At December 31, 2025	<u>8</u>
At December 31, 2024	<u>7</u>

* Amount is less than RMB1 million.

Software is amortised over its estimated useful life of 1 to 10 years (2024 : 1 to 10 years).

Trademarks are amortised over their estimated useful lives ranging from 1 to 21 years (2024 : 1 to 21 years).

The amortisation expenses have been included in the line item 'administrative expenses' in profit or loss.

20 INVESTMENTS IN SUBSIDIARIES

	<u>Company</u>	
	2025	2024
	RMB'million	RMB'million
Cost of investment	3,802	3,802
Less: Impairment	<u>(8)</u>	<u>(8)</u>
Net carrying amount	<u>3,794</u>	<u>3,794</u>

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Details of the subsidiaries of the Company at December 31 are as follows:

Name of subsidiary	Date of incorporation/ establishment	Country of incorporation (or establishment) and operation	Issued and fully paid share/ registered capital	Attributable equity interest held by the Company		Principal activity
				2025 %	2024 %	
Denham Pte. Ltd. (b)	March 20, 1997	Republic of Singapore	SGD172,000,000	100	100	Investment holding and provision of services.
Giti Tire Global Enterprise Pte. Ltd. (b)	August 15, 2005	Republic of Singapore	SGD6,068,000	100	100	Investment holding.
Giti Tire Global Trading Pte. Ltd. (b)	October 11, 2002	Republic of Singapore	SGD2,000,000	100	100	Marketing and trading of tire products and provision of services.
Giti Tire Technical Centre Pte. Ltd. (b)	October 5, 2006	Republic of Singapore	SGD2,505,000	100	100	Research and experimental development in engineering.
Morningleaf Pte. Ltd. (b)	May 19, 1993	Republic of Singapore	SGD10,062,000	100	100	Investment holding.
Giti Auto Parts Pte. Ltd. (b)	April 19, 2016	Republic of Singapore	SGD1,750,000	100	100	Investment holding.
Guang Hui Holdings Pte. Ltd. (b)	July 15, 1993	Republic of Singapore	SGD3,000,000	100	100	Investment in properties.
Giti Tire Fujian (Singapore) Pte. Ltd. (b)	February 15, 2022	Republic of Singapore	RMB1,500,000	71.7	71.7	Provision of services.
Giti Greatwall Tire (Yinchuan) Co., Ltd. (a) 银川佳通长城轮胎有限公司	December 26, 2002	PRC	RMB246,500,000	100	100	Manufacture of tire products.
Giti Radial Tire (Anhui) Co., Ltd. (a) 安徽佳通乘用车子午线轮胎有限公司	February 6, 2007	PRC	USD167,000,000	100	100	Manufacture of tire products.
Giti Steel Cord (Hubei) Co., Ltd. (a) 湖北佳通钢帘线有限公司	April 20, 2004	PRC	RMB135,000,000	100	100	Design and production of steel cord.
Giti Tire (China) Investment Co., Ltd. (a) 佳通轮胎（中国）投资有限公司	June 23, 2003	PRC	USD371,800,000	100	100	Investment holding and distribution.
Giti Tire (Chongqing) Co., Ltd. (a) 重庆佳通轮胎有限公司	August 28, 2002	PRC	RMB173,220,139 (2024 : USD16,800,000)	100	100	Manufacture of tire products.
Giti Tire Corporation (a) (d) 佳通轮胎股份有限公司	June 8, 1993	PRC	RMB340,000,000	44.4	44.4	Investment holding.
Giti Tire (Fujian) Co., Ltd. (a) 福建佳通轮胎有限公司	February 28, 1995	PRC	USD106,700,000	71.7	71.7	Manufacture of tire products.
Giti Tire (Hualin) Co., Ltd. (a) 桦林佳通轮胎有限公司	January 16, 2004	PRC	USD51,640,000	100	100	Manufacture of tire products.

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<u>Name of subsidiary</u>	<u>Date of incorporation/ establishment</u>	<u>Country of incorporation (or establishment) and operation</u>	<u>Issued and fully paid share/ registered capital</u>	<u>Attributable equity interest held by the Company</u>		<u>Principal activity</u>
				<u>2025</u>	<u>2024</u>	
				%	%	
Giti Tire (Yinchuan) Co., Ltd. (a) 银川佳通轮胎有限公司	December 16, 2002	PRC	RMB346,500,000	100	100	Manufacture of tire products.
Giti Primewell Rubber (Fujian) Co., Ltd.(a) 福建佳安橡胶有限公司	May 6, 2020	PRC	RMB35,000,000	100	100	Manufacture of tire products.
Taiwan Giti Tire R&D Ltd. (c) 台灣佳通輪胎研發有限公司	October 6, 2014	Republic of China	TWD1,050,000	100	100	Testing activities relating to tires and sales and distribution of tires.
Giti Tire R&D Centre (Europe) GmbH (c)	November 5, 2014	Germany	EUR25,000	100	100	Research and development relating to tires.
Giti Property (USA) Ltd. (b)	March 17, 2009	United States of America	USD150,000	100	100	Property holding
Giti Tire (USA) Ltd. (b)	July 6, 2005	United States of America	USD120,000,000 (2024 : USD94,500,000)	100	100	Marketing and trading of tire products.
Giti Tire (Canada) Ltd. (b)	April 13, 2007	Canada	CAD150,000	100	100	Marketing and trading of tire products.
Giti Tire (UK) Ltd. (c)	January 22, 2009	England	GBP10,000	100	100	Marketing and trading of tire products.
Giti Tire Deutschland GmbH (c)	August 17, 2009	Germany	EUR100,000	100	100	Marketing and trading of tire products.
PT. Gajah Tunggal Tbk (a) (e)	August 24, 1951	Indonesia	IDR1,239,884 million	49.5	49.5	Manufacture of goods, made of rubber, primarily tires and tubes for vehicles, goods or equipment.
PT Prima Sentra Megah (f) (c)	January 10, 2000	Indonesia	USD33,557	49.0	49.0	Distribution of chemicals and allied products.
PT Filamendo Sakti (g) (c)	July 21, 1987	Indonesia	USD183,717,466	49.4	49.4	Manufacture of nylon filament yarn and polyester yarn.
Giti Tire Holdings (UK) Limited (c)	May 8, 2014	England	GBP707,472,933 (2024 : GBP655,944,887)	100	100	Investment holding.
Giti Tire Holdings (USA) Limited (c)	May 7, 2014	United States of America	USD707,320,000 (2024 : USD655,820,000)	100	100	Investment holding.
Giti Tire Manufacturing (USA) Ltd (b)	May 7, 2014	United States of America	USD684,100,000 (2024 : USD656,100,000)	100	100	Manufacture of tire products.
Giti Tire R&D Center (North America) Inc. (b)	November 26, 2013	United States of America	USD950,000	100	100	Research and development relating to tires.
Giti Tire (Malaysia) Sdn. Bhd. (a)	June 25, 2015	Malaysia	MYR500,000	100	100	Marketing and distribution of tire products.
Giti Tire (France) (c)	January 15, 2015	France	EUR10,000	100	100	Marketing and distribution of tire products.

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<u>Name of subsidiary</u>	<u>Date of incorporation/ establishment</u>	<u>Country of incorporation (or establishment) and operation</u>	<u>Issued and fully paid share/ registered capital</u>	<u>Attributable equity interest held by the Company</u>		<u>Principal activity</u>
				<u>2025</u>	<u>2024</u>	
				%	%	
Giti Property (HK) Limited (c)	November 12, 2015	Hong Kong Special Administrative Region of the PRC	HKD90,000,000	100	100	Investment in properties.
Giti Tire (M.E.A.) FZCO (c)	April 17, 2017	United Arab Emirates	AED10,000	100	100	Trading of tires and rims.

(a) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(b) Audited by Deloitte & Touche LLP, Singapore.

(c) Management accounts used for consolidation purposes as immaterial.

(d) Listed on the Shanghai Stock Exchange.

Giti Tire Corporation is listed on the Shanghai Stock Exchange. Although the Group has only 44.4% (2024 : 44.4%) equity interest in Giti Tire Corporation, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Giti Tire Corporation on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The remaining 55.6% (2024 : 55.6%) of the ordinary shares in Giti Tire Corporation are owned by numerous other shareholders.

(e) Listed on the Jakarta Stock Exchange.

PT. Gajah Tunggal Tbk is listed on the Jakarta Stock Exchange. Although the Group has only 49.5% (2024 : 49.5%) equity interest in PT. Gajah Tunggal Tbk, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of PT. Gajah Tunggal Tbk on the basis of the Group's absolute size of holding in PT. Gajah Tunggal Tbk and the relative size of and dispersion of the shareholdings owned by other shareholders. The remaining 50.5% (2024 : 50.5%) of the ordinary shares of PT. Gajah Tunggal Tbk are owned by numerous other shareholders.

(f) A subsidiary in the Group, PT. Gajah Tunggal Tbk, holds 99.0% (2024 : 99.0%) equity interest in PT Prima Sentra Megah. The effective interest in PT Prima Sentra Megah held by the Company through PT. Gajah Tunggal Tbk is 49.0% (2024 : 49.0%).

(g) A subsidiary of the Group, PT. Gajah Tunggal Tbk, holds 99.79% (2024 : 99.79%) equity interest in PT Filamendo Sakti. The effective interest in PT Filamendo Sakti held by the Company through PT. Gajah Tunggal Tbk is 49.4% (2024 : 49.4%).

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Information about the composition of the Group at the end of the financial year is as follows:

<u>Principal activity</u>	Number of wholly-owned subsidiaries	
	2025	2024
Design and production of steel cord	1	1
Investment and trading of properties	2	2
Investment holding	5	5
Investment holding and distribution	1	1
Investment holding and provision of services	1	1
Manufacture of tire products, tire moulds and related products	7	7
Marketing and distribution, and trading and sales liaising of tire products	2	2
Marketing and trading of tire products, and provision of services	6	6
Property holding	1	1
Research and experimental development in engineering	1	1
Research and development of tire products	3	3
	<u>30</u>	<u>30</u>

<u>Principal activity</u>	Number of partially-owned subsidiaries	
	2025	2024
Manufacture of tire products	1	1
Manufacture of tire and rubber products	1	1
Manufacture of nylon filament yarn	1	1
Investment holding	1	1
Distribution of chemicals and allied products	1	1
Provision of services	1	1
	<u>6</u>	<u>6</u>

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The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Country of incorporation (or establishment) and operation	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
		%	%	RMB'million	RMB'million	RMB'million	RMB'million
Giti Tire Corporation	PRC	55.6	55.6	(5)	(6)	224	300
Giti Tire (Fujian) Co., Ltd	PRC	28.3	28.3	115	102	492	470
PT. Gajah Tunggal Tbk	Indonesia	50.5	50.5	273	272	2,022	1,963
				383	368	2,738	2,733

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Giti Tire Corporation		Giti Tire (Fujian) Co., Ltd		PT. Gajah Tunggal Tbk	
	2025	2024	2025	2024	2025	2024
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Current assets	330	479	3,060	2,854	3,674	4,233
Non-current assets	490	490	1,272	1,190	4,982	4,650
Current liabilities	107	120	1,916	1,873	2,220	3,641
Non-current liabilities	- *	- *	682	511	2,467	1,390
Net assets	713	849	1,734	1,660	3,969	3,852

* Amount is less than RMB1 million.

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	Giti Tire Corporation		Giti Tire (Fujian) Co., Ltd		PT. Gajah Tunggal Tbk	
	2025	2024	2025	2024	2025	2024
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Revenue	-	-	4,797	4,622	7,719	8,196
(Loss) Profit for the year	(10)	(10)	406	361	541	538
Other comprehensive (loss) income for the year	-	-	-	-	(31)	29
Total comprehensive (loss) income for the year	(10)	(10)	406	361	510	567
Dividends paid to non-controlling interests	171	53	-	-	-	40
Net cash (outflow) inflow from operating activities	(8)	(7)	507	580	882	834
Net cash inflow (outflow) from investing activities	179	394	(202)	(186)	(944)	(500)
Net cash (outflow) inflow from financing activities	(308)	(94)	(196)	(394)	10	(175)
Effect of foreign exchange rate changes	-	-	-*	1	3	-*
Net cash (outflow) inflow	(137)	293	109	1	(49)	159

* Amount is less than RMB1 million.

21 INVESTMENTS IN ASSOCIATES

	Group	
	2025	2024
	RMB'million	RMB'million
At beginning of year	76	90
Share of net loss	(6)	(20)
Share of other comprehensive income of associate	4	7
Foreign currency exchange differences	(6)	(1)
At end of year	68	76

* Amount is less than RMB1 million.

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Details of the Group's associates at December 31 are as follows:

<u>Name of associates</u>	<u>Country of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held</u>		<u>Principal activity</u>
		<u>2025</u>	<u>2024</u>	
		%	%	
PT Polychem Indonesia Tbk ^{(1) (2)}	Indonesia	25.6	25.6	Manufacture polyester products, engineering plastic and resin, ethylene glycol and petrochemical.
PT Speedwork Solusi Utama ⁽²⁾	Indonesia	6.0	6.2	Provision of services/ consultants, information technology & online trading(e-commerce).

(1) The shares of PT Polychem Indonesia Tbk are listed on the Jakarta Stock Exchange, Indonesia.

(2) Audited by overseas practice of Deloitte Touche Tohmatsu Limited.

Summarised financial information in respect of the Group's material associate prepared in accordance with FRSs is set out below:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RMB'million	RMB'million
Revenue	1,006	790
Loss for the year	(24)	(79)
Other comprehensive income for the year	17	28
Total assets	545	584
Total liabilities	(280)	(288)
Net assets	265	296

Reconciliation of the above summarised financial information to the carrying amount of the interest in PT Polychem Indonesia Tbk recognised in the consolidated financial statements:

	<u>2025</u>	<u>2024</u>
	RMB' million	RMB' million
Net assets of the associate	265	296
Proportion of the Group's ownership interest in the associate	25.6%	25.6%
Carrying amount of the Group's interest in the associate	68	76

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22 INTEREST IN A JOINT VENTURE

	<u>Group</u> <u>2024</u> RMB'million
Beginning balance	1
Liquidation of joint venture	<u>(1)</u>
Ending balance	<u>-</u>

The Group's joint venture was liquidated on August 5, 2024. Details of the Group's joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of interest	Proportion of ownership interest and voting rights held by the Group
			<u>2024</u> %
PT IRC Gajah Tunggal Manufacturing Indonesia	Manufacturing of motorcycle tires.	Indonesia	-

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint venture prepared in accordance with FRSs is set out below.

	<u>Group</u> <u>2024</u> RMB'million
Revenue	<u>-</u>
Loss for the year	<u>-</u>
Total assets	-
Total liabilities	-
Net assets	<u>-</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	<u>Group</u> <u>2024</u> RMB'million
Net assets of the joint venture	-
Proportion of the Group's ownership interest in the joint venture	<u>-</u>
Carrying amount of the Group's interest in the joint venture	<u>-</u>

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23 TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Trade payables (Note a)	2,179	2,280	-	-
Notes payable	1,641	2,059	-	-
Other payables (Note b)	2,863	3,607	15	20
Accruals (Note c)	743	686	50	52
Payable for employee welfare	1	1	-	-
Deposits received	3	17	-	-
Dividend payable				
to non-controlling interest	59	65	-	-
Total current trade and other payables	7,489	8,715	65	72
Add: Non-current other payables (Note d)	372	351	-	10
Deferred government grants (Note d)	7,482	5,884	-	-
Total	15,343	14,950	65	82

(a) Trade payables principally comprise amounts outstanding for trade purchases. The credit period taken for trade purchases is 7 to 180 days (2024 : 7 to 180 days).

(b) Other payables comprise the following:

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Payables for acquisition of property, plant and equipment	1,752	2,479	-	-
Salaries and staff welfare payable	345	337	13	20
Transportation costs payable	111	141	-	-
Value-added tax payable	30	22	-	-*
Withholding tax payable	5	13	-	-
Deposits	454	494	-	-
Deferred government grants	-*	-*	-	-
Other tax payable	98	86	-	-
Others	68	35	2	-*
	2,863	3,607	15	20

* Amount is less than RMB1 million.

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(c) Accruals comprise the following:

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Accrued transportation costs	89	131	-	-
Accrued warranty provision	130	121	-	-
Accrued interest expenses	59	45	28	17
Accrued loan underwriting fee	12	28	12	26
Accrued repair and maintenance expenses	3	4	-	-
Accrued promotion and advertising expenses	146	107	-	-
Accrued other taxes	51	12	-	-
Accrued sales commission	27	20	-	-
Accrued utilities expenses	58	56	-	-
Accrued rental expenses	14	12	-	-
Accrued operating expenses (Note)	154	150	10	9
	<u>743</u>	<u>686</u>	<u>50</u>	<u>52</u>

Note: Accrued operating expenses mainly represent accruals for expenses relating to consultancy fees, marketing expenses, insurance.

(d) Non-current other payables

The non-current other payables relate to deferred government grants, rent abatement and instalments of underwriting fee. The deferred government grants relate to grants towards the cost of construction of its conservation of resources, environmental protection equipment, transmission line at the Group's factory and the setting up of the plant. These government grants, which are related to depreciable assets, are presented as deferred government grants on receipt and will be released to profit or loss over the useful lives of the assets. Accordingly, the amounts are classified as non-current liabilities at the end of the reporting period. The instalments of the underwriting fee relates to a bank loan and is payable on an annual basis throughout the loan term (Note 26).

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24 LEASE LIABILITIES

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Maturity analysis:		
Year 1	134	136
Year 2	187	122
Year 3	68	179
Year 4	26	57
Year 5	11	11
After Year 5	5	3
	431	508
Less: Unearned interest	(39)	(55)
	392	453
Less: Reclassified as held for sale	- *	-
	392	453
Analysed as:		
Current	113	111
Non-current	279	342
	392	453

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

25 CONTRACT LIABILITIES

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Advances from customers (i)	131	45
Customer sales rebates (ii)	471	405
	602	450

As at January 1, 2024, contract liabilities amounted to RMB403 million.

- (i) Revenue from the sale of tires is recognised when control of the goods has transferred to the customer. When a customer pays for the goods in advance, the payment received by the Group is recognised as a contract liability until the control of the goods is transferred to the customer. At the point of transfer, revenue is recognised.
- (ii) A refund liability arises in respect to the Group's sales incentive programs which comprise of rebates and discounts to customers. At the point of sale, a refund liability is recognised for these sales incentives. This represents a reduction to revenue arising from the incentives.

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26 BORROWINGS

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
Bank borrowings:				
- Secured	5,740	3,953	1,382	1,919
- Unsecured	6,135	4,853	176	180
Bonds payable:				
- Secured	-	1,309	-	-
- Unsecured	807	-	807	-
	12,682	10,115	2,365	2,099
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(4,868)	(6,363)	(1,558)	(673)
Amounts due for settlement after 12 months	7,814	3,752	807	1,426

Movement in the unamortised loan arrangement costs (included in net carrying amount of bank borrowings above) are as follows:

	<u>Group</u>		<u>Company</u>	
	2025	2024	2025	2024
	RMB'million	RMB'million	RMB'million	RMB'million
At beginning of the year	85	129	99	72
Additions during the year	58	17	1	55
Amortisation during the year (Note 32)	(66)	(60)	(47)	(27)
Foreign currency alignment	(4)	(1)	(4)	(1)
At end of the year	73	85	49	99

The borrowings carrying fixed and variable interests are as follows:

	<u>2025</u>		<u>2024</u>	
	Carrying amount	Weighted average effective interest rate per annum	Carrying amount	Weighted Average Effective interest rate per annum
<u>Group</u>	RMB'million	%	RMB'million	%
Fixed-rate borrowings:				
- Bank borrowings	978	4.1	1,456	3.7
- Secured bonds payable	-	-	1,309	9.0
- Unsecured bonds payable	807	5.8	-	-
Variable-rate borrowings:				
- Bank borrowings	10,897	4.3	7,350	6.5
	12,682		10,115	

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	<u>2025</u>		<u>2024</u>	
	Carrying amount	Weighted average effective interest rate per annum	Carrying amount	Weighted Average Effective interest rate per annum
<u>Company</u>	RMB'million	%	RMB'million	%
Fixed-rate borrowings:				
- Bank borrowings	71	5.0	72	5.0
- Unsecured bonds payable	807	5.8	-	-
Variable-rate borrowings:				
- Bank borrowings	<u>1,487</u>	7.6	<u>2,027</u>	8.3

On September 26, 2025, the Group and the Company established a S\$750 million multicurrency medium term note programme, pursuant to which the Group and the Company may issue notes from time to time. On October 9, 2025, the Group and the Company issued S\$150 million (approximately RMB819 million) Sustainability Senior Notes under this programme. The Sustainability Senior Notes are unsecured, due in 2030 and bear interest of 5.75% per annum.

The Group has RMB111 million (2024 : RMB109 million) of trust receipts with a bank under a trade finance loan facility. The loans are guaranteed by the Company and are secured by a trade finance security agreement. The facility bears an average interest rate of 5.84% (2024 : 6.53%) per annum.

The bank borrowings are secured by:

- (1) Legal mortgage of certain right-of-use assets (Note 16), investment properties (Note 17) and property, plant and equipment (Note 15) of the Group;
- (2) Certain restricted bank deposits, in relation to certain short-term and long-term borrowings (Note 9);
- (3) Certain trade receivables and inventories, in relation to certain short-term and long-term borrowings (Notes 10 and 14 respectively); and
- (4) Capital stock of certain subsidiaries (Note 20).

Further, the Group and the Company are subject to certain financial and restrictive covenants under certain short-term and long-term borrowings. The restrictive covenants limit, subject to certain exceptions, the incurrence of additional indebtedness, payment of dividends, the making of certain investments or other specified restricted payments; issuance or sale of capital stock of certain subsidiaries, the creation of liens, the issuance of guarantees, asset sales and certain mergers and consolidations.

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27 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated accounting depreciation	Tax losses	Impairment loss on receivables	Impairment loss on inventories	Other payables and accruals	Withholding tax on undistributed profits of subsidiaries	Unrealised profits	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
<u>Group</u>								
At January 1, 2024	(574)	1,112	(5)	17	458	(152)	61	917
(Charge) Credit to profit or loss	(25)	13	-*	4	25	4	(7)	14
Charge to equity	-	-	-	-	(3)	-	-	(3)
Exchange difference	(5)	15	-	-*	(1)	-*	-	9
At December 31, 2024	(604)	1,140	(5)	21	479	(148)	54	937
(Charge) Credit to profit or loss	(4)	59	(1)	(2)	17	4	34	107
Charge to equity	-	-	-	-	10	-	-	10
Exchange difference	17	(25)	-	(1)	(19)	(1)	-	(29)
At December 31, 2025	(591)	1,174	(6)	18	487	(145)	88	1,025

* Amount is less than RMB1 million.

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For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting presentation purpose:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Deferred tax assets	1,878	1,804
Deferred tax liabilities	(853)	(867)
	<u>1,025</u>	<u>937</u>

Subject to the agreement by the tax authorities, as at December 31, 2025 the Group has unused tax losses of RMB4,692 million (2024 : RMB4,162 million) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB4,116 million (2024 : RMB3,816 million) of such losses for the year ended December 31, 2025. No deferred tax asset has been recognised in respect of the remaining RMB576 million (2024 : RMB346 million) for the year ended December 31, 2025 due to the unpredictability of future profit streams. The unrecognised tax losses of RMB346 million and RMB576 million for the years ended December 31, 2024 and 2025 will expire in 2025 to 2029 and 2026 to 2030 respectively.

The unrecognised tax losses that expired for the year ended December 31, 2025 were RMB145 million (2024 : RMB85 million).

At December 31, 2025, the Group has deductible temporary differences of RMB4,102 million (2024 : RMB3,751 million). No deferred tax asset has been recognised in relation to the deductible temporary differences of RMB394 million (2024 : RMB509 million) as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, temporary differences are associated with undistributed earnings of an investment in an associate for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

The employees of the Group are members of state-managed retirement benefits plans, operated by relevant governmental authorities in those countries. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total amounts contributed by the Group to the schemes represent contributions payable to the schemes by the Group at rates specified in the rules of the scheme. The amount contributed and charged to profit or loss was RMB125 million and RMB123 million for the years ended December 31, 2025 and 2024 respectively.

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Defined benefit plan

The Group operates a defined benefit pension plan for substantially all its permanent employees in the Republic of Indonesia. The benefits under such pension plan have been adjusted to cover minimum benefits under Labor Law No. 12/2003 in the Republic of Indonesia.

The defined benefit plan typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk, and salary risk.

Interest rate risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. As such, an increase in the discount rate will decrease the plan's liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the present value of the defined benefit obligation was carried out at December 31, 2025 and 2024 by the independent actuary, KKA Halim & Rekan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<u>Valuation at</u>	
	2025	2024
Discount rate per annum	6.3%	7.0%
Salary increment rate per annum	5%	5%
	56	56
Normal retirement age	Years/age	Years/age
Mortality rate	100% TMI ^{1 4}	100% TMI ^{1 4}
Disability rate	10% TMI ^{1 4}	10% TMI ^{1 4}

¹ Indonesian Mortality table ("TMI").

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Amounts charged (credited) to comprehensive income in respect of these defined benefit plans are as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Cost of transferred employees	(1)	1
Current service cost	76	72
Past service cost	- *	(8)
Interest cost	50	51
Components of defined benefit costs recognised in profit or loss	<u>125</u>	<u>116</u>
Actuarial loss (gain)	<u>47</u>	<u>(12)</u>
Components of defined benefit costs recognised in other comprehensive income, before tax	<u>47</u>	<u>(12)</u>

Movements in the present value of defined benefit obligation are as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Opening defined benefit obligation	800	826
Current service cost	76	72
Past service cost	- *	(8)
Interest cost	50	51
Benefit payments	(136)	(117)
Post-employment benefit transferred	(1)	2
Actuarial loss (gain)	47	(12)
Currency alignment	(62)	(14)
Closing defined benefit obligation	<u>774</u>	<u>800</u>

* Amount is less than RMB1 million.

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Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher/lower, the defined benefit obligation would decrease by RMB68 million (2024 : RMB58 million)/increase by RMB27 million (2024 : RMB34 million).
- If the expected salary growth increases/decreases by 1%, the defined benefit obligation would increase by RMB40 million (2024 : RMB47 million)/decrease by RMB79 million (2024 : RMB70 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

29 SHARE CAPITAL

	<u>Group and Company</u>			
	2025	2024	2025	2024
	Number of ordinary shares		RMB'million	RMB'million
	'million	'million		
Issued and paid up:				
At beginning and end of the year	2,400	2,400	1,758	1,758

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

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30 REVENUE

A disaggregation of the Group's revenue for the year is as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
<u>Timing of revenue recognition</u>		
At a point in time:		
- Sale of tires and related products	22,821	22,056

As at the end of the reporting period, certain such unsatisfied (or partially satisfied) performance obligations are part of customer contracts that were expected to be fully performed within one year or less on date of inception of the contracts. This satisfies that criteria in FRS 115 paragraph 121 and accordingly, it has been applied for those performance obligations in these financial statements.

31 OTHER INCOME

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Sales of scrap and materials	70	67
Gain on disposal of property, plant and equipment	28	5
Government grants (i)	57	44
Interest income	39	32
Gain from fair value adjustments on forward foreign exchange contracts	-	1
Fair value gain on financial assets measured at FVTPL	11	4
Net foreign exchange gain (loss)	34	(16)
Others	35	51
	<u>274</u>	<u>188</u>

(i) Income from government grants comprises:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Incentive subsidies	34	28
Investment subsidies	23	16
Total government grants recognised in profit or loss	<u>57</u>	<u>44</u>

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

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32 FINANCE COSTS

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Finance costs on:		
- Borrowings	599	686
- Discounted bills	11	11
- Amortisation of capitalised loan arrangement costs (Note 26)	66	60
- Lease liabilities	26	31
- Other finance costs	78	120
	<u>780</u>	<u>908</u>

There was no borrowing cost capitalised in 2025 and 2024.

33 INCOME TAX EXPENSE

Tax expense comprises:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Current tax:		
- Current year	352	317
- Overprovision in prior years	(2)	(39)
- Withholding tax	7	5
	<u>357</u>	<u>283</u>
Deferred tax (Note 27)	<u>(107)</u>	<u>(14)</u>
	<u>250</u>	<u>269</u>

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

To address concerns about uneven profit distribution and tax contributions of large multinational corporation, various agreements have been reached at the global level, including an agreement by over 140 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) release a set of model rules, followed by detailed commentary and administrative guidance in 2022 to 2024, which are expected to be used by individual jurisdiction that signed the agreement to amend their local tax laws.

As at December 31, 2025, various jurisdictions where the Group operates in have enacted tax legislations to implement the Pillar Two model rules.

The Group has performed an assessment of the potential top-up tax impact from the enacted legislation. As at December 31, 2025 and 2024, management has assessed that jurisdictions where the Group operates which have implemented the Pillar Two legislation have either met the tests under Transitional Country-by-Country Safe Harbour rules or did not have significant subsidiaries where Pillar Two effective tax rate is less than 15%. Accordingly, no top-up tax has been recognised for the financial year ended December 31, 2025 and 2024.

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The Group has applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the amendments to FRS 12 issued in May 2024. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group, which has subsidiaries that are tax resident in the PRC, is subject to the PRC dividend withholding tax for the non PRC resident immediate holding company registered in Singapore when and if undistributed earnings are declared to be paid as dividends commencing on January 1, 2008 to the extent those dividends are paid out of profits that arose on or after January 1, 2008. The withholding tax would be charged at a reduced rate of 5% according to the tax treaty concluded between the PRC and Singapore provided that the immediate holding company meets the Singapore tax resident and beneficiary ownership test. Accordingly, deferred tax liabilities for undistributed earnings of RMB145 million (2024 : RMB148 million) have been recognised at the end of the reporting period.

The tax expense can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Profit before tax	1,059	1,178
Tax expense at the PRC domestic income tax rate of 25% (2024 : 25%)	265	294
Tax effect of income not taxable for tax purposes	(7)	(1)
Tax effect of expenses not deductible for tax purposes	108	83
Effect of tax concessions/concessionary rate/tax exemption	(7)	(7)
Overprovision in prior years	(2)	(39)
Tax effect of tax losses not recognised	(2)	(3)
Tax effect of deductible temporary differences not recognised	(20)	(15)
Recognition of deductible temporary differences previously not recognised	(68)	(9)
Effects of different tax rate of subsidiaries operating in other jurisdictions	(27)	(27)
Effect of overseas withholding tax	7	5
Utilisation of tax losses not previously recognised	-	(4)
Others	3	(8)
Tax expense for the year	250	269

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34 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Amortisation of intangible assets [#]	13	13
Depreciation of property, plant and equipment	828	785
Depreciation of investment properties	9	8
Depreciation expense on right-of-use assets	97	104
Impairment loss recognised on property, plant and equipment [#]	5	6
Impairment loss recognised on trade receivables – net [#]	2	7
Impairment loss recognised (reversed) on other receivables - net [#]	- *	- *
Impairment loss (reversed) recognised on inventories [#]	(13)	5
Net foreign exchange (gain) loss	(34)	16
Research and development costs	459	446
Gain on disposal of property, plant and equipment	(28)	(5)
Interest on lease liabilities	26	31
Expense relating to short-term leases and low value assets	2	5
Employee compensation and benefits, including directors' remuneration:		
- Salaries, wages and other benefits	3,464	3,310
- Retirement benefits scheme contributions	299	273
Total staff costs	3,763	3,583

[#] Amortisation and impairment loss are included in administrative expenses.

^{*} Amount is less than RMB1 million.

GITI TIRE PTE. LTD. AND ITS SUBSIDIARIES

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35 CAPITAL COMMITMENTS

	<u>Group</u>	
	2025	2024
	RMB'million	RMB'million
Capital expenditure in respect of acquisition of property, plant and equipment and construction in progress contracted for but not provided in the financial statements	1,018	1,799

The Company has no capital commitments at the end of each reporting period.

36 OPERATING LEASES

The Group as lessee

At December 31, 2025, the Group is committed to RMB0.1 million (2024 : RMB0.2 million) for short-term leases.

The Company has no commitments under operating leases at the end of the reporting period.