

**CHINA ZHENG TONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司**

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

Stock Code : 1728

ANNUAL REPORT 2025

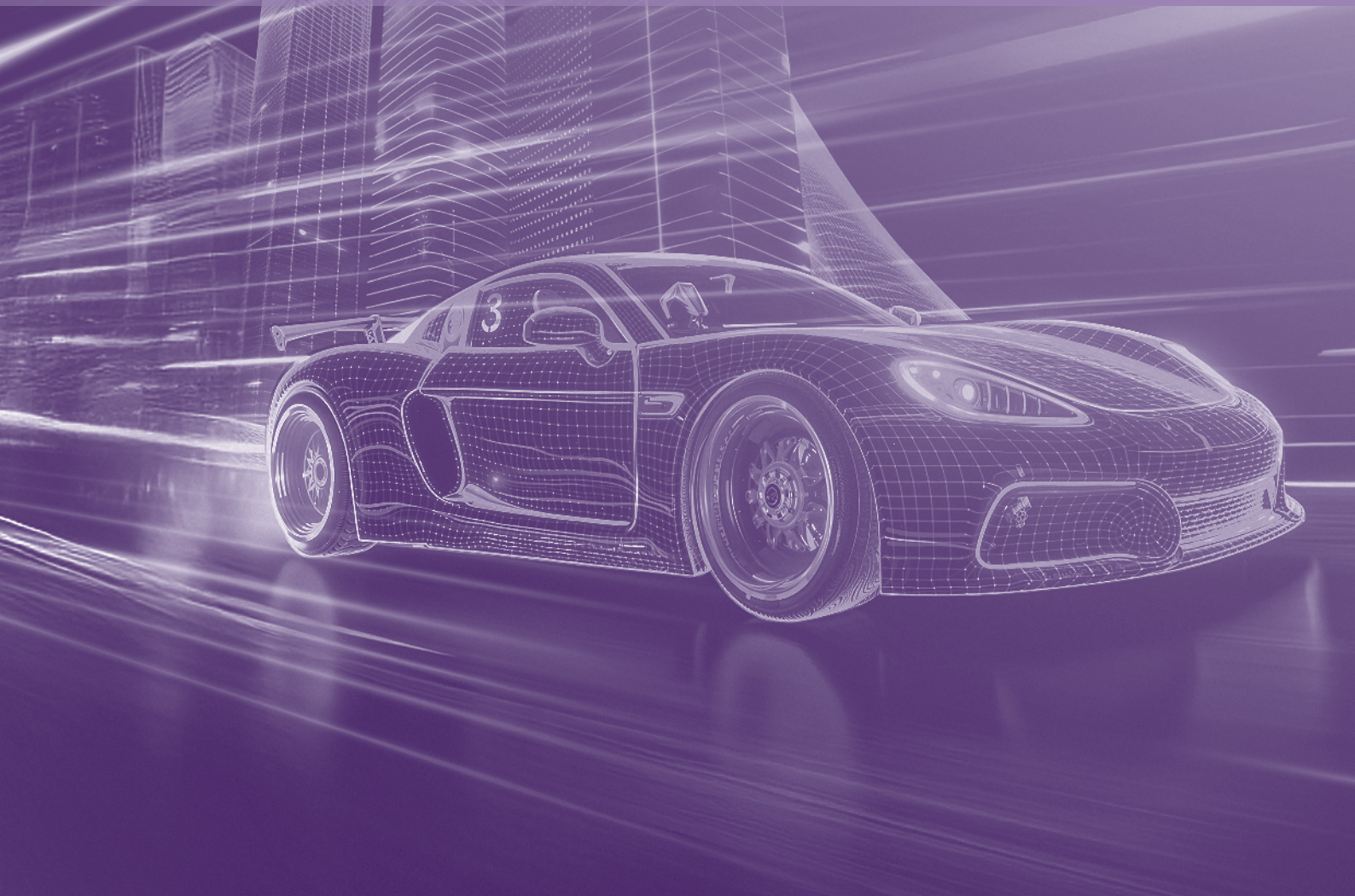


BECOMING A LEADING
COMPREHENSIVE SERVICE PROVIDER
IN THE ECOLOGY OF
THE AUTOMOBILE INDUSTRY



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COMPANY PROFILE

China ZhengTong Auto Services Holdings Limited (the “**Company**” or “**ZhengTong**” or “**ZhengTong Auto**”, and together with its subsidiaries, the “**Group**”) is a leading 4S dealership group in China under Xiamen ITG Holding Group Co., Ltd. (“**ITG Holding**”).

The Group currently distributes a range of mid-to-high-end brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover, Cadillac, FAW Volkswagen, FAW Toyota, Buick, Dongfeng-Honda, as well as independent brands such as Hongqi and GWM Haval. It has also strategically positioned itself in the new energy vehicle sector with brands such as AITO, Harmony Intelligent Mobility Alliance (HIMA) (LUXEED, STELATO, MAEXTRO and SAIC), Tesla, and NIO. As at 31 December 2025, we operated 89 outlets in 35 cities across 14 provinces and municipalities nationwide.

The Group’s vision is to become a leading integrated service provider in the automotive ecosystem. The Group remains firmly committed to a customer-centric approach and strives to deliver excellent automobile sales and after-sales services. In addition to its core dealership business, the Group has been actively expanding into diversified areas such as automotive import and export, insurance agency, pre-owned automobile business, and supply chain logistics. These business segments complement and synergize with one another, collectively forming the Group’s comprehensive and high-quality automotive ecosystem service system.

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	2021	2022	2023	2024	2025
(RMB'000)					
Revenue	20,985,529	22,606,790	24,131,975	20,746,774	18,711,196
Loss before taxation	(2,213,649)	(130,342)	(886,600)	(1,482,008)	(2,427,540)
Income tax credit/(expense)	9,641	(167,079)	66,120	(47,078)	(62,895)
Loss for the year	(3,780,767)	(297,421)	(820,480)	(1,529,086)	(2,490,435)
Attributable to:					
Ordinary shareholders of the Company	(3,622,131)	(296,285)	(890,990)	(1,708,506)	(2,674,355)
Perpetual bond holder of the Company	—	—	41,708	107,127	90,579
Non-controlling interests	(158,636)	(1,136)	28,802	72,293	93,341
Loss for the year	(3,780,767)	(297,421)	(820,480)	(1,529,086)	(2,490,435)

ASSETS AND LIABILITIES

	2021	2022	2023	2024	2025
(RMB'000)					
Total assets	26,129,786	27,732,759	29,514,801	29,218,236	25,297,753
Total liabilities	(25,589,165)	(27,508,315)	(28,227,741)	(28,148,498)	(23,716,353)
Total equity	540,621	224,444	1,287,060	1,069,738	1,581,400
Equity/(deficit) attributable to equity shareholders of the Company	508,430	193,389	361,830	(356,683)	(242,781)
Non-controlling interests	32,191	31,055	925,230	1,426,421	1,824,181
Total equity	540,621	224,444	1,287,060	1,069,738	1,581,400



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS:

On behalf of the Board and all our staff, I would like to present to all shareholders the audited operating results of the Group for the year 2025, and extend my sincere gratitude to all shareholders, investors and partners for their long-term contribution and support!

In 2025, China's automobile dealership industry underwent accelerated transformation and iteration, shifting from extensive growth focused on "scale expansion" to refined operation centered on "survival through quality." On the one hand, new energy vehicles maintained strong growth momentum and accounted for half of the industry, with the penetration rate of the new energy passenger vehicle market reaching 54.8%. In contrast, the traditional fuel-powered vehicle market continued to shrink, price wars intensified, and profit margins for dealers were continuously compressed. On the other hand, the growth rate of automobile retail sales slowed, and the industry entered a critical "reshuffling period." The China Automobile Dealers Association estimated that the number of dealership outlets would record a net decrease of nearly 1,500 nationwide in 2025. Meanwhile, leading dealers accelerated resource concentration through mergers and acquisitions, making the pattern of "the strong growing stronger and the weak exiting" increasingly evident. In addition, the industry is currently confronted with multiple structural issues and challenges. First, intensified homogeneous competition and involution in the new energy vehicle sector have led to frequent fluctuations in terminal pricing systems, exposing dealers to operational pressures including high inventory levels and unstable rebate policies. Second, there is an imbalance in upstream-to-downstream profit distribution along the automotive industrial chain. Price volatility in core upstream resources such as components and batteries has been transmitted to the distribution sector, which, coupled with the uneven recovery of the downstream consumer market, has further squeezed dealers' profit margins. Third, expanding into overseas markets is hindered by multiple barriers such as geopolitical risks, local compliance barriers and low brand awareness. Domestic dealers seeking to go global often face difficulties in channel development and high operating costs.

Faced with accelerating industry consolidation and an extremely challenging market environment where many dealers are struggling, the Group has proactively implemented strategic mergers and acquisitions across the industry. Through the acquisition of the automobile distribution and export business of Xiamen Xindeco Ltd.* (廈門信達股份有限公司) ("**Xiamen Xindeco**"), the Group endeavors to optimise its brand portfolio, expand its network layout and enhance economies of scale. Meanwhile, with robust support from its controlling shareholder, ITG Holding, across areas such as industrial synergy, financial assistance and management efficiency enhancement, the Group has aligned with the development trend of the industry, advanced the transformation and upgrading toward new energy vehicles, deeply cultivated the pre-owned automobiles market, and actively seized the first-mover advantage in the automotive export market. During the reporting period, the Group adopted a series of measures to improve management efficiency and reduce operating expenses, including operational enhancement, cost reduction and efficiency enhancement, management structure optimisation, and revitalisation of inefficient assets. These efforts enabled the Group to withstand downward market pressure and further consolidate its industry position. The Group ranked 21st on the 2025 Top 100 China's Automobile Dealer Groups and was included in the "2025 China's Automobile Dealer Groups — New Energy Sub-list". Meanwhile, with outstanding achievements in new energy transformation and digital-intelligent empowerment, the Group was awarded the titles of "Pioneer Enterprise in New Energy Transformation" and "Pioneer Enterprise in Digital and Intelligent Transformation" by the China Automobile Dealers Association.

Following this industry merger and acquisition, the Group made timely adjustments to its development strategy. Based on positioning itself as an automotive ecosystem service provider, the Group has driven its growth through business ecosystem optimisation and capital operations. Focusing on four business and work priorities: automobile dealership business, international business, innovative business, and capital operation strategies to “leverage the platform value of the Hong Kong listing”, the Group has aligned with evolving market trends while continuously identifying forward-looking industry opportunities and potential changes. With the official implementation of the Ministry of Industry and Information Technology’s (MIIT) Level 3 intelligent driving standards, the Group believes that new business formats such as autonomous mobility will profoundly reshape traditional mobility patterns and are expected to emerge as mainstream mobility solutions in the future. Meanwhile, adjustments to the full exemption policy for new energy vehicle (NEV) purchase tax and the further intensification of competition in the NEV industry will also bring new variables to the market structure, and there is potential for a gradual recovery in the traditional fuel-powered vehicle market. Against this backdrop, the Group will firmly seize the emerging opportunities presented by the era of autonomous driving and the potential rebound in the fuel-powered vehicle market. The Group will explore and develop a business model that integrates autonomous driving with the sharing economy, capitalise on the key opportunities arising from industrial transformation, advance the core task of NEV transformation while retaining some core traditional fuel-powered vehicle stores, continuously strengthen its core competitiveness, and drive the Group’s high-quality development amid industry evolution.

Looking ahead to 2026, the Group will act in accordance with trends and adapt proactively to changes. Leveraging its strong shareholder resources and background advantages, the Group will, on the one hand, firmly advance its new energy transformation, continue to strengthen its core pre-owned automobile business, orderly implement the strategy of “closure and transformation”, enhance refined management, deepen cost reduction and efficiency improvement initiatives, and steadily consolidate its operational foundation. On the other hand, it will focus on building a new engine for overseas development, actively revitalise non-core assets, prioritise the layout of growth businesses, reshape its business development ecosystem, and foster new growth drivers. In the meantime, the Group will proactively advance capital operations, adhere to the dual-wheel drive of ecosystem layout and capital empowerment, accelerate the expansion and implementation of new businesses, and strengthen support from digital and intelligent empowerment. These efforts will ensure the effective implementation of strategies, achieve steady and sound growth and inject enduring impetus into the Group’s long-term sustainable development.

Having forged ahead through trials and hardships while remaining true to our original aspiration, we are setting sail again with renewed resolve. We firmly believe that, with the strong support of all shareholders and the unremitting efforts of all employees, the Group is bound to gather momentum for innovation and strive for progress amid changes in the industrial transformation tide, and forge ahead steadfastly toward our vision of developing into “a leading comprehensive service provider in the automotive ecosystem”. The Group also sincerely looks forward to joining hands with shareholders, investors and partners to seize the new opportunities brought by the vigorous development of China’s automotive industry, and jointly strive to shape a brand-new blueprint for the high-quality development of the automobile dealership industry.

Huang Junfeng

Chairman of the Board

30 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, against the backdrop of a complex and volatile global macroeconomic environment, the transformation and evolution of China's automotive industry continued to accelerate. As the penetration rate of new energy vehicles (NEVs) surpassed the critical threshold of 50%, the industry officially entered the 2.0 era of competition, characterized by a strategic focus on intelligence. In the face of severe challenges, including the rapid contraction of the internal combustion engine (ICE) vehicle market, intensifying price wars, and accelerated industry consolidation, the Group focused on its new energy transformation and upgrade. The Group accelerated the incubation of emerging businesses and expanded its international footprint, diligently cultivating new growth drivers. Through these endeavors, the Group achieved steady progress amid the industry's deep adjustment phase.

For the year ended 31 December 2025, the Group recorded a revenue of approximately RMB18,711.2 million, representing a decrease of approximately 9.8% as compared to the corresponding period last year and a gross profit of approximately RMB222.0 million, representing a decrease of approximately 71.5% compared to the corresponding period last year.

In 2025, the Group's stores collectively received over 300 awards and honors from automotive manufacturers, local governments, industry media, industry associations, and other organizations. During the reporting period, the Group ranked 21st on the 2025 China Automobile Dealer Group Top 100 List, was included in the "2025 China Automobile Dealer Group — New Energy Sub-ranking", and received the "Pioneer Enterprise in New Energy Transformation" and "Pioneer Enterprise in Digital and Intelligent Transformation" awards.

(I) Automobile dealership segment

In 2025, the Group focused on a three-pronged strategy of "solidifying its position in the traditional luxury ICE vehicle segment, accelerating new energy transformation, and expanding ancillary businesses", while driving innovation in business models and enhancing refined operational management to improve quality and efficiency, thereby supporting business growth.

1. Passenger vehicle sales business

In 2025, the Group implemented a series of proactive measures to strengthen procurement management and optimize marketing strategies, thereby improving the new and pre-owned vehicle inventory structure and maintaining a healthy inventory status. Inventory days decreased on a month-over-month basis throughout the second half of the year. At the same time, the Group actively leveraged various subsidy policies to drive vehicle replacement business, enhance customer loyalty, and support sales growth.

With respect to procurement management, the Group implemented advanced management of monthly procurement plans and adopted a scientific approach to new and pre-owned vehicle procurement, thereby alleviating inventory pressure at the source. A weekly and monthly cross-depot inventory monitoring mechanism was established to dynamically monitor inventory levels, mitigate risks associated with stock, and strengthen process control. The Group also set up a cross-regional resource coordination and transfer mechanism for vehicles of the same brand, leveraging the Group's network advantages to maximise internal synergies. This enabled appropriate resource reallocations within sales policy guidelines, expanding sales opportunities and accelerating inventory turnover. A mandatory liquidation mechanism for aged inventory was introduced, under which long-aging vehicles are channeled into the used car market through internal coordination and resource synergies, thereby expanding sales opportunities and accelerating inventory reduction.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of marketing strategy, the Group actively optimized the management of vertical media and new media platforms, which increased the number of stores whose dealer sales lead rankings on vertical media platforms reached the top 30% among dealers in the same city. At the same time, the Group guided individual stores to enhance lead generation and transaction conversion through new media channels, resulting in a sustained increase in the overall proportion of orders derived from new media. In parallel, the Group seized policy opportunities and capitalized on key marketing moments by organizing group-level sales and marketing campaigns such as the May Day Auto Festival and the Double 12 Warm Winter Service Season. These campaigns leveraged the Guomaohui platform to provide online technical support and gift incentives for vehicle orders, thereby enhancing the car-buying experience and customer satisfaction, while achieving counter-cyclical growth in sales orders during the campaign periods.

During the reporting period, the Group also placed significant emphasis on empowering sales operations through new media marketing. In 2025, the Group organized large-scale new media training sessions covering all subsidiaries, conducted one new media challenge competition, and produced 952 video postings and 1,467 live streaming sessions, which attracted 800,000 viewers. Through these initiatives, the Group generated approximately 440,000 sales leads via new media platforms such as Douyin live streaming and short videos, representing a year-on-year increase of approximately 88%. New media leads resulted in 9,867 vehicle orders, accounting for approximately 18.3% of total orders, with model stores achieving a new media order contribution of approximately 40%.

For the year ended 31 December 2025, the Group's passenger vehicle sales totaled 57,909 units, representing a year-on-year increase of 5.19%.

2. After-sales services business

In 2025, guided by the service philosophy of "Professional Care, Seamless Support", and building upon the refined operations and proactive marketing initiatives implemented in after-sales services in 2024, the Group further advanced the upgrade of its after-sales service toward systematization, digitalization and collaboration.

With a focus on enhancing customer experience, the Company continuously improved service efficiency and customer satisfaction through process optimization, strengthened supervision, and the promotion of digitalization. With respect to service process and system optimization, the Company concurrently formulated and issued policy documents such as the Vehicle Entry and Exit Management Regulations, Service Entitlement Management Measures, and After-Sales Maintenance Management Measures, which clarified service standards and responsibilities while enhancing service response efficiency. At the same time, the Company advanced process digitalization by implementing end-to-end online services, including intelligent renewal reminders, online appointment, and repair progress follow-up, thereby improving service transparency and convenience.

In terms of strengthening accountability mechanisms and service supervision, the Company implemented a management accountability system to ensure service process traceability and clear allocation of responsibilities. Regular store inspections and joint audits were conducted to assess the implementation of policies and processes, thereby facilitating the effective execution of service standards. A closed-loop mechanism encompassing "demand identification, updates, and feedback" was also established, enabling real-time monitoring of repair progress based on vehicle usage conditions to ensure customer satisfaction.

For the year ended 31 December 2025, the Group provided after-sales service for 1,054,622 vehicles in total and recorded revenue from after-sales service of approximately RMB3,268.8 million.



MANAGEMENT DISCUSSION AND ANALYSIS

Development and layout of company network

As a leading auto dealership group of premium brands in the PRC, the Group represents established mass-market premium brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover and Cadillac, and has also become a key dealer for the new energy vehicle brands AITO and HIMA (LUXEED, STELATO, MAEXTRO and SAIC). In addition, the Group is engaged in the distribution of mid-tier brands such as FAW-Volkswagen, FAW-Toyota, Buick, and Dongfeng Honda, as well as domestic brands including Hongqi and Great Wall Haval.

As industry transformation trends became increasingly clear, the Group decisively phased out underperforming brands. As of 31 December 2025, the Group operated 89 operational outlets across 35 cities in 14 provinces and municipalities. In addition, the Group had eight authorized and under-construction dealership outlets, all of which are new energy vehicle brands, comprising one AITO user center, five HIMA brand user centers, and one Geely Galaxy user center, etc.

The Group has established connections with multiple new energy OEMs and maintained a continued presence in the new energy sector. During 2025, the Group opened eight new energy user centers, including two AITO user centers and six HIMA brand user centers.

The table below sets forth the details of the Group's outlets as of 31 December 2025:

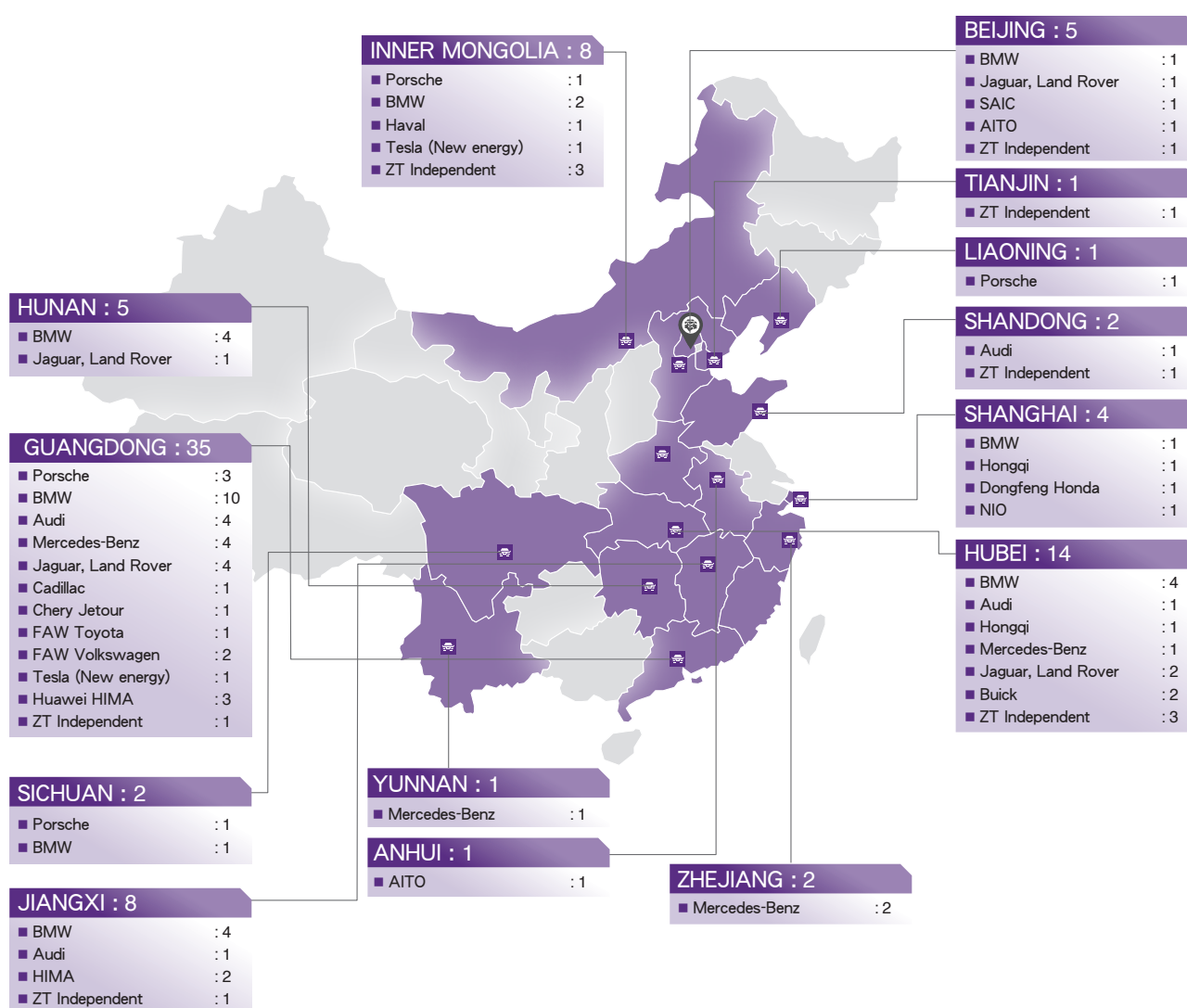
	Dealership stores in operation	Authorized dealership stores in development	Total
5S/4S stores for high-end brands	55	0	55
4S stores for mid-to-high-end and new energy brands	15	8	23
Urban showrooms for high-end brands	2	0	2
Authorized repair centres for high-end brands	3	0	3
Showrooms for mid-end and new energy brands	0	0	0
Mid-end and new energy brand service centres	3	0	3
Self-operated stores	11	0	11
Total	89	8	97

The Group fully leveraged its network resources to accelerate the conversion of underperforming brands and the revitalization and leasing of properties to improve the overall resource utilization rate. During the year, the Group completed business transformation and optimization of 14 dealership outlets. The direction of transformation includes brand replacement, downsizing the original brands while adding new brands, and leasing premises to new energy OEMs or other distributors. These transformations covered a number of cities including Beijing, Shenzhen, Wuhan, Nanjing, Foshan, Zhuhai, Jieyang, Shantou and Suzhou.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of long-term network expansion strategies, the Group will continue to consolidate the foundation of mid-to-high-end automobile brands, strengthen its strategic partnership status with brand OEMs and continuously optimize brand portfolio and dealership profitability. At the same time, the Group will focus on market opportunities from new energy and new distribution models, deepen comprehensive cooperation with OEMs of new energy brands and accelerate its transition toward new energy brands. The Group will proactively analyze the development trends and directions of the automobile dealership industry, consolidate the Group's resources in all aspects, and focus on areas with strong potential to improve the utilization rate of existing properties while delivering relatively stable and predictable returns, including comprehensive after-sales service, pre-owned automobile, insurance agency, internationalization and other relevant sectors, so as to develop new growth drivers.

Balanced and Strategically Positioned National Dealership Network



MANAGEMENT DISCUSSION AND ANALYSIS

(II) Integrated Business

2.1 Pre-owned automobile business

In 2025, driven by regulated industry policies, China's pre-owned automobile market continued to scale up and develop in a more standardized manner, with transaction volumes accelerating at an increasingly rapid pace. According to official data released by China Automobile Dealers Association, the cumulative transaction volume of pre-owned automobiles in China reached approximately 20,108,000 units in 2025, representing a year-on-year growth of approximately 2.5%.

Seizing this market opportunity, the Group refined the operating systems of its pre-owned automobile retail centers in Beijing, Shenzhen, Guangzhou, Wuhan, and other cities. Through centralized personnel management, enhanced assessment criteria, a strengthened performance-driven approach, and revitalized team dynamics, the Group continuously evolved its market-based pricing model for pre-owned automobiles. It also reinforced price controls across pre-owned automobile procurement, wholesale, and retail operations at regional stores, adjusted sales channels, and focused on strengthening retail capabilities, thereby driving steady growth in its pre-owned automobile business.

For the year ended 31 December 2025, the Group recorded a used-to-new car ratio of 32.6%, representing an increase of 4.2 percentage points as compared with the previous year.

2.2 Auto finance business

In 2025, the Group continued to deepen its extensive collaboration with various auto finance companies and financial institutions and proactively explored and established mutually beneficial cooperation schemes for auto retail mortgage loans with multiple financial institutions. These efforts effectively increased the total volume of financial product offerings, extended the terms of financial products and expanded the scale and coverage of financial product offerings, further enhancing service coverage and precision.

For the year ended 31 December 2025, the Group generated approximately RMB862.9 million in revenue from its mortgage loan support services.

2.3 Insurance agency business

Dingze Insurance Agency Co., Ltd. (鼎澤保險代理有限公司) ("**Dingze Insurance Agency**"), a subsidiary of the Group, primarily serves the 4S stores of ZhengTong and their existing customers, focusing on the auto insurance renewal business. During the reporting period, it successively established renewal centers in Wuhan and Beijing, consolidating regional renewal resources and leveraging specialized operational advantages to achieve improvements in both renewal volume and efficiency. The total number of insured vehicles reached 247,000 during the reporting period.

Meanwhile, Dingze Insurance Agency also provided support for the Group's non-auto insurance business. During the reporting period, Dingze Insurance Agency continued to deepen collaboration with insurers, optimizing the Group's "Double Insurance Worry-Free" and courtesy car insurance programs to enhance the competitiveness of the Group's insurance products and provide more comprehensive coverage for customers' automobiles. Additionally, it designed property insurance proposal recommendations for the Group's stores, secured optimal property insurance premium rates, and provided professional support for subsequent claims processing, thereby safeguarding the Group's property and protecting customer interests.

(III) Supply Chain Business

Shengze Jietong Supply Chain Co., Limited* (聖澤捷通供應鏈有限公司) (“**Shengze Jietong**”), a wholly-owned subsidiary of the Group, primarily provides services in the automotive aftermarket (finished vehicle logistics, warehousing logistics, and parts logistics) for mainstream automotive manufacturers including Dongfeng Nissan and FAW-Volkswagen. In 2025, its total annual revenue was approximately RMB368.3 million.

In 2025, leveraging the resource advantages of the Hannan Logistics Base and the stable operation of its Finished Vehicle Logistics STS System and Parts Warehousing WMS System, Shengze Jietong achieved rapid warehouse receiving, precise sorting, and efficient distribution, further strengthening its warehousing and logistics service capabilities and market competitiveness.

During the year, Shengze Jietong completed finished vehicle logistics dispatch volume of 206,000 units. It maintained a spare parts warehouse leasing area of 45,000 square meters and a vehicle storage leasing area of 72,000 square meters. It continued to deepen its cooperation with Dongfeng Nissan and FAW-Volkswagen, while acquiring new clients such as Geely New Energy, Xpeng Motors, and Renault, and expanded into new business scenarios across finished vehicle transportation, national warehousing and distribution, and parts delivery. In addition, it rigorously controlled costs through transportation route optimization (e.g., shifting from road to water transport), adjustments to distribution hubs, and centralized procurement, actively expanding business channels, and successfully won bids for several new projects, effectively enhancing business output and operating profit during the reporting period.

(IV) Emerging Businesses

The international business segment represents a strategic growth segment for the Group and serves as an important pillar for expanding revenue scale and enhancing profitability. During the reporting period, the Group proactively seized overseas market opportunities, accelerated the expansion of its international business footprint, and achieved rapid and substantial development. In 2025, the Group added eight new overseas warehouses, bringing the total number of overseas warehouses to 11, covering key regions including Central Asia, the Middle East, Africa, Latin America, and Europe. Export operations entered new markets such as Poland, Spain, Libya, and Egypt for the first time. Building on this foundation, the Group further extended its overseas automotive supply chain business, establishing an “overseas warehouse plus open account” business model supported by export credit insurance, thereby enriching the supply chain solutions offered to overseas customers and creating a competitive edge. Concurrently, the Group accelerated the development of local operations in overseas markets by deploying localized teams in Thailand and Indonesia to assess and validate the feasibility of dealership models, preparing the groundwork for the development of local dealership businesses.

During the year, the business team actively expanded its outreach and conducted extensive visits to major domestic manufacturers. The Group obtained its first annual export authorization for new vehicles from Dongfeng Motor and successfully completed its inaugural transaction, while also establishing strategic cooperation intentions with FAW Bestune International, Dongfeng Import and Export, and Chery International.

In addition, the Group actively explored the feasibility of implementing other innovative business models to enrich its business ecosystem, cultivate diverse growth drivers, and inject new vitality into the Group’s high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Management Enhancement

In 2025, the Group focused on key areas such as organizational optimization, internal supervision, risk prevention, digitalization, and cost reduction and efficiency enhancement, and continuously strengthened its management foundation to provide solid support for business development.

In terms of organization optimization, the Group further refined its organizational structure by restructuring the original brand divisions into business units, narrowing operational focus, enhancing regional coordination and centralized headquarters management, and optimizing performance assessment and incentive mechanisms.

In terms of internal supervision, the Group continued to improve its policies and internal control systems, and efficiently advanced the formulation and revision of management policies related to budgeting, operations, human resources, asset procurement, and leasing, thereby ensuring operational compliance, asset safety and integrity, and information reliability and accuracy.

In terms of risk prevention, the Group remained closely aligned with the practical needs of business development and continued to advance the iteration and optimization of its risk control framework. Through measures such as improving the policy management framework, conducting routine dynamic risk monitoring, and strengthening targeted risk prevention for emerging businesses, the Company's risk management capabilities are increasingly shifting toward proactive prevention, targeted breakthroughs, and in-depth oversight.

In terms of digitalization, guided by the transition objective of "customer value orientation", the Group vigorously promoted the construction and implementation of the integrated finance and operations "Cangqiong System" (苍穹系統). Anchored in enhancing employee experience and guided by a customer-centric vision, the Group has built a comprehensive digital service framework that is ecosystem-wide, multi-touchpoint, scenario-based, and available around the clock.

In terms of cost reduction and efficiency enhancement, the Group promoted a company-wide cost-conscious mindset and implemented a range of measures to control personnel costs, reduce financing expenses, and save on advertising and leasing expenditures. Meanwhile, it divested non-core businesses such as real estate in an orderly manner to alleviate operational burdens.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group recorded a revenue of approximately RMB18,711.2 million, representing a year-on-year decrease of approximately 9.8% as compared to approximately RMB20,746.8 million in 2024. The decrease in revenue was mainly due to a decrease in sales volume of new automobiles.

Revenue of the Group was derived from the sales of passenger vehicles, after-sales services, mortgage facilitation services and other businesses. In 2025, revenue from the sales of passenger vehicles amounted to approximately RMB14,202.0 million, representing a year-on-year decrease of approximately 11.1% as compared to approximately RMB15,978.6 million in 2024, and accounting for approximately 75.9% of the total revenue in 2025 (corresponding period in 2024: 77.0%).

In 2025, revenue from the after-sales services was approximately RMB3,268.8 million, representing an increase of approximately 2.3% as compared to approximately RMB3,194.6 million in 2024. In 2025, revenue from the after-sales services accounted for approximately 17.5% of the total revenue (corresponding period of last year: approximately 15.4%).

Cost of sales

For the year ended 31 December 2025, the Group's cost of sales decreased by approximately 7.4% to approximately RMB18,489.2 million as compared to approximately RMB19,967.7 million in 2024, which was due to a decrease in cost of sales of new automobiles. In 2025, cost of sales for new automobiles of the Group decreased by approximately 9.1% to approximately RMB16,052.4 million from approximately RMB17,661.1 million in 2024, which was due to a decrease in average price for new automobiles procurement. Cost of after-sales services increased by approximately 8.6% to approximately RMB2,155.9 million from approximately RMB1,984.8 million in 2024, mainly due to an increase in revenue from after-sales services.

Gross profit and gross profit margin

For the year ended 31 December 2025, the Group's gross profit decreased by approximately 71.5% to approximately RMB222.0 million from approximately RMB779.1 million in 2024, and the gross profit margin decreased by approximately 2.6 percentage points to approximately 1.2% from 3.8% in 2024, which was mainly due to a decrease in the selling price of new automobiles.

Selling and distribution expenses

For the year ended 31 December 2025, the Group's selling and distribution expenses decreased by approximately 7.0% to approximately RMB900.1 million from approximately RMB967.4 million in 2024, which was mainly due to a reduction in depreciation of selling expenses following store closures and a decrease in staff costs.

Administrative expenses

For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB901.7 million, representing a year-on-year decrease of approximately 8.1% from approximately RMB981.6 million in 2024, which was mainly due to a reduction in depreciation of management expenses following store closures and a decrease in exchange loss.

Impairment losses on goodwill and intangible assets

For the year ended 31 December 2025, in light of the macroeconomic environment, weak spending power domestically, the imbalance between supply and demand of passenger vehicles, and promotion models of automobile dealers in China, impairment losses of goodwill and intangible assets — car dealerships/dealership operation rights and trademark of the Group amounted to approximately RMB78.7 million and RMB220.6 million respectively. This has been recognised in the consolidated statement of profit or loss, following impairment test with the assistance of the external valuer. For further details, please refer to Notes 14 and 15 to the Consolidated Financial Statements.

Loss from operations

For the year ended 31 December 2025, the Group's loss from operations was approximately RMB1,605.8 million, as compared to the loss from operations of approximately RMB549.0 million for the same period in 2024. The increase was mainly due to the decrease in gross profit margin from sales of new automobiles, impairment loss of goodwill and intangible assets and impairment loss of property, plant and equipment during the period.

Income tax

For the year ended 31 December 2025, the Group's income tax expenses amounted to approximately RMB62.9 million, whereas the Group's income tax expenses amounted to approximately RMB47.1 million in 2024. Such increase was mainly due to the reversal of deferred tax for future benefits of tax losses.

Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities other than as disclosed in "Note 33 Contingent liabilities" to the Consolidated Financial Statements.



MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the year

For the year ended 31 December 2025, the Group's loss for the year was approximately RMB2,490.4 million, as compared with a loss of approximately RMB1,529.1 million in 2024. Such increase was mainly due to the decrease in gross profit margin from the sales of new automobiles, impairment loss of goodwill and intangible assets and impairment loss of property, plant and equipment.

Current assets and current liabilities

As at 31 December 2025, the Group's current assets amounted to approximately RMB12,945.0 million, representing a decrease of approximately RMB2,376.3 million as compared to the current assets of approximately RMB15,321.3 million as at 31 December 2024, mainly due to repayment of borrowings and decrease in deposits.

As at 31 December 2025, the Group's current liabilities amounted to approximately RMB19,460.2 million, representing a decrease of approximately RMB4,194.0 million as compared to the current liabilities of approximately RMB23,654.2 million as at 31 December 2024, which was mainly due to a decrease in short-term borrowings.

Cash flow

As at 31 December 2025, the Group had cash and cash equivalents amounting to approximately RMB844.0 million, representing an increase of approximately RMB270.9 million from approximately RMB573.1 million as at 31 December 2024. The Group's transactions and monetary assets were principally denominated in Renminbi. The Group's primary uses of funds were to pay for purchases of new automobiles, spare parts and automobile accessories, to repay the Group's loans, borrowings and other indebtedness, to finance the Group's working capital and daily operating expenses and to establish new dealership stores or to acquire dealership stores or other businesses. The Group finances its liquidity requirements through a combination of cash flows generated from the operating activities, bank loans and other financings. For the year ended 31 December 2025, the Group had net cash outflow of approximately RMB102.6 million used in its operating activities (for the year ended 31 December 2024: net cash inflow of approximately RMB31.1 million), which was primarily due to the decrease in gross profit from sales of new automobiles.

Capital expenditure and investment

For the year ended 31 December 2025, the Group's capital expenditure and investment were approximately RMB483.9 million (2024: RMB286.5 million). The increase was mainly due to increased investment in real estate projects.

Inventory

The Group's inventories included vehicles, automobile spare parts and properties under development for sale. In general, each of the Group's dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventories. In addition, the Group utilizes its information technology systems to manage its inventories, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group amounted to approximately RMB2,810.8 million as at 31 December 2025, representing a decrease of approximately RMB496.2 million when compared with approximately RMB3,307.0 million as at 31 December 2024. Such change was mainly due to the decrease in the closing inventory of new automobiles of the Group. The Group's average inventory turnover days in 2025 was 45 days, representing a decrease of 1 day as compared to 46 days in 2024. The following table sets forth our average inventory turnover days (excluding the impact of properties under development for sale) for the period indicated:

	For the year ended 31 December (number of days)	
	2025	2024
Average inventory turnover days (excluding the impact of properties under development for sale)	45	46

Foreign exchange risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in foreign currencies. The Group used forward exchange instruments and option foreign exchange instruments to partially hedge its US-dollar future loans repayment.

Liquidity and capital resources

Working capital and capital expenditures of the Group were primarily funded through cash generated from internal operation and borrowings provided by principal banks and other financial institutions. As at 31 December 2025, the Group's cash and cash equivalents and bank deposits were approximately RMB4,574.4 million (including: pledged bank deposits of approximately RMB3,725.2 million, cash and cash equivalents of approximately RMB844.0 million and time deposit of approximately RMB5.2 million), representing a decrease of approximately RMB1,894.0 million, from approximately RMB6,468.4 million as at 31 December 2024. As at 31 December 2025, loans and borrowings, lease liabilities of the Group amounted to approximately RMB17,444.3 million (31 December 2024: loans and borrowings, lease liabilities of the Group amounted to approximately RMB21,314.0 million). As at 31 December 2025, the net gearing ratio of the Group was approximately 813.8% (31 December 2024: approximately 1,387.8%). Net gearing ratio was calculated as loans and borrowings and lease liabilities less cash and cash equivalents, time deposits and pledged bank deposits divided by total equity. The Group will actively improve its operating efficiency and consider various methods to improve its existing financial position and reduce the degree of leverage of the Group.

Pledged assets

The Group has pledged its assets as security for loans and borrowings and as working capital for daily operations. As at 31 December 2025, the pledged assets of the Group amounted to approximately RMB6,564.8 million (31 December 2024: approximately RMB9,447.0 million).

Investments held in foreign currency and hedging

For the year ended 31 December 2025, the Group did not hold any investments denominated in foreign currencies.

Significant Investments

Save as disclosed in this annual report, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at 31 December 2025) for the year ended 31 December 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of 5,220 employees (as at 31 December 2024: 5,672 employees) domestically and internationally. For the year ended 31 December 2025, the staff costs of the Group amounted to approximately RMB753.6 million (2024: approximately RMB802.3 million).

The Group has consistently adhered to a strategy of strengthening the enterprise through talent, positioning human resources as a core pillar supporting the Group's high-quality development and strategic transformation. The Group offers competitive remuneration and benefits designed to attract, motivate and retain talented people at all levels. It also places great emphasis on talent acquisition and cultivation, incentive and constraint mechanisms, and workforce stability, continuously fostering an open, inclusive, collaborative, and innovative organizational ecosystem. This provides a broad platform for employee growth and development, ensuring a solid talent foundation for the Group's advancement.

During the reporting period, in close alignment with the overarching goals of new energy transformation and focusing on the core task of enhancing quality and efficiency, the Group comprehensively strengthened human resource management in all aspects. It continuously optimized the compensation system and performance management mechanisms to drive precise alignment between workforce efficiency improvement and salary guarantees, and achieved a significant year-on-year increase in per capita efficiency. The talent development system was steadily enhanced, with solid progress made in the four-tier talent cultivation programs: the Leading Innovation Program (領創計劃), Leading Wisdom Program (領睿計劃), Leading Pace Program (領跑計劃), and Leading New Talent Program (領新計劃). Specialized training initiatives such as the Vitality Program and Dandelion Program were further deepened, ensuring precise alignment between training offerings and employee development needs.

The Group actively promotes a culture of innovative and excellence, deeply embracing its core values of "First-Class Benchmarking, Genuine Accountability, Striving as the Foundation, and Co-creation and Sharing (一流引領、真實擔當、奮鬥為本、共創共用)". The Group hosted a diverse program of corporate culture activities, systematically organized a series of cultural and sporting events such as New Year celebrations, hiking and walking events, dragon boat races, employee sports meets, and themed debates. Employee interest clubs are operated on an ongoing basis, with various themed activities held regularly to broaden horizons and stimulate creativity. During the reporting period, the Group has also established a well-structured recognition and incentive system, with initiatives such as the "Five Comparisons and Five Assessments (五比五看)" and annual excellence awards, fostering a vibrant atmosphere of mutual learning, healthy competition, and the pursuit of excellence. The Group continued to strengthen employee care by standardizing the operation of the employee care fund and establishing regular satisfaction surveys and feedback mechanisms, thereby enhancing employees' sense of belonging and cohesion.

In 2025, the Group, in line with its new energy transformation strategy, comprehensively strengthened precise talent allocation and innovation in incentive mechanisms. Management efficiency and organizational vitality continued to improve, and solid achievements were made across all human resources initiatives, providing strong talent and organizational support for the implementation of the Group's strategy and its sustained and healthy development.

FUTURE OUTLOOK AND STRATEGIES

As the core platform corporate in the automotive sector of ITG Holding, the Group has been committed to becoming a leading comprehensive service provider in the automobile ecosystem.

In 2025, supported by the continuation and enhancement of policies such as “trade-in” programs, China’s automotive industry maintained resilience on the demand side. However, competition on the supply side continued to intensify, particularly in the premium brand segment. The inversion of new vehicle pricing, channel efficiency divergence, and the accelerated substitution of conventional ICE vehicles by NEVs further compressed the profit margins of traditional distribution. Over the past three years, the Company has consistently focused on automotive distribution while strengthening aftermarket businesses such as after-sales services, insurance agency, and pre-owned vehicles, aiming to enhance business resilience against cyclical fluctuations and increase customer lifetime value. Nevertheless, structural challenges in the industry continued to exert significant pressure on operations. The operating loss in 2025 was primarily attributable to declines in new vehicle sales volume and gross margins, as well as impairment losses recognized following impairment testing on assets such as goodwill and distribution rights.

Against this backdrop, in 2025 the Company advanced the iteration of its operational strategy around the principles of “stopping losses, structural adjustment, and capability rebuilding”. On one hand, it continued to improve network quality and asset efficiency through measures such as closing, merging, and restructuring underperforming operations, integrating within the same cities, and revitalizing properties. It also persistently promoted store transformations, shifting toward new energy vehicle brands, particularly securing and implementing authorizations for Huawei’s HarmonyOS-based brands, to enhance channel adaptability and future growth potential. Recently, in view of the tense global trade situation and the potential impact of escalating conflicts in the Middle East on automotive dealers and others, the Company is also considering conducting spot trading of certain bulk commodities in the future. At that time, depending on actual hedging needs, the Company will further consider prudently carrying out related futures derivative businesses.

To this end, the Company completed the formulation of its “15th Five-Year Plan” strategic plan in the fourth quarter of 2025. During the “15th Five-Year Plan” period, guided by the mission of “leading the advantageous automobile industry, creating a better mobility life” and adhering to the vision of “becoming a leading comprehensive service provider in the automobile ecosystem”, the Company will optimize and reshape its future strategic development direction and profit model. Based on in-depth insights into industry trends and an objective analysis of the Company’s status quo, the Group has established a “1244” strategic framework wherein “1” represents a positioning to serve as an automotive ecosystem service provider; “2” represents two drivers driving development of business ecosystem optimization and capital operations; the first “4” represents four priorities comprising key business initiatives including automotive distribution, international business, and innovative businesses, together with the capital operation strategy of “maximizing the value of the Hong Kong listing platform”, which form the four engines driving the development during the 15th Five-Year Plan period; and the second “4” represents four pillars supporting the construction of a system encompassing resource security, organizational support, talent and culture assurance, and digital and intelligent empowerment.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of strategic implementation pace, the plan is clearly divided into two key phases. The first phase, from 2026 to 2028, will focus on addressing the “survival challenge”. The core tasks include stabilizing the operational foundation, accelerating business structure transformation, efficiently revitalizing underperforming assets, and methodically divesting non-core assets, thereby comprehensively strengthening the development foundation and securing valuable time and space for the Company’s transformation. The second phase, from 2029 to 2030, will shift focus to addressing the “development challenge”. Emphasis will be placed on enhancing operational efficiency, strengthening innovation-driven development, increasing investment in research and development for emerging businesses, and intensifying strategic expansion, systematically advancing the Company toward a new stage of high-quality development.



CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value. The Group also acknowledges the vital importance of good corporate governance to the success and sustainability of the Group.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its corporate governance framework. So far as the Board is aware, during the year ended 31 December 2025, the Company has complied with the code provisions set out in the CG Code which were applicable to the above reporting period.

The Company will periodically review and enhance its corporate governance practices to ensure continued compliance with the provisions of the CG Code.

CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions (the “**Securities Code**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. In response to a specific enquiry by the Company, each of the existing Directors confirmed that they had complied with the Securities Code and the Model Code during the year ended 31 December 2025.

The Company has also issued an insider trading warning (“**Insider Trading Warning**”) to specific employees regarding securities transactions during designated restricted periods. The Company is not aware of any employee’s non-compliance with the Insider Trading Warning.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Board Composition

The Board consists of a total of eight Directors, including five executive Directors and three independent non-executive Directors as at the date of this report.

During the year and up to the date of this report, the composition of the Board and the changes in its membership are set out below:

Incumbent and Resigned Executive Directors:

Mr. Huang Junfeng (*Chairman*)

Mr. Wang Mingcheng

Mr. Su Yi

Mr. Wu Xiaoqiang (*appointed on 11 July 2025*)

Ms. Yu Lijie (*appointed on 6 January 2026*)

Mr. Chen Hong (*resigned on 11 July 2025*)

Mr. Zhuang Zhibo (*appointed on 11 July 2025 and resigned on 31 December 2025*)

Incumbent Independent Non-executive Directors:

Dr. Tsui Wai Ling Carlye

Mr. Shen Jinjun

Ms. Yu Jianrong

The biographical information of the incumbent Directors is set out in the section headed "Directors' and Senior Management's Profiles" on pages 33 to 36 of this annual report.

The Company specifies all independent non-executive Directors in all corporate communication documents pursuant to the Listing Rules. A notice of the list of Directors, indicating their positions and functions (by category), is also disclosed on the Company's website and the website of the Stock Exchange pursuant to the Listing Rules.

To the knowledge of the Company, save for the executive Directors' current and/or former employment with the controlling shareholder of the Company and/or its subsidiaries, details of which are set out in the section headed "Directors' and Senior Management's Profiles" of this annual report, there is no financial, business, family or other material/relevant relationship among the members of the Board.

The Company has received the annual written confirmation of independence from each independent non-executive Director, and considers that all independent non-executive Directors are independent having regard to the independence criteria set out in Rule 3.13 of the Listing Rules. In considering the independence of Ms. Yu Jianrong, an independent non-executive Director, in the context of the criteria set out in Rule 3.13 of the Listing Rules, the Nomination Committee has determined that her short term consultancy with an associate of the Company's controlling shareholder does not affect her independence.

All incumbent Directors have brought a wide spectrum of valuable industry experience, knowledge and professional advice to ensure the efficient and effective operation of the Board.

Responsibilities

The Board is collectively responsible for leading and managing the Company and overseeing the businesses, strategic decisions and performance of the Company. The Board has delegated the Chief Executive Officer to assign to the senior management authority and responsibility for the daily management and operation of the Group. In addition, the Board has established Board committees (the “**Committees**”) and has delegated to these Committees various responsibilities as set out in their respective terms of reference.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Chairman is primarily responsible for leading and ensuring the orderly and standardized operation of the Board, while the Chief Executive Officer is primarily responsible for the Company’s business development and daily management and operation.

The Chairman is Mr. Huang Junfeng. Mr. Chen Hong served as the Chief Executive Officer from 10 March 2022 to 28 April 2025. From 29 April 2025 to 2 February 2026, Mr. Luo Yaohuang, then an executive vice president, took over the responsibilities of the Chief Executive Officer and oversaw the Company’s operation and management. From 2 February 2026, Mr. Su Yi, an Executive Director, has been appointed as an executive vice president of the Company, taking over some of the responsibilities of the Chief Executive Officer and overseeing the Company’s operation and management. As of the date of this report, no individual has been appointed as the Chief Executive Officer of the Company.

The Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time consider candidates for the Chief Executive Officer as practicable.

Delegation by the Board

The Board reserves its rights to make decisions on all major matters of the Company, including the formulation and monitoring of all policies and directions, overall strategies and budgets, internal control and risk management systems, major transactions (in particular those that may involve a conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to relevant information as well as the advice and services of the secretary of the Company (the “**Company Secretary**”), with a view to ensuring that the procedures of the Board and all applicable rules and regulations are followed. Each Director may request the Board to seek independent professional advice in appropriate circumstances at the expense of the Company.

The day-to-day management, administration and operations of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Board approval is required before any significant transactions are entered into.

The Company has maintained directors and executives liability insurances for its Directors and executives in respect of any legal actions taken against them arising out of corporate activities.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

The procedures and processes of appointment, re-election and removal of Directors are specified in the articles of association of the Company (the “**Articles**”). The Nomination Committee is responsible for reviewing the structure, size, diversity and composition of the Board, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. Details of the responsibilities of the Nomination Committee are set out in the section headed “Board Committees” below.

Each of the Directors has entered into a service contract (for executive Directors) or a letter of appointment (for independent non-executive Directors). Each of the independent non-executive Directors was appointed for a term of three years subject to provisions of retirement and rotation under the Articles. None of the Directors proposed for re-election at the forthcoming 2026 annual general meeting of the Company (the “**2026 AGM**”) have entered into service contracts with any member of the Group which does not expire within one year and which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Pursuant to the Articles, at each annual general meeting (the “**AGM**”), one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) is required to retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. In addition, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Accordingly, Mr. Su Yi, Mr. Wu Xiaoqiang, Ms. Yu Lijie and Dr. Tsui Wai Ling Carlye will retire from office at the 2026 AGM, and being eligible, will offer themselves for re-election.

Board Diversity

The Board has adopted and applied a board diversity policy (the “**Board Diversity Policy**”). In determining the composition of the Board, the Company considers whether a candidate will bring potential complementary benefits to the Board and contribute to the improvement of the overall experience and expertise of the Board. The Company may consider the diversity of the composition of the Board in various aspects, including professional experience and qualifications, gender, age, ethnicity, and cultural and educational background, as well as any other factors that the Board from time to time deems relevant and appropriate. Selection of candidates will be based on a range of diversity perspectives, including but not limited to professional experience and qualifications, gender, age, ethnicity and cultural and educational background. The Nomination Committee has conducted an annual review of the Board Diversity Policy to ensure its effectiveness. The review results are satisfactory. The Nomination Committee and the Board consider that the current composition of the Board is sufficiently diverse and has met the objectives set out in the Board Diversity Policy and provided the Company with a good balance of skills, experience and diversity of perspectives appropriate to the requirements of its business, and accordingly have not set other measurable objectives.

Gender Diversity

As at the date of this report, the Board has three female Directors and five male Directors. The Board considers that the above current gender diversity is satisfactory. The Board will continue to embrace gender diversity when making Board member appointments but no specific targets or timelines to further enhance gender diversity have been set as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates for directorship.

The same approach to gender diversity at the Board level also applies to the Group's workforce, including its senior management. As of 31 December 2025, the Group's male to female employees proportion was approximately 6:4. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. However, the Group currently does not consider it appropriate to set any specific gender target for its workforce. As an equal opportunity employer, the Group also takes into account other relevant factors in making hiring decisions, and given it has a close to 40% female representation in a traditionally male-dominated industry, the Group considers that the gender ratio of the workforce of the Group is appropriate for its current business model and operational needs.

Mechanism for Assessing the Independence of the Board

The Company has complied with code provision B.1.3 of the CG Code by adopting the Board independence assessment mechanism ("**Board Independence Assessment Mechanism**") to ensure that the Board has a strong element of independence to enable the Board to exercise independent judgment effectively and better protect the interests of the Shareholders and the Company.

Under the Board Independence Assessment Mechanism, an annual review on Board independence will be conducted. The Board has conducted an annual assessment on the implementation and effectiveness of the independence assessment mechanism for the year ended 31 December 2025 and confirmed that the requirements of the Board independence assessment guidelines have been met in terms of directors' ability to obtain independent professional advice and/or have separate access to management, as well as the confirmation of the independence of independent non-executive Directors.

Induction and Continuing Development of Directors

Every newly appointed Director must receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure they have an appropriate understanding of the business and operations of the Company and full awareness of Directors' responsibilities and obligations under the Listing Rules, common law and relevant statutory requirements. Mr. Wu Xiaoqiang, an executive Director and Mr. Zhuang Zhibo, a former executive Director (appointed on 11 July 2025 and resigned on 31 December 2025), have received training materials on the Listing Rules and relevant laws and regulations and obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 27 June 2025. Ms. Yu Lijie, an independent non-executive Director, has received training materials on the Listing Rules and relevant laws and regulations and obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 5 January 2026. Each of them has confirmed that he/she has understood his/her obligations as a Director of the Company.



CORPORATE GOVERNANCE REPORT

The incumbent Directors are continuously updated with developments in the legal and regulatory regime and the business and market environments so as to facilitate the discharge of their responsibilities. Ongoing updates of applicable laws and regulations were provided by the Company to the Directors in a reasonable time frame.

Pursuant to code provision C.1.1 of the CG Code, the issuer should be responsible for arranging and funding suitable training. Incumbent Directors during the year have participated in appropriate continuous professional development by attending training courses or by reading materials relevant to the Company's business or management or Directors' duties and responsibilities. The table below summarises each Director's participation in continuous professional development during the year ended 31 December 2025:

Name of Director	Participation in continuous professional development ¹
Incumbent and Resigned Executive Directors	
Mr. Huang Junfeng (<i>chairman</i>)	✓
Mr. Wang Mingcheng	✓
Mr. Su Yi	✓
Mr. Wu Xiaoqiang (<i>appointed on 11 July 2025</i>)	✓
Ms. Yu Lijie (<i>appointed on 6 January 2026</i>)	N/A
Mr. Chen Hong (<i>resigned on 11 July 2025</i>)	✓
Mr. Zhuang Zhibo (<i>appointed on 11 July 2025 and resigned on 31 December 2025</i>)	✓
Incumbent Independent Non-executive Directors	
Dr. Tsui Wai Ling Carlye	✓
Mr. Shen Jinjun	✓
Ms. Yu Jianrong	✓

Note:

1 Attendance of training/seminar/conference arranged by the Company or other external parties or reading relevant materials

ATTENDANCE RECORDS

The attendance of the Directors who held office in 2025 at the general meetings, Board meetings and Committee meetings in 2025 was as follows:

Members of the Board	Meetings Attended/Meetings Held during Tenure of Office					
	General Meeting	Board ⁽²⁾	Audit Committee	Remuneration Committee	Nomination Committee ⁽³⁾	ESG Committee
Incumbent and Resigned Executive Directors						
Mr. Huang Junfeng (<i>chairman</i>)	3/3	9/9	—	—	3/3	2/2
Mr. Wang Mingcheng	3/3	9/9	—	4/4	—	2/2
Mr. Su Yi	3/3	9/9	—	—	—	—
Mr. Wu Xiaoqiang (<i>appointed on 11 July 2025</i>)	—	3/3	—	—	—	—
Mr. Chen Hong (<i>resigned on 11 July 2025</i>)	3/3	6/6	—	—	—	1/1
Mr. Zhuang Zhibo (<i>appointed on 11 July 2025 and resigned on 31 December 2025</i>)	—	3/3	—	—	—	—
Incumbent Independent Non-executive Directors						
Dr. Tsui Wai Ling Carlye	3/3	9/9	6/6	4/4	—	—
Mr. Shen Jinjun	3/3	7/9 ⁽¹⁾	6/6	—	3/3	—
Ms. Yu Jianrong	3/3	9/9	6/6	4/4	3/3	—

Note 1: Mr. Shen Jinjun has appointed Ms. Yu Jianrong to represent him at the remaining two board meetings.

Note 2: Two of which were by way of written resolutions.

Note 3: One of which was by way of written resolutions.

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

During the year ended 31 December 2025, the Company held a total of 9 meetings of the Board. At the Board meetings, among others, the Board reviewed and approved the annual results for the year ended 31 December 2024 and interim results for the six months ended 30 June 2025 and also considered other significant matters of the Company. In addition, during the year ended 31 December 2025, apart from regular Board meetings, the Chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors.

CORPORATE GOVERNANCE REPORT

The Company serves notices of regular Board meetings at least 14 days before the date of the meetings. For other Board and Committee meetings, reasonable notices are given. The Company has provided agenda of meetings of the Board and the Committees to Directors in advance. Documents in relation to the meeting together with all appropriate, complete and reliable information are sent to all Directors at least three days before the date of each Board meeting or Committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and every Director also have separate and independent access to the senior management where necessary.

The Articles contain provisions requiring any Director to abstain from voting and not to be counted in the quorum at meetings for approving transactions or matters in which such Director or any of his/her associates has a material interest.

BOARD COMMITTEES

The Board has established four Committees, including the Remuneration Committee, the Nomination Committee, the Audit Committee and the Environmental, Social and Governance Committee ("**ESG Committee**"), for overseeing particular aspects of the Company's affairs. The Remuneration Committee, the Nomination Committee, the Audit Committee and the ESG Committee are established with defined written terms of reference. The terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee are published on the websites of the Company and the Stock Exchange, respectively and are available for inspection by Shareholders upon request. These Committees are provided with sufficient resources to discharge their duties and are required to report to the Board on their decisions or recommendations. During the year ended 31 December 2025, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee held six, four, three and two meetings, respectively.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises three members, including executive Director Mr. Wang Mingcheng, and independent non-executive Directors Ms. Yu Jianrong (chairman of the Remuneration Committee) and Dr. Tsui Wai Ling Carlye.

The Remuneration Committee is primarily responsible for making recommendations to the Board on the remuneration policy and structure of the Company for all Directors and senior management and establishing a formal and transparent procedure for formulating the remuneration policy. The responsibilities of the Remuneration Committee also include reviewing and approving the remuneration proposals of the management with reference to the corporate goals and objectives of the Board, and ensuring that no Director or any of his/her associates participates in the determination of his/her own remuneration.

During the year ended 31 December 2025, the Remuneration Committee held four meetings. The key areas of consideration performed by the Remuneration Committee during the year include: (1) reviewing matters relating to the share award scheme of the Company; (2) reviewing human resources status (including the remuneration policy for Directors and senior management) and the work plan for 2025; (3) considering the remuneration packages of the proposed Directors and making recommendations to the Board in this regard; and (4) considering the Senior Management Performance Assessment and Compensation Management System.

Details of the amount of remuneration of Directors and senior management are set out in note 7 to the consolidated financial statements. Pursuant to code provision E.1.5 of the Corporate Governance Code, for the year ended 31 December 2025, details of the remuneration of senior management (excluding Directors) by band are not applicable.

Nomination Committee

As at the date of this report, the Nomination Committee comprises three members, including the Chairman of the Board and executive Director Mr. Huang Junfeng (chairman of the Nomination Committee), and independent non-executive Directors Ms. Yu Jianrong and Mr. Shen Jinjun.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes, identifying suitable candidates for appointment as Directors, making recommendations to the Board on the proposed appointment or re-appointment and succession plan of Directors and assessing the independence of independent non-executive Directors. When assessing the suitability of a proposed candidate, the Nomination Committee considers a range of factors, including but not limited to the candidate's accomplishments, expertise, experience, diversity attributes, and ability to contribute to the Board in all aspects, as well as the candidate's commitment in terms of time availability and potential conflicts of interest. The Nomination Committee will also review the Board Diversity Policy as and when appropriate to ensure its effectiveness and discuss any revisions that may be required in light of the corporate strategies of the Company and recommend any such revisions to the Board for consideration and approval.

During the year ended 31 December 2025, the Nomination Committee held three meetings. The key areas of consideration performed by the Nomination Committee during the year include: (1) reviewing the structure, size and composition of the Board; (2) assessing the independence of the independent non-executive Directors; (3) considering the list of candidates for retirement by rotation and re-election as directors and making recommendations to the Board in this regard; (4) considering the appointment of the Company's vice president; (5) considering adjustments in Directors and making recommendations to the Board in this regard; and (6) considering changes in the members of the ESG Committee and making recommendations to the Board in this regard.

Audit Committee

As at the date of this report, the Audit Committee comprises three members, all being independent non-executive Directors (including independent non-executive Directors with appropriate professional qualifications and/or accounting expertise), namely, Dr. Tsui Wai Ling Carlye (chairman of the Audit Committee), Ms. Yu Jianrong and Mr. Shen Jinjun.

The Audit Committee is primarily responsible for reviewing financial information of the Group, monitoring the independence and objectiveness of the external auditors and the effectiveness of the auditing process and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the approval of their remuneration and terms of engagement. The Audit Committee is also responsible for reviewing the financial reporting process and financial controls, internal controls and risk management systems, including the adequacy of resources, staff qualifications and experience, training programmes and budgets of the internal audit functions as well as arrangements for concerns about possible misconducts in financial reporting, internal controls or other matters raised by employees of the Company.

The Audit Committee reviews the annual and interim results and reports of the Group before they are submitted to the Board for approval.

During the year ended 31 December 2025, the Audit Committee held six meetings. The key areas of consideration performed by the Audit Committee during the year include: (1) reviewing the auditor's report; (2) considering and recommending the Board to approve the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024; (3) reviewing the continuing connected transactions and the connected transactions; (4) considering and recommending the Board to approve the report on the work of internal control for the whole year of 2024; (5) reviewing the remuneration and terms of engagement of KPMG and its independence; and considering and recommending the Board to re-appoint KPMG as the Company's auditor; (6) receiving a summary of the project on optimisation of the Company's internal control system; (7) considering and recommending the Board to approve the Internal Control Management System and the report on the work of internal control for the first half of 2025; (8) considering and recommending the Board to approve the Comprehensive Risk Management System; and (9) considering and recommending the Board to approve the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2025.



CORPORATE GOVERNANCE REPORT

ESG Committee

As at the date of this report, the ESG Committee comprises three members, including executive Director Mr. Wang Mingcheng (chairman of the ESG Committee), the Chairman of the Board and executive Director Mr. Huang Junfeng, and executive Director and executive vice president Mr. Su Yi.

The principal duties of the ESG Committee include recommending and reviewing the Group's environmental, social and governance management policies, vision, strategies and objectives for approval by the Board; identifying environmental, social and governance related matters that are significant to the Group's operations and/or the interests of other stakeholders, and assessing and identifying environmental, social and governance related risks and opportunities for the Group, such as determining the criteria for the selection of significant environmental, social and governance factors, identifying and keeping under review a list of significant environmental, social and governance factors, and determining the risks and opportunities that significant environmental, social and governance factors would present to the Group; approving and reviewing environmental, social and governance related policies, reviewing and assessing the adequacy and effectiveness of environmental, social and governance risk management and internal control systems; and regularly reviewing the Group's performance and progress in achieving environmental, social and governance related objectives and targets.

During the year ended 31 December 2025, the ESG Committee held two meetings. The key areas of consideration performed by the ESG Committee during the year include: (1) reviewing the ESG report for the year 2024; and (2) receiving briefings on the new ESG regulatory policies and guidelines and reviewing the peer benchmarking report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for presenting balanced, clear and understandable annual and interim reports, announcements and other disclosures prepared in accordance with the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the financial statements of the Company, which are put to the Board for approval.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties:

- (a) to develop and review the policies and practices on corporate governance of the Group;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group;
- (c) to review and monitor the policies and practices on compliance with any requirements, directions and regulations that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the Listing Rules, the applicable laws and other applicable organisational governance standards;

- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and the disclosure in the corporate governance report to be contained in the Company's annual reports.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company in respect of its reporting responsibilities for the financial statements is set out in the section headed "Independent Auditor's Report" on page 57 to 63. The remuneration received by the Company's auditor, KPMG, during the year ended 31 December 2025 is set out below:

Category of Services	Fee Paid/ Payable RMB'000
Annual Audit Services	9,000
Other Assurance Services	4,920
Other Non-assurance Services	755
Total	14,675

Note: The other assurance services and other non-assurance services mainly include the fees in relation to service for major and connected transactions and ESG advisory service.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviews their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board monitors the risk management and internal control systems principally through the Legal Department and the Internal Audit Department of the Group (which performs an independent audit on the effectiveness and completeness of the risk management and internal control systems, identifies any material risks that would adversely affect the achievement of the Group's objectives, makes recommendations on the improvement and rectification plans and measures and conducts follow-up audits with regard to the identified issues to ensure that the planned remedial measures have been duly implemented), and is committed to conducting, at least annually, a review on the effectiveness of the risk management and internal control systems of the Group for the year, including financial, operational and compliance controls such as the governance structures, adequacy of staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Board, through the Audit Committee, has conducted an annual review on the effectiveness of the risk management and internal control systems of the Group and a review on the items set out in code provision D.2.3 of the CG Code (code provision D.2.1 for the latest CG Code) for the year ended 31 December 2025. The Board considers the current systems to be generally effective and adequate.



CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and ongoing communication with Shareholders is essential for enhancing investor relations and investors' understanding of the business performance and strategies of the Group. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables effective evaluation of the performance of the Group by Shareholders and investors.

The Company facilitates communication between the Board and the Shareholders through general meetings, and it communicates with the Shareholders and investors through annual reports, interim reports, other announcements and circulars.

The Company strives to maintain a high level of investor access through a range of investor relations activities, including teleconferences, one-to-one meetings, roadshows and site visits. The Company also regularly meets with institutional investors from overseas and Mainland China to keep the investors abreast of the major developments and strategies of the Group.

To facilitate communication, the Company maintains a website at <https://www.zhengtongauto.com>, where updates on the Company's structure, the Board, business developments and operations, financial information, corporate governance practices and other information are posted.

The Board conducted an annual review of the effectiveness of the above communication methods with Shareholders and investors, and considering that the established communication channels are able to provide the information on the latest development of the Group to Shareholders and investors in a timely manner, the Board considers the communication methods to be adequate and effective.

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial services and has appointed Ms. Fung Wai Sum as its Company Secretary. During the year, Ms. Fung Wai Sum's primary corporate contact person was Ms. Ding Ding (丁丁), who was a vice president of the Company.

During the reporting period, Ms. Fung Wai Sum has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules to enrich her knowledge and skills.

RIGHTS OF SHAREHOLDERS

A summary of certain rights of the Shareholders is set out below:

Procedures for Shareholders to convene an extraordinary general meeting ("EGM")

1. One or more Shareholders (the "**Requisitionist(s)**") holding, as at the date of deposit of the requisition, not less than one tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting.

Such requisition shall be made in writing and delivered to the Board at the principal place of business of the Company in Hong Kong at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong or via email at ir@zhengtongauto.com.

2. The EGM shall be held within two months after the deposit of such requisition.
3. If within twenty-one (21) days of such deposit, the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to submit proposals at general meetings

1. Shareholders may follow the procedures set out above to request inclusion of a resolution in the agenda of a general meeting.
2. The request will be verified with the Hong Kong branch share registrar of the Company and upon its confirmation that the request is proper and in order, the Board will be required to include the Proposal in the agenda of the general meeting.
3. The notice period given to all Shareholders of the Company for consideration of the Proposal to be raised by the Shareholder concerned at the general meeting varies with the nature of such Proposal:
 - (a) At least 14 clear days' notice in writing if the Proposal constitutes an ordinary resolution of the Company at an EGM;
 - (b) At least 21 clear days' notice in writing if the Proposal constitutes a special resolution of the Company at an EGM;
 - (c) At least 21 clear days' notice in writing if the Proposal shall be passed at an AGM.

Procedures for Shareholders to make enquiries to the Company

For matters in relation to the Board, the Shareholders of the Company may contact the Company at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong or via email at ir@zhengtongauto.com. The Company will not normally deal with verbal or anonymous enquiries.

For matters in relation to share registration, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered Shareholders of the Company may contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

In April 2025, the Company amended its articles of association to bring them in line with the amendments to the Listing Rules, particularly in relation to the core shareholder protection standards. Details of the amendments are set out in the Company's circular dated 31 March 2025. The amended and restated articles of association are available on the websites of the Company and the Stock Exchange.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company endeavours to maintain sufficient working capital to develop and operate the business of the Group and to provide sustainable returns to the Shareholders. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. While the dividend payout ratio is not pre-determined, in proposing or declaring any dividend payout, the Board will take into account: (1) the results of operations, (2) cash flows, (3) financial condition, (4) Shareholders' interests, (5) general business conditions and strategies, (6) capital requirements, (7) the payment of cash dividends by the subsidiaries to the Company, and (8) other factors the Board may deem relevant.

Any payment of dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, the Articles and all other applicable laws, rules and regulations. The Board will review the dividend policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as the Board thinks fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.



DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

DIRECTORS

Executive Directors

Mr. Huang Junfeng (黃俊鋒先生), aged 48, has served as an executive Director and a member of the ESG Committee since 31 July 2023 and the chairman of the Board and the chairman of the Nomination Committee since 10 April 2024, respectively. Mr. Huang served as the deputy general manager of Xiamen Xindeco, a company listed on the Shenzhen Stock Exchange (stock code: 000701.SZ) from February 2019 to April 2024, and as the chairman of the board of Xiamen XINDECO ITG Motors Group Co., Ltd. (廈門信達國貿汽車集團股份有限公司) ("**Xindeco ITG Automobile**") from November 2018 to April 2024. Both Xindeco ITG Motors and Xiamen Xindeco are subsidiaries of ITG Holding. Mr. Huang served as the deputy general manager and general manager of Xindeco ITG Motors from June 2006 to December 2018. Mr. Huang obtained a master's degree in business management from Xiamen University in 2006. Mr. Huang is also an economist and has over 20 years of management experience in operations management, investment and mergers and acquisitions, and business consolidation in the automobile dealership industry.

Mr. Wang Mingcheng (王明成先生), aged 57, has served as an executive Director since 1 September 2021 and as a member of the Remuneration Committee since 24 December 2024. He is also the chairman of the ESG Committee. Mr. Wang served as the chairman of the Board from 9 September 2021 to 10 April 2024 and the chairman of the Nomination Committee from 1 September 2021 to 10 April 2024. From September 2021 to March 2022, Mr. Wang served as the Chief Executive Officer of the Company. He is currently assistant to the general manager of Xiamen ITG Holding and a chairman of the board of Xiamen Xindeco. From March 2016 to December 2018, Mr. Wang served as a general manager and a director of Xiamen ITG Assets Operation Group Co. Ltd.* (廈門國貿資產運營集團有限公司). From December 2018 to September 2021, Mr. Wang served as a general manager of Xiamen Xindeco, and from December 2018 to April 2024, Mr. Wang also served as a vice chairman of the board of Xiamen Xindeco. In 2013, Mr. Wang obtained an executive master's degree in business administration from Xiamen University. Mr. Wang is also an accountant. Mr. Wang has over 30 years of experience in corporate restructuring, company operation and management.

Mr. Su Yi (蘇毅先生), aged 36, has served as an executive Director since 24 December 2024 and as a member of the ESG Committee since 30 March 2026. He has also served as an executive vice president of the Company since 2 February 2026 to preside over the daily operation and management of the Company. Mr. Su served as the vice president of the Company from 29 April 2025 to 2 February 2026. From July 2014 to April 2025, he served successively as head of the legal affairs management department, assistant to the general manager of the legal affairs management department, an employee representative supervisor, deputy general manager of the legal affairs management department and general manager of the legal risk control and compliance department of ITG Holding. From May 2024 to September 2025, he served as a director of ITG Holding Investment (HK) Limited (國貿控股(香港)投資有限公司) ("**ITG HK**"). From March 2023 to October 2025, he served as a director of Xiamen Xindeco. From March 2023 to July 2025, he served as a supervisor of Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) ("**ITG Group**", a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 600755.SH). From February 2023 to June 2025, he served as a director of Zhonghong Pulin Medical Products Co., Ltd.* (中紅普林醫療用品股份有限公司) ("**Zhonghong Pulin**", a company listed on the Shenzhen Stock Exchange, stock code: 300981.SZ). From February 2023 to May 2025, he served as a director of Xing Xia Company Limited (興廈有限公司) ("**Xing Xia**"). From February 2023 to April 2025, he served as a director of Xiamen CCRE Group Co., Ltd.* (廈門海翼集團有限公司) ("**CCRE Group**"). From February 2021 to February 2023, he served as a director of Xiamen International Trade Education Group Co., Ltd.* (廈門國貿教育集團有限公司) ("**ITG Education**"). From July 2019 to April 2020, he served as the deputy general manager of the legal department of Xiamen Xindeco. Each of ITG HK, ITG Group, Xiamen Xindeco, Zhonghong Pulin, Xing Xia, CCRE Group and ITG Education is a subsidiary of ITG Holding. In 2014, Mr. Su obtained a master's degree from Zhongnan University of Economics and Law. Mr. Su is also a corporate lawyer, and has over 10 years of management experience in corporate legal affairs.



DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Mr. Wu Xiaoqiang (吳曉強先生), aged 47, has served as an executive Director since 11 July 2025. Mr. Wu is currently the General Counsel and General Manager of the Legal Risk Control and Compliance Department of ITG Holding, and the director of Xiamen Xindeco and Zhonghong Pulin. From December 2021 to April 2025, Mr. Wu was the deputy general manager and executive deputy general manager of Xiamen Xindeco. From March 2021 to December 2021, Mr. Wu was the deputy general manager of ITG Education. From January 2008 to March 2021, he successively served as the deputy manager, manager, general manager, employee director, and general counsel of the Legal Affairs Management Department of ITG Holding. From September 2019 to March 2021, he also served as the deputy general manager of ITG Education. From August 2007 to January 2008, Mr. Wu was the business manager of the Asset Management Department of ITG Holding. From July 2000 to July 2007, he was successively an employee of Xiamen Public Transport Corporation* (廈門市公共交通總公司) and an employee, director of office, and secretary of the board of directors of Xiamen Public Transport Station Co., Ltd.* (廈門公共交通場站有限公司). Each of Xiamen Xindeco and ITG Education is a subsidiary of ITG Holding. Mr. Wu obtained a Master's in Economics from Xiamen University in 2007. He has nearly 20 years of management experience in legal and board affairs and risk compliance of state-owned enterprises.

Ms. Yu Lijie (余勵潔女士), aged 50, has served as an executive Director since 6 January 2026. Ms. Yu is currently the general manager of the Internal Control and Audit Department at ITG Holding. From March 2022 to April 2025, Ms. Yu successively served as vice president and chief financial officer of ITG Holding. From February 2021 to March 2022, Ms. Yu served as chief financial officer and subsequently as deputy general manager of Xiamen Xindeco. From May 2006 to March 2021, Ms. Yu held various positions at ITG Holding, including deputy manager and deputy general manager of the Finance Department, deputy general manager of the Budget Management Department, deputy general manager of the Financial Management Department, general manager of the Internal Control and Audit Department, and employee supervisor of the company. From July 1997 to May 2006, Ms. Yu served as accountant and subsequently as deputy manager in the Finance Department of Xiamen Commerce and Trade State-owned Asset Investment Company Limited* (廈門市商貿國有資產投資有限公司), the predecessor of ITG Holding. Ms. Yu obtained a degree in Management Information Systems from Huaqiao University in 1997. Ms. Yu is also an economist and an accountant, with nearly 30 years of management experience in state-owned enterprise financial management, internal control and audit.

Independent Non-executive Directors

Dr. Tsui Wai Ling Carlye (徐尉玲博士), SBS, MBE, JP, DProf, BA, FHKIoD, FHKMA, FHKIE, FBCS, CITP, HKIoD.GD, aged 78, has served as an independent non-executive Director and as the chairman of the Audit Committee and a member of the Remuneration Committee since 24 December 2024. Dr. Tsui has been the chief executive officer of The Hong Kong Institute of Directors for more than 26 years, and since 1 January 2025, has been the emeritus chief executive officer and Honorary Council Member of The Hong Kong Institute of Directors. Dr. Tsui graduated from the University of Hong Kong with a Bachelor of Arts degree (Economics) and Middlesex University, UK, with a Doctorate degree in Professional Studies. Dr. Tsui is a Fellow of each of The Hong Kong Institute of Directors, Hong Kong Management Association, Hong Kong Institution of Engineers and BCS, The Chartered Institute for IT. Dr. Tsui is also a Chartered Information Technology Professional and holds an Elite Diploma in Global Directorship from The Hong Kong Institute of Directors and Director Certificate in Sustainable Development and Climate Governance.



DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

As a Justice of the Peace, Dr. Tsui is active in public service roles, which include, inter alia, Chairman of the Steering Committee of the Hong Kong Chapter of Global Climate Governance Initiative (working with World Economic Forum), Senior Advisor of Council of the Hong Kong Chinese Orchestra Limited, the Advisor of Chung Ying Theatre Company (HK) Limited. Dr. Tsui was also formerly an Urban Councillor, a Wan Chai District Councillor, and a Member of the Steering Committee of the Asian Financial Forum, a Member of the audit committee of the West Kowloon Cultural District Authority, a Member of the China Overseas Friendship Association, a Member of the Communications Authority, a Council Member of the Hong Kong Polytechnic University, a Board Member of Ocean Park Corporation, a Vice Chairman of the Hong Kong Internet Registration Corporation Limited, a Member of the Hong Kong Advisory Council on AIDS, a Member of the Council for the AIDS Trust Fund, a Member of the Board of Review (Inland Revenue Ordinance), the Founding Chairman of Hong Kong Chinese Orchestra Limited, the Chairman of Chung Ying Theatre Company (HK) Limited, the Founding Chairman of the British Computer Society Hong Kong Section, the Chairman of The Outstanding Young Persons' Association, Chairman of TOYPA Trust and an International Director of Zonta International.

Dr. Tsui was awarded one of the Ten Outstanding Young Persons in Hong Kong in 1981, IT Achiever of the Year in 1992, Member of the Most Excellent Order of the British Empire in 1997, Bronze Bauhinia Star of the Hong Kong Special Administrative Region in 2003, Ken Goulding Award for the year's best Professional Doctorate of (UK) Middlesex University in 2007 and Silver Bauhinia Star of the Hong Kong Special Administrative Region in 2022.

Dr. Tsui was an independent non-executive director of (i) RoadShow Holdings Limited (currently known as BlockFin Holdings Limited, which is listed on the Main Board of the Stock Exchange, stock code: 0888.HK) from April 2001 to December 2017; (ii) Polytec Asset Holdings Limited (a company previously listed on the Main Board of the Stock Exchange (stock code: 0208.HK) and now delisted) from December 2012 to May 2021; and (iii) FU JI Food and Catering Services Holdings Limited (later known as Fresh Express Delivery Holdings Group Co., Ltd., a company previously listed on the Stock Exchange (stock code: 1175.HK) and now delisted) from November 2004 to September 2009.

Mr. Shen Jinjun (沈進軍先生), age 68, has served as an independent non-executive Director and as a member of the Nomination Committee and Audit Committee since 24 December 2024. Mr. Shen is currently the honorary chairman of the Seventh Council of the China Automobile Dealers Association ("CADA"). He served as executive deputy chairman and secretary general of CADA from October 2005 to September 2014, as the chairman of CADA from October 2014 to November 2024, and has served as the honorary chairman of CADA since November 2024. Mr. Shen also served as the deputy chief of the Transport and Mechanical Section of Mechanical and Electrical Equipment Division of the Ministry of Supplies, the chief of Automobile Section of Mechanical and Electrical Equipment Circulation Division of Ministry of Internal Trade and the chief of the Electrical, Mechanical and Metallic Section of Production Materials Circulation Division of the State Administration of Domestic Commerce.

Mr. Shen has served an independent non-executive director of Changjiu Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6959.HK) since December 2023. Mr. Shen has also served as an independent non-executive director of Zhongsheng Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0881.HK) from November 2009 to April 2025; and as an independent non-executive director of Wuchan Zhongda Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600704.SH) from August 2011 to April 2017. From July 2015 to August 2021, he served as an independent non-executive director of China Grand Automotive Services Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600297.SH). From December 2013 to December 2019 and from April 2021 to February 2023, he served as an independent non-executive director of Beijing Changjiu Logistics Corp. (a company listed on the Shanghai Stock Exchange, stock code: 603569.SH). Mr. Shen obtained his bachelor's degree in electronics in June 1982 from Beijing Open University (formerly known as Beijing Radio and Television University).



DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Ms. Yu Jianrong (于建榕女士), aged 58, has served as an independent non-executive Director since 7 February 2024. She is also the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee of the Company. She was a financial accountant with Xiamen Xindeco Headquarters* (廈門信達總公司) from 1993 to 1995. Ms. Yu successively served as an accountant, finance manager, depository manager and marketing director of various operational departments of Xingye Securities Co., Ltd.* (興業證券股份有限公司) (“**Xingye Securities**”) from 1995 to 2007. Ms. Yu served as a general manager of the securities operations department of the Xiamen Hubin South Road branch of Xingye Securities from 2007 to 2012. Ms. Yu successively served as the general managers of the Xiamen branch and Shenzhen branch of Xingye Securities from 2007 to 2023.

Ms. Yu Jianrong graduated from the China Central Radio and TV University (中央廣播電視大學) (now The Open University Of China), majoring in finance. She has over 20 years of experience in the securities industry and also holds an EMBA degree from Xiamen University (廈門大學).

In considering the independence of Ms. Yu in the context of the criteria set out in Rule 3.13 of the Listing Rules, the Nomination Committee has determined that her short term consultancy with an associate of the Company's controlling shareholder does not affect her independence.



DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL PLACE OF BUSINESS

The Company is an exempted company incorporated in the Cayman Islands with limited liability. Its registered office is located in the Cayman Islands and its operating headquarters are located in Xiamen, the PRC.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the subsidiaries of the Company are set out in note 16 to the consolidated financial statements.

BUSINESS MODEL AND STRATEGIES

The Group's main focus is on luxury and ultra-luxury branded automobile sales operated in China, and has made significant strides in its traditional after-sales services and pre-owned automobiles, insurance brokerage and other ancillary services. The operation strategies implemented by the Group in the year are set out in the "Business Review" of the section headed "Management Discussion and Analysis" on pages 6 to 12 of this annual report.

SUBSIDIARIES

Please refer to note 16 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements.

BUSINESS REVIEW

Business performance, financial review, business review as well as prospects and strategies of the Group are set out in the section headed "Management Discussion and Analysis" in this annual report. Certain key financial indicators are provided in the section "Five Years' Financial Summary" in this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year, if any, can also be found at note 36 to the consolidated financial statements.

DIVIDEND

The Board has resolved not to recommend the payment of a dividend for the year ended 31 December 2025.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.



DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The single largest customer and the top five customers in aggregate of the Group accounted for 6.9% and 13.2% of the Group's total sales for the year ended 31 December 2025, respectively. The single largest supplier and the top five suppliers in aggregate of the Group accounted for 34.9% and 74.5% of the Group's total purchases for the year, respectively.

As far as the Directors are aware, none of the Directors, their close associates, or any Shareholder which to the knowledge of the Directors owns more than 5% of the number of issued Shares of the Company, had any interest in any of the five largest suppliers disclosed above.

RETIREMENT BENEFIT SCHEMES

Details of retirement benefit schemes of the Group are set out in note 5 to the consolidated financial statements in this annual report. In addition to contributing into retirement benefit schemes organised by the PRC municipal government, the Group also makes contributions into mandatory provident fund scheme ("MPF Scheme") set up under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all the Group's qualifying employees in Hong Kong. Contributions into MPF Scheme are made based on 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the Consolidated Statement of Changes in Equity on page 68 and note 29 to the consolidated financial statements.

As at 31 December 2025, deficit of the Company amounted to RMB2,736.2 million (31 December 2024: deficit of RMB2,328.2 million). The Board proposed not to declare a final dividend for the year 2025 (2024: Nil).

In 2025, the Company did not propose to pay an interim dividend for the six months ended 30 June 2025 (2024: Nil).

CHANGES TO THE BOARD (DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES)

Mr. Chen Hong resigned as an executive Director of the Company with effect from 11 July 2025. On the same date, Mr. Wu Xiaoqiang and Mr. Zhuang Zhibo were appointed as executive Directors. On 31 December 2025, Mr. Zhuang Zhibo resigned as an executive Director.

Ms. Yu Lijie was appointed as an executive Director with effect from 6 January 2026.

On 30 March 2026, Mr. Su Yi, an executive Director, has been appointed as a member of the Environmental, Social and Governance Committee of the Company (the “**ESG Committee**”) in place of Mr. Luo Yaohuang, a vice president of the Company, who ceased to be a member of the ESG Committee on the same day.

Save as disclosed above and in this annual report, subsequent to the 2025 interim report, there were no other changes in the biographical details of the Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules.

BOARD COMPOSITION

During the year ended 31 December 2025 and up to the Latest Practicable Date, the composition of the Board and the changes in its membership are set out below:

Incumbent and Resigned Executive Directors:

Mr. Huang Junfeng *(Chairman)*

Mr. Wang Mingcheng

Mr. Su Yi

Mr. Wu Xiaoqiang *(appointed on 11 July 2025)*

Ms. Yu Lijie *(appointed on 6 January 2026)*

Mr. Chen Hong *(resigned on 11 July 2025)*

Mr. Zhuang Zhibo *(appointed on 11 July 2025 and resigned on 31 December 2025)*

Incumbent Independent Non-executive Directors:

Dr. Tsui Wai Ling Carlye

Mr. Shen Jinjun

Ms. Yu Jianrong

The biographical information of the current Directors is set out on pages 33 to 36 of the section headed “Directors’ and Senior Management’s Profiles” of this annual report.

Mr. Su Yi, Mr. Wu Xiaoqiang, Ms. Yu Lijie and Dr. Tsui Wai Ling Carlye will retire from office at the 2026 AGM, and being eligible, will offer themselves for re-election. The Board proposes to re-appoint the Directors standing for re-election at the 2026 AGM.

DIRECTORS’ SERVICE CONTRACTS

No Director proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

To the best knowledge of the current Directors, save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a person who was a director of the Company at any time during the year or an entity connected with him/her had a material interest, whether directly and indirectly, subsisted during or at the end of the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, none of the current Directors or their respective associates has any interests in a business, which competes or is likely to compete with the business of the Company.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, (i) none of the controlling shareholder or any of its connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company or any of its subsidiaries or fellow subsidiaries was a party during or at the end of the year; and (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries or fellow subsidiaries by the controlling shareholder or any of its subsidiaries was entered into during or at the end of the year.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors independent.

CONTINUING CONNECTED TRANSACTIONS

During 2025, the Group has entered into the following non-exempt continuing connected transactions subject only to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules (the "Continuing Connected Transactions").

1. Service Subcontracting Agreement

On 13 September 2023, Wuhan Zhengtong United Industrial Investment Group Co., Ltd.* (武漢正通聯合實業投資集團有限公司) ("Wuhan Zhengtong", an indirect wholly-owned subsidiary of the Company) and Xiamen Gaoxin Yundao Technology Co., Ltd.* (廈門高新雲道科技有限公司) ("Xiamen Gaoxin Yundao") entered into a service subcontracting agreement (the "Service Subcontracting Agreement"), pursuant to which Xiamen Gaoxin Yundao agreed to undertake certain technical, sales and promotional tasks of the Group, including market research and analysis, business promotion, technical support and channel and online customer development, and to subcontract such tasks to third parties approved by the Group to perform such tasks. The term of the agreement is from 13 September 2023 to 31 December 2025. The annual caps for each of the years ended 31 December 2023, 2024 and 2025 under the Service Subcontracting Agreement shall not exceed RMB55 million. The actual transaction amount incurred under the Service Subcontracting Agreement for the year ended 31 December 2025 was RMB7.0 million.

As at the date of this report, ITG Holding is a controlling shareholder of the Company. Xiamen Gaoxin Yundao is a 51% indirectly-owned subsidiary of ITG Holding. Accordingly, Xiamen Gaoxin Yundao is a connected person of the Company and the transactions contemplated under the Service Subcontracting Agreement constitute Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 13 September 2023.

2. Financial Services Agreement

On 14 September 2023, the Company and Xiamen ITG Holding Group Finance Co., Ltd.* (廈門國貿控股集團財務有限公司) (“**ITG Finance**”) entered into a financial services agreement (the “**Financial Services Agreement**”), pursuant to which ITG Finance agreed to provide certain financial services to the Group, including deposit services, payment and settlement services and other financial services which do not require the deposit or entrustment of assets by the Group. The term of the agreement is from 14 September 2023 to 31 December 2025. The annual caps for deposit services (maximum daily balance of deposit amount) for each of the years ended 31 December 2023, 2024 and 2025 under the Financial Services Agreement shall not exceed RMB50 million and the annual caps for fees payable to ITG Finance for other financial services for each of the years ended 31 December 2023, 2024 and 2025 shall not exceed RMB10 million. The actual transaction amount for other financial services incurred under the Financial Services Agreement for the year ended 31 December 2025 was RMB0.2 million.

On 11 December 2025, the Company renewed its financial services agreement with ITG Finance (the “**New Financial Services Agreement**”), for a term of three years commencing on 1 January 2026. The annual caps for deposit services (maximum daily balance of deposit amount) for each of the years ending 31 December 2026, 2027 and 2028 under the New Financial Services Agreement shall not exceed RMB65 million and the annual caps for fees payable to ITG Finance for other financial services for each of the years ending 31 December 2026, 2027 and 2028 shall not exceed RMB10 million. However, the annual caps for deposit services for each financial year ending 31 December 2026, 2027 and 2028 shall be reduced by the fees payable to ITG Finance for other financial services in that financial year. In other words, the annual cap for the deposit services and for the other financial services will be RMB65 million in aggregate for each financial year ending 31 December 2026, 2027 and 2028.

As at the date of this report, ITG Holding is a controlling shareholder of the Company. ITG Finance is an indirect wholly-owned subsidiary of ITG Holding. Accordingly, ITG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement and the New Financial Services Agreement constitute Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 14 September 2023 and 11 December 2025.

REVIEW OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged KPMG, its independent external auditor, to perform certain procedures in respect of the Continuing Connected Transactions undertaken by the Group for the year ended 31 December 2025 outlined above which have been reported to the board of Directors in a letter dated 30 March 2026. KPMG has confirmed the matters stated in Rule 14A.56 of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the Continuing Connected Transactions outlined above and the report of KPMG and are of the opinion that the transactions were entered into by the Group:

- (a) in the ordinary and usual course of the Group’s business;
- (b) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

During 2025, the Group entered into the following connected transactions (the “**Connected Transactions**”).

1. **Connected Transaction in Relation to Connected Subscription of New Shares**

On 25 January 2025, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Xinda Motors Co., Limited (信達汽車(香港)有限公司) (the “**Offeror**” or “**Xinda Motors**”), a subsidiary of its then single largest shareholder, ITG Holding, pursuant to which the Company conditionally agreed to allot and issue, and the Offeror conditionally agreed to subscribe for an aggregate of 6,669,060,524 ordinary shares at the subscription price of HK\$0.15 per subscription share (the “**Connected Subscription**”). The aggregate nominal value of the subscription shares is HK\$666,906,052.4. The subscription price of HK\$0.15 per subscription share represents: (a) a premium of approximately 36.36% over the closing price of HK\$0.1100 per share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement; and (b) a premium of approximately 42.59% over the average closing price of HK\$0.1052 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement. The Connected Subscription was conditional upon, among other things, the whitewash waiver and the Connected Subscription being separately approved by at least 75% and more than 50% respectively of the votes cast by independent shareholders. Given that the special resolution relating to the whitewash waiver was not passed, the condition precedent relating to the whitewash waiver was not satisfied. On 28 May 2025, the Offeror decided to waive the condition precedent relating to the whitewash waiver under the Subscription Agreement, and completion of the Connected Subscription took place on 2 June 2025 (the “**Connected Subscription Completion**”). An aggregate of 6,669,060,524 new shares have been allotted and issued to the Offeror at the subscription price of HK\$0.15 per subscription share. The gross proceeds from the Connected Subscription were HK\$1,000,359,078.60. The net proceeds (after deducting relevant costs and expenses) from the Connected Subscription were approximately HK\$997 million (equivalent to approximately RMB914 million). On such basis, the net price per subscription share is approximately HK\$0.15. The Connected Subscription is expected to supplement the Company’s working capital requirements, enable the Company to better meet its operational cash flow needs during a time of market transition, support it to optimise its network, adjust its brand portfolio, increase its inventory turnover and overall operational efficiency. In addition, the Connected Subscription will help the Group consolidate its main business operations and better equip it to meet market challenges.

As the executive Directors Mr. Wang Mingcheng and Mr. Su Yi serve roles within the ITG Group, they have abstained from voting on the relevant Board resolutions so as to avoid the perception of a conflict of interest.

For further details on the Connected Subscription, please refer to the announcement of the Company dated 26 January 2025 and the circular of the Company dated 31 March 2025.

2. Connected Transaction in Relation to Acquisition of Xiamen Xindeco's 4s Dealership and Automobile Sales and Export Business

On 5 December 2025 (after trading hours), Xiamen ZhengTong Motors Group Co., Ltd.* (廈門正通汽車集團有限公司) (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Xiamen Xindeco Ltd.* (廈門信達股份有限公司) ("**Xiamen Xindeco**") and Xiamen Xindeco ITG Automobile Group Co., Ltd.* (廈門信達國貿汽車集團股份有限公司) ("**Xindeco ITG Automobile**", and together with its subsidiaries, the "**Xindeco ITG Automobile Group**") for the acquisition of 100% of the equity interest of Xindeco ITG Automobile for a provisional consideration of approximately RMB793.49 million (the "**Acquisition (PRC)**").

On the same day, Tongda Group (China) Co., Ltd. (a wholly-owned subsidiary of the Company) and Rising Wave Development Limited (another wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Hong Kong Sindanol Limited ("**Sindanol**"), Xindeco Resources (Singapore) Pte. Ltd. ("**Xindeco (Singapore)**") and ITG Auto (Thailand) Co., Ltd. ("**ITG Auto (Thailand)**") for the acquisition of 100% of the issued share capital of ITG Auto (Thailand) for the provisional consideration of approximately RMB22.13 million (the "**Acquisition (Thailand)**", and together with the Acquisition (PRC), the "**Acquisition**"). Collectively, Xindeco ITG Automobile Group and ITG Auto (Thailand) represent the entire 4S dealership and automobile sales and export business of Xiamen Xindeco.

Upon aggregation, the highest applicable percentage ratio calculated pursuant to the Listing Rules for the Acquisition is more than 25% but less than 100%. Accordingly, the Acquisition constitutes a major transaction of the Company. As Xiamen Xindeco is owned as to approximately 39.93% by ITG Holding, and Sindanol and Xindeco (Singapore) are wholly-owned subsidiaries of Xiamen Xindeco, the Acquisition also constitutes a connected transaction of the Company. The Acquisition was approved by independent shareholders at the extraordinary general meeting of the Company held on 20 January 2026 and completion of the Acquisition has taken place on 12 March 2026. For further details, please refer to the Company's announcements dated 5 December 2025, 20 January 2026 and 12 March 2026, and the Company's circular dated 24 December 2025.

As Mr. Huang Junfeng, Mr. Wang Mingcheng, Mr. Su Yi, Mr. Wu Xiaoqiang (all executive Directors) and Mr. Zhuang Zhibo (then an executive Director) were employed by or had interests in ITG Group and/or the Xiamen Xindeco at the relevant times, they have abstained from voting on the relevant Board resolutions so as to avoid the perception of a conflict of interest.

Save as disclosed above and in this report, there are no other related party transactions set out in note 34 to the consolidated financial statements that constitute non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above Continuing Connected Transactions and Connected Transactions.

DIRECTORS' REPORT

SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the “**Share Award Scheme**”) on 12 June 2020 (the “**Adoption Date**”), which enables the Company to, among other things, provide selected participants with an opportunity to acquire a proprietary interest in the Company; to encourage and retain participants to work with the Group; to provide additional incentive for selected participants to achieve performance goals; and to attract personnel to join the Group, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the selected participants directly to the Shareholders through ownership of the Shares. The Share Award Scheme shall initially be valid and effective for a period of ten years from the Adoption Date, subject to early termination as stipulated under the rules related to the Share Award Scheme (the “**Scheme Rules**”). As at the date of this annual report, the remaining life of the Share Award Scheme was approximately 4 years.

Any employees or directors of the Company or any of its subsidiaries whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group and who are nominated and selected by the Board and approved by the Remuneration Committee (as to identities of the selected participants and determination of the number of the Shares subject to the grant (the “**Grant Shares**”)) in accordance with the terms of the Scheme Rules may be qualified as a selected participant under the Share Award Scheme.

Subject to the Scheme Rules, the Grant Shares shall be new Shares to be issued and allotted by the Company for nil consideration. The Grant Shares are subject to acceptance of the selected participants. For the purpose of implementing and administering the Share Award Scheme, the Company has appointed BOCI-Prudential Trustee Limited as the trustee (the “**Trustee**”). Shares granted under the Share Award Scheme will be issued and allotted to the Trustee who shall hold such Shares upon trust for the benefit of the selected participants and shall vest and transfer to the relevant selected participants after fulfilment of all vesting conditions as set out in the Scheme Rules and subject to the vesting schedule ranging from the first to the fourth anniversary of the date on which the Grant Shares are granted (the “**Grant Date**”), as determined and applicable to relevant selected participants according to their respective tenure of office with and/or level of position in the Group.

No Shares shall be allotted or issued pursuant to the Share Award Scheme if as a result of such allotment or issue, the aggregate number of Shares administered under the Share Award Scheme and underlying all grants made (excluding the Shares where the rights to acquire them have been released or lapsed in accordance with the Share Award Scheme) shall exceed in total 5% of the Company's issued Shares as at the Adoption Date (i.e. 122,611,021 Shares). The maximum number of Grant Shares which may be granted to an individual selected participant shall not exceed 1% of issued Shares of the Company as at the Adoption Date (i.e. 24,542,204 Shares). As at the date of this annual report, the total number of Shares available for issue in respect of awards which may be granted under the Share Award Scheme is 91,931,021, representing approximately 0.92% of the Shares in issue as at that date.

Where any grant is proposed to be made to any selected participant who is a connected person (including a Director), such grant must first be approved by all the independent non-executive Directors and in each case excluding any independent non-executive Director who is the proposed selected participant and shall be separately approved by the Shareholders at a general meeting with such connected person and his/her associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such grant.

During the year ended 31 December 2025, no grant was made under the Share Award Scheme. From the Adoption Date to 31 December 2025, a total of 47,100,000 Grant Shares have been granted by the Board on 12 June 2020 under the Share Award Scheme, representing approximately 1.92% of the number of Shares in issue as at the Adoption Date. All such Grant Shares had vested or lapsed before 1 January 2025 and there were no outstanding Grant Shares as at 1 January 2025.

As at both 1 January 2025 and 31 December 2025, the number of share awards available for grant under the scheme mandate was 91,931,021.

For details of the summary of the major terms of the Share Award Scheme, and the grant of the Grant Shares please refer to the announcements of the Company dated 12 June 2020 and 18 June 2020 and the circular of the Company dated 31 August 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

To the best knowledge of the Company, as at 31 December 2025, save as disclosed below, none of the Directors or the chief executive of the Company nor any of their respective associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to Section 352 of the SFO, to be kept and entered in the register referred to therein; or (c) were required to be otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, as follows:

Long Positions in shares of an associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of securities held (ordinary shares)	Approximate percentage of shareholding interest of the associated corporation (%)
Huang Junfeng	Xiamen Xindeco	Beneficial Owner	252,300	0.04%
Wang Mingcheng	Xiamen Xindeco	Beneficial Owner	405,000	0.06%

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company or any of their respective associates had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the interests or short positions of such persons (other than the Directors or chief executive of the Company) in the Shares and underlying Shares as recorded in the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity/nature of interest	Number of Shares held ²	Approximate percentage of shareholding ³
ITG Holding	Interests of controlled corporations	9,085,216,736 (Long position)	90.71%

Notes:

- As at 31 December 2025, ITG Holding was deemed to be interested in the 22,359,500 Shares directly held by Sindanol, as ITG Holding was beneficially interested in 39.93% of the issued share capital of Xiamen Xindeco, and Xiamen Xindeco was beneficially interested in the entire issued share capital of Sindanol. ITG Holding is also deemed to be interested in the 9,062,857,236 Shares directly held by Xinda Motors, as Xinda Motors is a direct wholly owned subsidiary of ITG HK which in turn is a direct wholly owned subsidiary of ITG Holding. As a result, ITG Holding is deemed to be interested in a total of 9,085,216,736 Shares.
- All the above shares were held in long position (as defined under Part XV of the SFO).
- The calculation is based on the number of Shares as a percentage of the total number of issued Shares as at 31 December 2025 (being 10,016,050,944 Shares).

Save as disclosed above, as at 31 December 2025, the Directors and chief executives were not aware of any other person (other than the Directors and chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Share Award Scheme, at no time during the year ended 31 December 2025 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Other than the Share Award Scheme, the Company did not have any equity-linked agreements subsisting during or at the end of 2025. Details of the Share Award Scheme are set out in the paragraphs above.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND MANDATORY GENERAL OFFER

As disclosed above, on 25 January 2025, the Company entered into the Subscription Agreement with the Offeror, a subsidiary of its then single largest shareholder, ITG Holding, pursuant to which the Company conditionally agreed to allot and issue, and the Offeror conditionally agreed to subscribe, for an aggregate of 6,669,060,524 ordinary shares at the subscription price of HK\$0.15 per subscription share. The aggregate nominal value of the subscription shares is HK\$666,906,052.4.

The subscription price of HK\$0.15 per subscription share represents:

(a) a premium of approximately 36.36% over the closing price of HK\$0.1100 per share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement; and (b) a premium of approximately 42.59% over the average closing price of HK\$0.1052 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Connected Subscription was conditional upon, among other things, the whitewash waiver and the Connected Subscription being separately approved by at least 75% and more than 50% respectively of the votes cast by independent shareholders. Given that the special resolution relating to the whitewash waiver was not passed, the condition precedent relating to the whitewash waiver was not satisfied. On 28 May 2025, the Offeror decided to waive the condition precedent relating to the whitewash waiver under the Subscription Agreement, and the Connected Subscription Completion took place on 2 June 2025, with 6,669,060,524 new shares issued, representing approximately 199.26% of the then existing issued share capital immediately prior to the Connected Subscription Completion and approximately 66.58% of the issued share capital of the Company immediately after Completion, as enlarged by the allotment and issue of the subscription shares.

The gross proceeds from the Connected Subscription were HK\$1,000,359,078.60. The net proceeds (after deducting relevant costs and expenses) were approximately HK\$997 million. On such basis, the net price per subscription share is approximately HK\$0.15.

The table below sets out the planned application of the net proceeds as disclosed in the Connected Subscription Circular:

	% of use of proceeds	Proceeds from the Connected Subscription
Increasing working capital and supporting the Group's business operation	30%	HK\$299 million
Capitalising on market opportunities for strategic investments or mergers and acquisitions (M&A) as and when they arise	20%	HK\$199 million
Repayment of existing debts	50%	HK\$498 million

During the year ended 31 December 2025 and up to the date of this report, the net proceeds have been fully utilized in accordance with the planned application set out above.

Immediately prior to the Connected Subscription Completion, the Offeror and parties acting in concert with it held 842,977,684 shares, representing approximately 25.19% of the shares in issue of the Company. Upon the Connected Subscription Completion, the shareholding of the Offeror and the parties acting in concert with it increased to approximately, and not more than, 75.00% of the shares in issue of the Company (as enlarged by the allotment and issue of the subscription shares). Accordingly, and given the fact that the whitewash waiver was not approved by the independent shareholders, upon the Connected Subscription Completion, the Offeror was required to make a mandatory general offer for all shares and other securities of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code (the "Offer"). CLSA Limited, for and on behalf of the Offeror, made the Offer on the basis of HK\$0.15 per offer share. The Offer was open for acceptance from 9 June 2025 to 30 June 2025. Based on the valid acceptances in respect of 1,573,178,528 shares under the Offer, the total cash consideration paid for the acceptance shares was HK\$235,976,779.20.

DIRECTORS' REPORT

Immediately after the close of the Offer, 930,834,208 shares, representing approximately 9.29% of the total issued share capital of the Company, were held by the public (as defined under the Listing Rules) and 9,085,216,736 shares, representing approximately 90.71% of the total issued share capital of the Company, were held by the Offeror and parties acting in concert with it.

For further details of the Offer, please refer to the composite offer document jointly issued by the Company and the Offeror dated 9 June 2025 and the joint announcement of the Company and the Offeror dated 30 June 2025 in relation to, among others, the results of the Offer.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Connected Transactions" of this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any detailed future plans for material investment or capital assets as at 31 December 2025.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 25 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the general staff of the Company is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are proposed by the Remuneration Committee to the Board, having regard to the Company's operating results, individual performance and comparable market statistics, subject to the final decision by the Board.

Mr. Wang Mingcheng, Mr. Wu Xiaoqiang and Ms. Yu Lijie, and former Director Mr. ZHUANG Zhibo will not receive any remuneration from the Company during their respective terms of office, and each of Mr. Huang Junfeng, Mr. Su Yi and former Director Mr. Chen Hong will/had not receive/received any remuneration as an executive Director but is/was entitled to an annual salary as the Chairman of the Board, Chief Executive Officer, and an executive vice president of the Company respectively. Save as the above, none of the Directors has waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for the loss of office.

The remuneration of the Directors and senior management of the Company is set out in Notes 7 and 8 to the Consolidated Financial Statements.

RELATIONSHIPS WITH MAJOR STAKEHOLDERS

The Group understands that employees, customers and suppliers are the key to our sustainable and stable development. We are committed to establishing a close relationship with our employees, enhancing cooperation with our suppliers and providing high-quality products and services to our customers so as to ensure our sustainable development.

The Group places great emphasis on human resources and offers its employees a competitive remuneration package and various trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses.

The Group has enhanced communications with customers via various channels so as to provide excellent and quality customer services, with a focus on the customers' needs and thus enhance customer satisfaction and loyalty. We value the feedback from customers and always try to understand their thoughts through daily communication, after-sale return visit and customer satisfaction surveys. In addition, we also assign designated personnel to maintain customers relationship, responding to the feedback and complaints from customers.

The Group has entered into standing dealership agreements and other licensing agreements with various mid-to-high-end branded automobile manufacturers, and will continue to facilitate exchange and cooperation with OEMs for the purpose of creating a win-win situation. In terms of new energy development, ZhengTong Auto will continue to focus on the leading new power brands with a certain scale and relatively stable development, actively strive for 4S authorisation and plan for the construction of new shops, expand the after-sales/body and paint centre project, and accelerate the layout of the new energy after-sales business by leveraging on the resources of the manufacturers and the Company's existing shops and properties.

For the management of suppliers, the Group has been more prudent in selecting suppliers and establishing long-term cooperation with them. At the same time, we place emphasis on ongoing assessment and monitoring on the suppliers in order to ensure compliance with our commitment to service quality and product quality.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is aware of the importance of complying with applicable laws and regulations that have a significant impact on the business and operation of the Group, and is committed to continuously improving its internal control and corporate governance to ensure compliance with these laws and regulations.



DIRECTORS' REPORT

In January 2023, Wuhan Zhengtong entered into a settlement agreement (the “**Settlement Agreement**”) with Yuchen Fengze, whose controlling interest, to the knowledge of the Company, has been acquired by an investor principally engaged in distressed asset management and financial services business. Pursuant to the Settlement Agreement (which became effective in February 2023), Yuchen Fengze has agreed to facilitate the utilization and disposal of the collateral assets in satisfaction of the debt owed to it and Wuhan Zhengtong has withdrawn its appeal against the Loan First Instance Judgment. In June 2024, the Beijing Second Intermediate People’s Court has launched a judicial auction of the Pledged Assets. The court has determined the fair value of the Pledged Assets to be RMB3.02 billion, and the starting auction price was RMB2.11 billion. At the end of July 2024, the court has announced that the judicial auction was aborted. Subsequently, the creditor has applied for paying debts in kind with the value of the Pledged Assets under the starting auction price (“**Paying Debts in Kind**”). As of 31 December 2024, the Paying Debts in Kind has been completed and the Pledged Assets have been legally transferred to Yuchen Fengze to satisfy the debt owed to it.

As advised by the Company’s PRC legal adviser, taking into account the aforesaid facts and the legal relationship of the case, in particular the fact that Yuchen Fengze has not enforced against Wuhan Zhengtong, that the enforcement procedures have been ruled by the court to have been terminated, and the internal decision-making mechanism of Yuchen Fengze as known to the PRC legal adviser, etc., the PRC legal adviser is of the opinion that as of 31 December 2025, the situation of Wuhan Zhengtong assuming the guarantee obligation will not in fact occur, and Wuhan Zhengtong will not incur further losses as a result of this case.

For details, please refer to the announcements of the Company dated 22 December 2021, 31 December 2021, 10 January 2022, 20 July 2022 (together, the “**Announcements**”), 24 June 2022, 10 February 2023 and 11 September 2024 (the “**2024 Announcement**”).

As stated in the Announcements, the entry into of the Undertaking and Shortfall Agreements may have constituted undisclosed connected transactions of the Company at the relevant time. As stated in the announcement of the Company dated 10 January 2022, the Board convened a meeting on 7 January 2022 (the “**7 Jan Meeting**”), to discuss and approve, among other things, the establishment of an independent board committee comprising the then executive Directors who were not Directors at the relevant time to conduct an investigation into the above matters. The Company received a notice from Mr. Wang Muqing on 9 January 2022, stating that he had no connection with the above matters and had never been involved in any violation of laws and regulations, but as he felt that he might not have the trust of the Directors who attended the 7 Jan Meeting, and considering his age, he has decided to resign as an executive Director and a member of the Remuneration Committee of the Company from 10 January 2022. Mr. Wang Muqing also confirmed that he had no disagreement with the Board and there were no matters that need to be brought to the attention of the Stock Exchange and the Shareholders. As stated in the 2024 Announcement, the Stock Exchange issued a Statement of Disciplinary Action (the “**SDA**”) on 10 September 2024 in respect of the above matters. Certain former directors of the Company have received penalties ranging from public censure to being subject to director unsuitability statements issued by the Stock Exchange. The Stock Exchange has also criticized the Company for its previous breach of the requirements under Chapters 14 and 14A of the Listing Rules as the Undertaking and the Shortfall Agreements constituted major and connected transactions. The Stock Exchange has also confirmed that, other than Wang Muqing, Shao Yong Jun, Wang Kunpeng, Koh Tee Choong and Li Zhubo (none of whom were directors appointed after ITG Holding became the Company’s largest shareholder), the sanctions and directions in the SDA do not apply to any other past or present directors of the Company.

As stated in the announcement of the Company dated 22 March 2024 (the “**Announcement**”), Wuhan Zhengtong received judgments filed by Wuhan Economic and Technological Development Zone Sub-branch of Hubei Bank Corporation Limited (“**Hubei Bank**”) from the Wuhan Intermediate People’s Court in relation to two civil lawsuits (the “**Hubei Bank First Instance Judgment**”), in which Wuhan Zhengtong was named as one of the defendants. The lawsuits alleged that certain defendants, including Wuhan Zhengtong, have entered into different types of charges or guarantee contracts with Hubei Bank at various times to provide security or joint liability guarantees in respect of all the liabilities and debts under two fixed asset loan contracts entered into by Beijing Guangze and Inner Mongolia Shengze Dingjie Automobile Trading Co., Ltd.* (內蒙古聖澤鼎杰汽車貿易有限公司) (“**Inner Mongolia Shengze**”). As at the date of this report, some of the properties pledged by the other defendants (the “**Collateral**”) were occupied by the Group’s stores.

In the lawsuit relating to Beijing Guangze (the “**Beijing Guangze Lawsuit**”), Hubei Bank alleged that, as of 13 February 2023, the aggregate indebtedness of Beijing Guangze under the relevant fixed asset loan contract was approximately RMB442 million. In the lawsuit relating to Inner Mongolia Shengze (the “**Inner Mongolia Shengze Lawsuit**”), Hubei Bank alleged that, as of 28 February 2023, the aggregate indebtedness of Inner Mongolia Shengze under the relevant fixed asset loan contract was approximately RMB120 million. As a result of repeated overdue repayments by Beijing Guangze and Inner Mongolia Shengze, Hubei Bank declared on 10 January 2023 that all loans under the above two fixed asset loan contracts were immediately due.

According to the Hubei Bank First Instance Judgment, (i) Beijing Guangze owes Hubei Bank the principal amount of approximately RMB404 million and related interest (approximately RMB22,031,000 as of 13 February 2023); and (ii) Inner Mongolia Shengze shall pay to Hubei Bank the principal amount of RMB113.5 million and related interest (approximately RMB13,568,000 as of 30 November 2023) [(i) and (ii) together, the “**Relevant Liabilities**”]; (iii) the remaining defendants shall bear their obligations under the pledge provided, or the joint liability guarantees provided, or under supplemental compensatory obligations in accordance with the law, including but not limited to disposing of the Collateral with a priority to use the proceeds to repay Hubei Bank.

In respect of Wuhan Zhengtong:

- In the Beijing Guangze Lawsuit, Hubei Bank alleged that Wuhan Zhengtong entered into a maximum guarantee contract with Hubei Bank on 5 May 2016, wherein the maximum limit of the guarantee liability was RMB700 million.
- In the Inner Mongolia Shengze Lawsuit, Hubei Bank alleged that Wuhan Zhengtong entered into a maximum guarantee contract with Hubei Bank on 5 May 2016, wherein the maximum limit of the guarantee liability was RMB200 million.
- The Wuhan Intermediate People’s Court held in the Hubei Bank First Instance Judgment that:
 - The above two maximum guarantee contracts were executed, but they are of no legal effect.
 - Although the above two maximum guarantee contracts are of no legal effect, since Wuhan Zhengtong’s seal was affixed without any resolutions, and Hubei Bank did not conduct examination on whether Wuhan Zhengtong had made any resolution, both parties were at fault for the lack of legal effect of the above two maximum guarantee contracts, hence Wuhan Zhengtong shall only bear half of the compensation liability for the failure of Beijing Guangze and Inner Mongolia Shengze to repay the Relevant Liabilities.



DIRECTORS' REPORT

In November 2024, Wuhan Zhengtong received the second instance judgments in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment (the “**Hubei Bank Second Instance Judgment**”). Based on the legal advice obtained by the Company from its PRC legal adviser, according to the law, the guarantor in a contract that is of no legal effect is liable to pay compensation only if the debtor is unable to settle the debt upon court enforcement. Therefore, in the case of the Hubei Bank First Instance Judgment and the Hubei Bank Second Instance Judgment, where the two maximum guarantee contracts were held to be executed but of no legal effect, given the judgment confirmed that Wuhan Zhengtong ranks later in the order of priority in meeting payment commitments, and considering the currently satisfactory communication situation with Hubei Bank, and that there are several other defendants who are also guarantors and the value of the Collateral is relatively high, the PRC legal adviser believes that it is not probable that Wuhan Zhengtong will incur actual economic losses in this case.

As stated in the Announcement, the irregular entry into the above two maximum guarantee contracts may have constituted undisclosed connected transactions of the Company at the relevant time. For details, please refer to the Announcement. The financial impact of the above on the Group's consolidated financial statements for the year ended 31 December 2025 is set out on pages 149 to 150 of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The results and business operations of the Group are subject to the impact of a number of factors, including those arising from the macro-economic environment as well as those inherent in the auto retail sector. The major risks are summarised as follows:

(i) Macro-economic environment

As a pillar industry of the national economy, the auto sector is considerably correlated to the volatile periods of the macro-economy in terms of timing and extent. Currently, China's auto market continues to hold out strong potential for development. However, if significant fluctuations occur in the auto industry as a result of cyclical developments in the macro-economy, auto sales will be inevitably affected. As such, the Group is required to monitor any changes in the economic landscape in a timely manner and adjust its overall business planning, network development plans and marketing plans under different market conditions.

(ii) Industry policies

The Group's business operations must comply with policies and regulations announced by the PRC government for the administration of the auto industry. Changes in such industry policies may result in decreased market demand for products, lower prices for products and services and escalated market competition, which will in turn result in the decrease in revenue and profit. As such, the Group will monitor closely any developments in government policies on our industry, while enhancing our service standards on an ongoing basis to address any risks arising from changes in industry policies.

(iii) Manufacturers' policies

As an auto dealer group, we have maintained sound cooperation with branded automobile manufacturers. Changes in the policies of such manufacturers might result in changes in the sales strategies for their brands, sales incentives and business policy support for us, and such changes might result in a decrease in products sales and revenue. Hence, the Group will actively enhance communication with the manufacturers and continue to adopt a development strategy that covers a diverse range of brands.

(iv) Intense competition

We compete not only with other auto dealers, but also players in the general express auto repair service sector and the e-commerce sector, in a number of segments, such as sales, repair, maintenance and extended services. Our inability to respond to challenges presented by different competitors in a timely manner may result in the decline in customers' demand for our products and the decrease in our revenue and profit. Hence, the Group is required to adjust its strategy in a timely manner and enhance its overall service standards to address intense competition.

(v) Supply chain

The Group does not own or operate any production facilities, and is dependent on branded automakers and suppliers of auto accessories for the supply of all of our products. Any disruption in the supply of products by our suppliers might result in problems for our supply chain. Nevertheless, we have fostered long-term, stable partnerships with a number of branded automakers and suppliers of parts and components, and such partnerships have been highly valued by the suppliers. Hence, we have endeavoured to minimise the impact of any disruption in supply on a best-effort basis and ensure we are able to locate other suppliers of similar quality for reasonable prices at any time.

(vi) Information systems

The Group has comprehensively promoted digital transformation, which involves core areas such as sales, procurement, sales and distribution at retail outlets, inventory management, customer relations management, digitalized marketing, financial reporting and auto finance. Although a professional third-party company has been hired as a digital transformation platform builder, there may be risks associated with schedule, quality, cost, and data security due to the lack of in-depth understanding of the business and the insufficient participation of key internal users in the transformation of the third-party technology service provider. To this end, the Group will set up a digital transformation leadership and working group, carry out hierarchical training and establish an assessment and incentive mechanism, adopt agile promotion guided by "customer-centric" philosophy, anchor goals, reverse time, and wall chart operations, and establish a disaster recovery mechanism and stress testing at the technical level, strengthen data encryption, permission classification and audit logs, and conduct regular penetration tests to ensure the security of the Company's data.

(vii) Market risks

The Group is subject to various types of market risks, including credit risks, liquidity risks, interest rate risks and exchange risks, the details of which are set out in Note 31 to the Consolidated Financial Statements. The Group has exercised effective control over market risks through continuous monitoring of risks and changes, timely risk warnings and appropriate application of hedge instruments.

PERMITTED INDEMNITY

In accordance with the Articles of the Company containing provisions that provide indemnity to, among other persons, our Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. In accordance with their respective service agreements, each of our executive Directors is entitled to be indemnified by the Company in all respects under laws, except to the extent of the willful default or gross negligence of a director. The Company maintained Directors' and chief executives' liability insurance and corporate compensation insurance during the year.



DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

We recognise the importance of environmental protection and have adopted stringent measures for environmental protection in order to ensure the compliance by the Group with the prevailing environmental protection laws and regulations.

The Group has been advocating the concept of green office in its daily operation by fully committing to environmental protection, energy saving and discharge reduction, reasonable allocation and utilisation of resources. In addition, the Group has implemented resources recycling with an aim to minimise energy consumption and waste. In future, the Group will continue to firmly employ its sustainable development strategy to strongly promote environmental protection and carry out measures for environmental protection.

More details of the environmental policies and performance of the Company are set out in the Environmental, Social and Governance (ESG) Report for the year.

MANAGEMENT CONTRACTS

Except for the service contracts of the Directors and senior management of the Company or otherwise disclosed in this annual report, no contracts were entered into between the Company and any individuals, companies or legal corporations, for the management and administration of the whole or any substantial part of the Company's business during the year ended 31 December 2025.

CORPORATE GOVERNANCE

So far as the current Board is aware, during the year ended 31 December 2025, the Company had complied with the applicable Code Provisions set out in CG Code contained in Appendix C1 to the Listing Rules.

PUBLIC FLOAT SHORTFALL

As stated above, immediately after the close of the Offer, 930,834,208 shares, representing approximately 9.29% of the total issued share capital of the Company, were held by the public (as defined under the Listing Rules). Accordingly, the minimum public float requirement of 25% under the Listing Rules was not satisfied.

At the request of the Company, trading in the shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 July 2025, being the trading day immediately after the close of the Offer. On 29 July 2025, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company (the "**Resumption Guidance**"). For further details of the Resumption Guidance, please refer to the announcement of the Company dated 1 August 2025.

On 18 September 2025, the Stock Exchange granted the Company a temporary waiver from strict compliance with the minimum public float requirement under the then Rules 8.08(1) and 13.32(1) of the Listing Rules for a period from 30 June 2025 to 31 December 2025. On 6 March 2026, the Stock Exchange granted the Company a further waiver from strict compliance with the minimum public float requirement under Rule 13.32B for a period from 1 January 2026 to 30 June 2026. For further details, please refer to the announcements of the Company dated 19 September 2025 and 13 March 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Connected Subscription, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any) during the year ended 31 December 2025.

As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

EVENT AFTER REPORTING PERIOD

On 7 January 2026 (after trading hours), Goldrich Holdings Limited (the "**Vendor**", an indirect wholly owned subsidiary of the Company) and Shenzhenshi Huianqi Investment Advisory Co., Ltd.* (深圳市匯安啟投資諮詢有限公司) ("**Shenzhenshi Huianqi**", an indirect wholly-owned subsidiary of the Company) entered into an equity interest transfer agreement with Xiamen Xinda Information Co., Ltd.* (廈門信息信達有限公司) (the "**Purchaser**"), pursuant to which (i) the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest of Shenzhenshi Huianqi (together with its subsidiary, the "**Disposal Group**"); and (ii) the Purchaser has conditionally agreed to accept and bear certain related debts owed by the Disposal Group to the Group (the "**Disposal**"). The principal asset of the Disposal Group is a parcel of land located at Longhua District, Shenzhen, China. The provisional consideration for the Disposal is approximately RMB803.10 million (subject to an upward adjustment to reflect any increase in the related debts from 31 March 2025 to the last day of the calendar month in which completion takes place).

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 25% but is less than 75%, the Disposal constitutes a major transaction of the Company. As ITG Holding is a controlling shareholder of the Company and the Purchaser is wholly owned by ITG Holding, the Disposal also constitutes a connected transaction of the Company. The Disposal was approved by independent shareholders at the extraordinary general meeting of the Company held on 12 February 2026, but completion has not yet taken place as at the date of this report. For further details, please refer to the Company's announcements dated 7 January 2026 and 12 February 2026, and the Company's circular dated 23 January 2026.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of the Company or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reasons of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights (including entitlements to any relief of taxation) in relation to, the Shares, they are advised to consult an expert.



DIRECTORS' REPORT

AUDITORS

There has been no change in auditor during the year ended 31 December 2025 and the preceding three years.

KPMG will retire and, being eligible, offer themselves for re-appointment at the 2026 AGM. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2026 AGM.

On behalf of the Board
Mr. Huang Junfeng
Chairman of the Board

30 March 2026



INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of China ZhengTong Auto Services Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China ZhengTong Auto Services Holdings Limited (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 64 to 159, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policies information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Impairment assessment of goodwill and intangible assets — car dealerships/dealership operation rights

Refer to note 14 & note 15 to the consolidated financial statements on pages 101 to 103 and the accounting policies on page 73 and page 75.

The Key Audit Matter

As a result of acquisitions by the Group of 4S dealership stores, the Group recognised goodwill and intangible assets — car dealerships/dealership operation rights in the consolidated financial statements. Goodwill has been allocated to each of the relevant individual 4S dealership stores, which are considered to represent individual cash generating units (“CGUs”). As at 31 December 2025, goodwill and intangible assets — car dealerships/dealership operation rights, after impairment, amounted to RMB456 million (31 December 2024: RMB535 million) and RMB1,749 million (31 December 2024: RMB2,085 million), respectively.

The 4S dealership business in China operates in a highly competitive and regulated market which increases the risk of sales volatility of the 4S dealership stores. Consequently, there are uncertainties as to whether the acquired 4S dealership stores can meet forecast growth projections.

How the matter was addressed in our audit

Our audit procedures to assess impairment of goodwill and intangible assets — car dealerships/dealership operation rights included the following:

- evaluating the appropriateness of management's identification of CGUs and the amounts of goodwill allocated to each CGU;
- evaluating the reasonableness of management's identification of impairment indications of goodwill and intangible assets — car dealerships/dealership operation rights and determination of recoverable amount;
- assessing the qualifications, experience and expertise of the external valuer appointed by management in assessing the impairment of goodwill and intangible assets — car dealerships/dealership operation rights and considering their objectivity and independence;

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill and intangible assets — car dealerships/dealership operation rights (Continued)

Refer to note 14 & note 15 to the consolidated financial statements on pages 101 to 103 and the accounting policies on page 73 and page 75.

The Key Audit Matter

How the matter was addressed in our audit

In conjunction with annual impairment test for goodwill, management reviews internal and external sources of information at the end of each reporting period to identify indications that intangible assets may be impaired, and if such indication exists, the recoverable amount is estimated. As at 31 December 2025, management assessed goodwill and intangible assets — car dealerships/dealership operation rights for potential impairment by determining the recoverable amount for each CGU with allocated goodwill and/or intangible assets — car dealerships/dealership operation rights, with reference to a valuation report prepared by an external valuer appointed by management. Management compared the carrying amount of each CGU with its recoverable amount, which is determined by assessing the value-in-use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in determining forecast revenue, forecast gross profit margins and discount rates and working capital changes.

We identified impairment of goodwill and intangible assets — car dealerships/dealership operation rights as a key audit matter because these assets are material to the Group and because the impairment assessments prepared by management involve judgements and assumptions which are inherently uncertain and could be subject to management bias.

- with the assistance of our internal valuation specialists, evaluating the methodology adopted by management and the valuer in determining the recoverable amount of goodwill and intangible assets — car dealerships/dealership operation rights with reference to the requirements of the prevailing accounting standards and assessing whether the discount rate applied was within the range adopted by other companies in the same industry;
- obtaining directors' approval for the data in the discounted cash flow forecast of each individual CGU with relevant data, including forecast revenue and forecast gross profit margins and working capital changes, and comparing forecast revenue growth trends with sales forecasts issued by industry research institutions;
- comparing forecast revenue and forecast gross profit margins and working capital changes in the discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified;
- obtaining from management sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and
- considering the disclosures in the consolidated financial statements in respect of the impairment assessments of goodwill and intangible assets — car dealerships/dealership operation rights with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Recognition of vendor rebates

Refer to note 21 to the consolidated financial statements on page 121 and the accounting policy on page 85.

The Key Audit Matter

How the matter was addressed in our audit

The Group earns vendor rebates under various and differing arrangements with automobile manufacturers. Rebate arrangements, which can vary in different fiscal years and between automobile manufacturers, include rebates based on purchase or (for certain specific car models) sales volumes, performance rebates and other specific rebates.

Rebates based on purchase or sales volumes are granted by vendors if certain purchase or sales targets are met.

Performance rebates are granted by vendors in accordance with the vendors' comprehensive assessment of the Group's business performance.

In addition, other specific rebates are granted to the Group, including, but not limited to, compensation for automobile mortgage sales, new store one-off compensation, regional annual awards and car demonstration compensation.

Our audit procedures to assess the recognition of vendor rebates included the following:

- obtaining an understanding of the design and implementation of management's key internal controls in relation to the recognition of vendor rebates;
- assessing the Group's accounting policies in respect of the recognition of vendor rebates by inspecting the terms and conditions set out in each type of rebate arrangement communicated by the respective automobile manufacturers with reference to the requirements of the prevailing accounting standards;
- selecting samples of vendor rebates recognised and settled during the year and comparing the recognised rebate amount with credit notes issued by the vendors or underlying bank payment slips;

KEY AUDIT MATTERS (Continued)

Recognition of vendor rebates (Continued)

Refer to note 21 to the consolidated financial statements on page 121 and the accounting policy on page 85.

The Key Audit Matter

How the matter was addressed in our audit

The Group manually calculates rebates and recognises them to the extent that the management expects it is probable that the associated conditions will be met and the amount can be estimated reliably.

We identified recognition of vendor rebates as a key audit matter because there are many different kinds of rebate arrangements in place and because the manual calculation of the Group's entitlement to such rebates involves significant management's estimation, which is inherently subjective.

- for vendor rebate receivables at the reporting date, performing recalculations of the amounts receivable, on a sample basis, based on the terms of the underlying vendor rebate arrangements and relevant inputs, including sales and purchase volume data, rebate rates and other specific criteria as set out in the respective vendor rebate arrangements;
- evaluating, on a sample basis, the above relevant inputs used to calculate vendor rebates by comparing the inputs with relevant underlying documentation; and
- for vendor rebate receivables at the previous financial reporting date, performing retrospective review by assessing the subsequent settlement, on a sample basis, in the current year.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the audit committee of the Company ("**Audit Committee**") in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo (practicing certificate number: P04854)

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025 (Expressed in RMB'000)

	Note	For the year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	3	18,711,196	20,746,774
Cost of sales		(18,489,190)	(19,967,705)
Gross profit		222,006	779,069
Other income	4	273,250	737,723
Selling and distribution expenses		(900,070)	(967,410)
Administrative expenses		(901,674)	(981,633)
Impairment losses on goodwill and intangible assets	14, 15	(299,287)	(116,702)
Loss from operations		(1,605,775)	(548,953)
Finance costs	5(a)	(823,017)	(936,721)
Share of profit of associates and a joint venture		1,252	3,666
Loss before taxation	5	(2,427,540)	(1,482,008)
Income tax	6	(62,895)	(47,078)
Loss for the year		(2,490,435)	(1,529,086)
Loss for the year attributable to:			
Ordinary shareholders of the Company		(2,674,355)	(1,708,506)
Perpetual bond holders of the Company	30	90,579	107,127
Non-controlling interests		93,341	72,293
Loss for the year		(2,490,435)	(1,529,086)
Basic and diluted loss per share (RMB cents)	9	(37.0)	(56.0)

The notes on pages 70 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025 (Expressed in RMB'000)

For the year ended 31 December

	Note	2025 RMB'000	2024 RMB'000
Loss for the year		(2,490,435)	(1,529,086)
Other comprehensive income for the year (after tax):			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
Financial statements of entities outside the Mainland China		1,187	838
Other comprehensive income for the year		1,187	838
Total comprehensive income for the year		(2,489,248)	(1,528,248)
Attributable to:			
Ordinary shareholders of the Company		(2,673,168)	(1,707,668)
Perpetual bond holders of the Company	30	90,579	107,127
Non-controlling interests		93,341	72,293
Total comprehensive income for the year		(2,489,248)	(1,528,248)

The notes on pages 70 to 159 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025 (Expressed in RMB'000)

	Note	At 31 December	
		2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	5,492,209	5,855,395
Investment properties	12	544,899	470,135
Right-of-use assets	13	2,368,279	2,556,819
Intangible assets	14	1,957,893	2,302,546
Goodwill	15	455,950	534,641
Interests in associates	17	21,089	18,596
Interest in a joint venture	18	32,468	31,259
Deferred tax assets	28	533,062	703,446
Long-term receivables		438,667	409,825
Other financial assets	22	503,269	511,829
Pledged bank deposits	23	—	502,440
Time deposits		5,000	—
		12,352,785	13,896,931
Current assets			
Inventories	19	2,810,775	3,306,990
Trade and bills receivables	20	793,682	1,145,086
Prepayments, deposits and other receivables	21	4,717,270	4,838,107
Other financial assets	22	53,811	65,119
Pledged bank deposits	23	3,725,193	5,391,391
Time deposits		230	1,524
Cash and cash equivalents	24	844,007	573,088
		12,944,968	15,321,305
Current liabilities			
Loans and borrowings	25	13,688,765	17,550,020
Lease liabilities	26	352,495	284,240
Trade and other payables	27	5,104,614	5,470,940
Income tax payables		297,045	348,707
Other financial liabilities	22	17,282	296
		19,460,201	23,654,203
Net current liabilities		(6,515,233)	(8,332,898)
Total assets less current liabilities		5,837,552	5,564,033

The notes on pages 70 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025 (Expressed in RMB'000)

		At 31 December	
	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Loans and borrowings	25	2,474,134	2,419,911
Lease liabilities	26	928,928	1,059,789
Deferred tax liabilities	28	785,391	899,578
Trade and other payables	27	67,699	108,697
Other financial liabilities	22	—	6,320
		4,256,152	4,494,295
NET ASSETS			
		1,581,400	1,069,738
CAPITAL AND RESERVES			
	29		
Share capital		901,394	290,228
Perpetual bonds	30	3,820,854	1,947,328
Reserves		(4,965,029)	(2,594,239)
Total deficit attributable to equity shareholders of the Company		(242,781)	(356,683)
Non-controlling interests		1,824,181	1,426,421
TOTAL EQUITY		1,581,400	1,069,738

Approved and authorised for issue by the board of directors on 30 March 2026.

Huang Junfeng
Chairman

Su Yi
Director

The notes on pages 70 to 159 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (Expressed in RMB'000)

	Attributable to equity shareholders of the Company								Attributable to non-controlling interests				Total equity RMB'000
	Share capital RMB'000 (note 29(c))	Share premium RMB'000	Capital reserve RMB'000	PRC	Exchange	Discretionary	Accumulated losses RMB'000	Perpetual bonds RMB'000 (note 30)	Sub-total RMB'000	Perpetual bonds RMB'000 (note 30)	Share of net assets of subsidiaries		
				statutory reserve RMB'000 (note 29(d)(i))	reserve RMB'000 (note 29(d)(ii))	surplus reserve RMB'000					RMB'000	RMB'000	
Balance at 1 January 2024	246,394	6,399,362	291,813	821,960	(20,900)	4,459	(8,392,179)	1,010,921	361,830	901,747	23,483	925,230	1,287,060
Total comprehensive income for the year:													
Loss for the year	–	–	–	–	–	–	(1,708,506)	107,127	(1,601,379)	73,135	(842)	72,293	(1,529,086)
Other comprehensive income	–	–	–	–	838	–	–	–	838	–	–	–	838
Total comprehensive income for the year	–	–	–	–	838	–	(1,708,506)	107,127	(1,600,541)	73,135	(842)	72,293	(1,528,248)
Issue of ordinary shares	43,834	10,457	–	–	–	–	–	–	54,291	–	–	–	54,291
Issue of perpetual bonds	–	–	–	–	–	–	–	829,280	829,280	600,000	–	600,000	1,429,280
Distribution to holders of perpetual bonds	–	–	–	–	–	–	–	–	–	(71,102)	–	(71,102)	(71,102)
Repayment of perpetual bonds	–	–	–	–	–	–	–	–	–	(100,000)	–	(100,000)	(100,000)
Equity settled share-based transactions	–	–	(1,543)	–	–	–	–	–	(1,543)	–	–	–	(1,543)
Deregistration of subsidiaries	–	–	–	(8,442)	–	–	8,442	–	–	–	–	–	–
Balance at 31 December 2024, and 1 January 2025	290,228	6,409,819	290,270	813,518	(20,062)	4,459	(10,092,243)	1,947,328	(356,683)	1,403,780	22,641	1,426,421	1,069,738
Total comprehensive income for the year:													
Loss for the year	–	–	–	–	–	–	(2,674,355)	90,579	(2,583,776)	94,061	(720)	93,341	(2,490,435)
Other comprehensive income	–	–	–	–	1,187	–	–	–	1,187	–	–	–	1,187
Total comprehensive income for the year	–	–	–	–	1,187	–	(2,674,355)	90,579	(2,582,589)	94,061	(720)	93,341	(2,489,248)
Issue of ordinary shares (note 29(c))	611,166	302,378	–	–	–	–	–	–	913,544	–	–	–	913,544
Issue of perpetual bonds (note 30)	–	–	–	–	–	–	–	1,895,633	1,895,633	1,200,000	–	1,200,000	3,095,633
Distribution to holders of perpetual bonds (note 30)	–	–	–	–	–	–	–	(112,686)	(112,686)	(95,581)	–	(95,581)	(208,267)
Repayment of perpetual bonds (note 30)	–	–	–	–	–	–	–	–	–	(800,000)	–	(800,000)	(800,000)
Balance at 31 December 2025	901,394	6,712,197	290,270	813,518	(18,875)	4,459	(12,766,598)	3,820,854	(242,781)	1,802,260	21,921	1,824,181	1,581,400

The notes on pages 70 to 159 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025 (Expressed in RMB'000)

For the year ended 31 December

	Note	2025 RMB'000	2024 RMB'000
Operating activities:			
Cash (used in)/generated from operations	24(b)	(44,211)	137,285
Income tax paid		(58,360)	(106,199)
Net cash (used in)/generated from operating activities		(102,571)	31,086
Investing activities:			
Payment for purchase of property, plant and equipment		(328,591)	(370,104)
Proceeds from disposal of property, plant and equipment		200,895	244,446
Proceeds from disposal of equity investment in Dongfeng Logistics Group Co., Ltd. ("Dongfeng Logistics")		—	331,496
Proceeds from redemption of financial assets, net effect		1,135	4,111
Payment for purchase of right-of-use assets		(1,150)	—
Payment for purchase of intangible assets		(4,672)	(8,714)
Dividend received		—	20,280
Net cash used in business acquisition in previous year		(48,896)	(82,335)
Increase in time deposits		(3,706)	(1,524)
Payments in relation to investment in an associate		(2,450)	(4,200)
Interest received		72,232	69,262
Net cash (used in)/generated from investing activities		(115,203)	202,718
Financing activities:			
Proceeds from loans and borrowings	24(c)	28,572,684	36,150,593
Repayment of loans and borrowings	24(c)	(30,475,110)	(35,151,127)
Proceeds from issue of ordinary shares	29(c)	913,544	54,291
Proceeds from issue of perpetual bonds	30	1,200,000	600,000
Distribution to the holders of perpetual bonds	30	(208,267)	(71,102)
Repayment of perpetual bonds	30	(800,000)	(100,000)
Capital element of lease rentals paid	24(c)	(185,466)	(218,826)
Interest element of lease rentals paid	24(c)	(71,891)	(76,760)
Interest paid	24(c)	(766,248)	(836,109)
Decrease/(increase) of pledged bank deposits for bank loans	23	2,303,004	(832,460)
Proceeds from settlement of derivative financial instruments, net effect		15,247	75,347
Net cash generated from/(used in) financing activities		497,497	(406,153)
Net increase/(decrease) in cash and cash equivalents		279,723	(172,349)
Cash and cash equivalents at the beginning of the year		573,088	744,855
Effect of foreign exchange rate changes		(8,804)	582
Cash and cash equivalents at the end of the year	24(a)	844,007	573,088

The notes on pages 70 to 159 form part of these financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China ZhengTong Auto Services Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Act of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in 4S dealership business, supply chain business and comprehensive properties business in the People’s Republic of China (the “**PRC**”).

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interests in associates and a joint venture.

These consolidated financial statements are presented in Renminbi (“**RMB**”) which is the Group’s presentation currency, rounded to the nearest thousands, except for where otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments are stated at fair value as explained in the accounting policies set out below.

- other investments in securities (see note 2(g)); and
- derivative financial instruments (see note 2(h)).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The Group incurred a net loss of RMB2,490 million for the year ended 31 December 2025. As at 31 December 2025, the Group had net current liabilities of RMB6,515 million (as at 31 December 2024: RMB8,333 million) and total deficit attributable to equity shareholders of the Company of RMB243 million (as at 31 December 2024: total deficit attributable to equity shareholders of the Company of RMB357 million). The Group's liabilities included a sum of short-term and long-term loans and borrowings due to Xiamen ITG Holding Group Co., Ltd. ("ITG Holding") and its subsidiaries of RMB3,162 million and RMB1,592 million, respectively. Notwithstanding these conditions, the Company's consolidated financial statements for the year ended 31 December 2025 have been prepared on a going concern basis and the directors of the Company consider that there is no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because, based on the cash flow projections for at least the next twelve months, the directors of the Company concluded that the Group will have adequate funds having considered the current available banking facilities as well as the financial support from ITG Holding, which has informed the Group that, on the basis that in compliant with regulatory regime applicable to state owned enterprises and after obtaining internal resolutions and approvals, it will provide such financial support to the Group as is necessary to enable the Group to continue operation as a going concern for at least the next twelve months.

(c) Changes in accounting policies

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities of the entities being combined are measured at the carrying amounts as recorded by the entity being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to equity. The combination date is the date on which one combining entity effectively obtains control of the other combining entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“**OCI**”) of those investees, until the date on which significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in the associates or the joint venture, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method together with the Group’s long-term interests that in substance form part of the Group’s net investment in the associates or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 2(m)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

In all other cases, when the Group ceases to have significant influence over an associate or a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(m)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and a joint venture, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(x)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income ("FVOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings, and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 2(x)(ii)(b)).

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(i) Investment properties

Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 30 to 40 years. Depreciation methods, useful lives and residual values are re-assessed at the end of each reporting period and adjusted if appropriate.

(j) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses (see note 2(m)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(aa)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings situated on leasehold land	Over the shorter of the unexpired term of lease and their estimated useful lives, being 30-40 years after the date of completion
— Leasehold improvements	Over the shorter of the unexpired term of the lease and 5 years
— Plant and machinery	10 years
— Motor vehicles	5 years
— Office equipment and furniture	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress is stated at cost less impairment losses (see note 2(m)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets of their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and any impairment loss (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Intangible assets are not amortised while their useful lives are assessed to be indefinite. The principal estimated useful lives of the Group's intangible assets are as follows:

— Car dealerships	40 years
— Dealership operation rights	10 years
— Favourable lease contracts	Over the unexpired term of lease, being 1-10 years
— Software	5 years
— Trademark	Indefinite

Both the useful life and method of amortisation are reviewed annually and adjusted if appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as office equipment. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and any impairment losses (see note 2(m)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Leased assets (Continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(l) (i), then the Group classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on:

- financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, time deposits, trade and bills receivables, and deposits and other receivables and long-term receivables); and
- lease receivables

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and bills receivables, deposits and long-term receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(m)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

— 4S dealership business

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase after deducting rebates from suppliers and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

— Property development

Cost of properties comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(aa)) and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(x)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(p)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

All receivables are subsequently stated at amortised cost (see note 2(m)(i)).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(m)(i)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(aa).

(t) Perpetual bonds

Perpetual bonds do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual bonds are classified as equity.

Any distributions made to perpetual bond holders are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual bonds are deducted against the proceeds from the issue.

(u) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill;

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(m)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(x) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of motor vehicles that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(a) Sales of passenger motor vehicles

Revenue arising from the sale of passenger motor vehicles is recognised upon delivery of passenger motor vehicles when the customer takes possession of and accepts the passenger motor vehicles. Revenue excludes value added tax and is after deduction of any trade discounts.

(b) Provision of mortgage facilitation services

Revenue arising from the provision of mortgage facilitation service is recognised at a point in time when the financial institutions entered into loan agreements and provided loan to the buyers of the motor vehicles, which is also the point in time when the Group fulfilled its facilitation service.

(c) After-sales services — sales of motor spare parts

Revenue arising from the sale of motor spare parts is recognised when the customer takes possession of and accepts the spare parts.

(d) After-sales services — maintenance services income

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

(e) Logistics services income and other related services income

Revenue arising from logistics services and other related services are recognised when the service is rendered to customers.

(f) Sales of comprehensive properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(c) *Interest income*

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred revenue and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(y) Vendor rebates

Incentive rebates provided by vendors are recognised on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract.

Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicle purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

(z) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Translation of foreign currencies (Continued)

Foreign currency differences are recognised in OCI and accumulated separately in equity in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(aa) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(bb) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (Continued)

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE

The Group is mainly engaged in sales of passenger motor vehicles, provision of facilitation service in relation to mortgage loans provided by third-party financial institutions to buyers of passenger motor vehicles, provision of after-sales services and logistics services. Revenue represents the sales of goods and services rendered to customers.

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

				For the year ended 31 December		
		Note	2025 RMB'000	2024 RMB'000		
Revenue from contracts with customers within the scope of HKFRS 15						
Sales of passenger motor vehicles			14,202,038	15,978,627		
Provision of mortgage facilitation services		(i)	862,913	1,169,539		
Provision of after-sales services			3,268,778	3,194,648		
Provision of logistics services			368,349	378,393		
Sales of comprehensive properties			9,118	25,567		
			18,711,196	20,746,774		

- (i) Since 1 April 2024, due to changes in internal and external factors, the Group considered that provision of mortgage facilitation service became one of its ordinary business activities. Accordingly, income generated from providing the mortgage facilitation service has been presented as revenue starting from 1 April 2024, amounting to RMB1,169,539,000 for the period from 1 April 2024 to 31 December 2024. Mortgage facilitation service income earned during the period from 1 January 2024 to 31 March 2024 amounting to RMB279,723,000 was included in "service income" under "other income" (note 4).

The Group recognises income from provision of mortgage facilitation service as revenue at a point in time when the financial institutions entered into loan agreements and provided loan to the buyers of the motor vehicles, which is also the point in time when the Group fulfilled its facilitation service.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE (Continued)

- (ii) Revenue from logistics services is recognised over-time upon fulfilment of services obligation, whereas revenue from sales of passenger motor vehicles and related mortgage facilitation service and after-sales services and sales of comprehensive properties are recognised at a point in time.
- (iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for passenger vehicles such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of passenger vehicles that had an original expected duration of one year or less.

4 OTHER INCOME

For the year ended 31 December			
	Notes	2025 RMB'000	2024 RMB'000
Service income		162,902	523,160
Interest income		72,232	69,262
Net loss on disposal of property, plant and equipment and right-of-use assets		(5,222)	(4,473)
Dividend income		—	20,280
Net realised and unrealised (loss)/gain on other financial instruments	22	(14,152)	72,622
Gross rentals from investment properties	12	35,461	38,584
Others		22,029	18,288
		273,250	737,723

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

For the year ended 31 December			
	Notes	2025 RMB'000	2024 RMB'000
(a) Finance costs:			
Interest on loans and borrowings		745,359	848,573
Interest on lease liabilities		71,891	76,760
Other finance costs	(i)	21,977	34,687
Less: Interest capitalised	(ii)	(16,210)	(23,299)
		823,017	936,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 LOSS BEFORE TAXATION (Continued)

- (i) It mainly represents the interest expenses borne by the Group arising from discounting of bills issued to automobile manufacturers.
- (ii) The borrowing costs have been capitalised at a rate of 4.1% per annum (2024: 3.7% – 5.0%).

For the year ended 31 December			
	Note	2025 RMB'000	2024 RMB'000
(b) Staff costs:			
Salaries, wages and other benefits		695,502	746,363
Contributions to defined contribution retirement plans	(iii)	58,055	57,514
Equity settled share-based transactions		—	(1,543)
		753,557	802,334

- (iii) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees. The Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Company's and its subsidiaries' contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Company and its subsidiaries should any forfeiture be resulted from the Schemes.

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

For the year ended 31 December			
	Notes	2025 RMB'000	2024 RMB'000
(c) Other items:			
Cost of inventories	19(b)	18,016,686	19,497,902
Depreciation			
— owned property, plant and equipment		356,769	370,413
— right-of-use assets		293,370	321,549
— investment properties		22,501	22,817
Amortisation of intangible assets		128,672	161,922
Lease charge of short-term leases exempt from capitalisation under HKFRS16		28,792	16,188
Net foreign exchange (gain)/loss		(169)	38,684
Impairment losses on			
— intangible assets	14	220,596	84,607
— goodwill	15	78,691	32,095
— property, plant and equipment	11	126,376	—
Auditors' remuneration			
— annual audit service		9,000	9,800
— other assurance services		4,920	1,000
— other non-assurance services		755	235



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for income tax for the year	6,698	63,733
Deferred tax:		
Origination and reversal of temporary differences (note 28)	56,197	(16,655)
	62,895	47,078

Reconciliation between income tax and accounting loss at applicable tax rates:

	Note	For the year ended 31 December	
		2025 RMB'000	2024 RMB'000
Loss before taxation		(2,427,540)	(1,482,008)
Notional tax on loss before taxation, calculated at PRC income tax rate of 25%		(606,885)	(370,502)
Non-deductible expenses, net of non-taxable income		51,364	70,472
Unused tax losses not recognised, net of utilisation		282,013	104,167
Effect on reversal of deferred tax for future benefits of tax losses		336,716	210,739
Effect of tax concessions of PRC operations	(iii)	—	33,119
Share of profits recognised under the equity method		(313)	(917)
Income tax		62,895	47,078

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year.
- (iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (2024: 25%), except for Shengze Jietong Supply Chain Co., Ltd. ("**Shengze Jietong**"), an automotive logistics supplier in the PRC. Shengze Jietong is subject to a preferential rate of 15% for high-tech enterprises for three years until 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman					
Huang Junfeng*	—	800	354	43	1,197
Executive directors					
Wang Mingcheng*	—	—	573	—	573
Su Yi*	—	378	—	29	407
Wu Xiaoqiang* (i)	—	—	—	—	—
Zhuang Zhibo* (ii)	—	—	—	—	—
Chen Hong* (iii)	—	300	736	13	1,049
Independent non-executive directors					
Yu Jianrong	298	—	—	—	298
Tsui Wai Ling, Carlye	298	—	—	—	298
Shen Jinjun	298	—	—	—	298
	894	1,478	1,663	85	4,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman					
Huang Junfeng**	—	720	—	28	748
Executive directors					
Wang Mingcheng**	—	240	978	32	1,250
Chen Hong (CEO)**	—	900	378	40	1,318
Su Yi**	—	—	—	—	—
Zeng Tingyi**	—	—	—	—	—
Li Zhihuang**	—	—	—	—	—
Independent non-executive directors					
Yu Jianrong	276	—	—	—	276
Tsui Wai Ling, Carlye	25	—	—	—	25
Shen Jinjun	25	—	—	—	25
Song Tao	276	—	—	—	276
Wong Tin Yau, Kelvin	251	—	—	—	251
Cao Tong	44	—	—	—	44
Wong Tantan	50	—	—	—	50
	947	1,860	1,356	100	4,263

* During the year ended 31 December 2025, Mr. Huang Junfeng, Mr. Wang Mingcheng, Mr. Chen Hong, Mr. Su Yi, Mr. Wu Xiaoqiang and Mr. Zhuang Zhibo, the executive directors of the Company, waived the director's fee.

** During the year ended 31 December 2024, Mr. Huang Junfeng, Mr. Wang Mingcheng, Mr. Chen Hong, Mr. Su Yi, Mr. Zeng Tingyi and Mr. Li Zhihuang, the executive directors of the Company, waived the director's fee.

- (i) On 11 July 2025, Mr. Wu Xiaoqiang was nominated as executive director of the Company, effective from 11 July 2025.
- (ii) On 11 July 2025, Mr. Zhuang Zhibo was nominated as executive director of the Company, effective from 11 July 2025. On 31 December 2025, Mr. Zhuang Zhibo resigned as executive director of the Company, effective from 31 December 2025.
- (iii) On 11 July 2025, Mr. Chen Hong resigned as executive director of the Company, effective from 11 July 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) is executive director, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and allowances	1,956	2,106
Discretionary bonuses	1,360	1,032
Retirement scheme contributions	147	153
	3,463	3,291

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HKD		
Nil-1,000,000	—	1
1,000,001-1,500,000	3	2

9 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2025 was based on the loss attributable to ordinary shareholders of the Company of RMB2,674,355,000 (2024: RMB1,708,506,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2025 of 7,222,378,342 shares (2024: 3,049,211,428 shares), calculated as follows:

Weighted average number of ordinary shares:

	For the year ended 31 December	
	2025	2024
Issued ordinary shares at 1 January	3,330,570,420	2,850,682,420
Effect of issue of ordinary shares	3,891,807,922	198,529,008
Weighted average number of ordinary shares at 31 December	7,222,378,342	3,049,211,428
Basic loss per share (RMB cents)	(37.0)	(56.0)

There were no dilutive potential ordinary shares for the year ended 31 December 2024 and 31 December 2025, therefore, diluted loss per share is equal to basic loss per share.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

(1) 4S dealership business

4S dealership business mainly includes sales of passenger motor vehicles, provision of related mortgage facilitation service, and after-sales services through the Group's network of 4S dealerships in the PRC.

(2) Supply chain business

Supply chain business mainly includes provision of motor-related logistics services in the PRC.

(3) Comprehensive properties business

Comprehensive properties business mainly includes development and sales of properties in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- The measure used for reporting segment profit is profit before taxation. To arrive at profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as head office and corporate administration costs, other income and finance costs.
- Segment assets include all current and non-current assets with the exception of intangible assets, goodwill, deferred tax assets and unallocated head office assets. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities and unallocated head office liabilities.
- In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	4S dealership business		Supply chain business		Comprehensive properties business		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue from external customers	18,332,692	20,342,814	369,386	378,393	9,118	25,567	18,711,196	20,746,774
Inter-segment revenue	—	—	—	—	—	—	—	—
Reportable segment revenue	18,332,692	20,342,814	369,386	378,393	9,118	25,567	18,711,196	20,746,774
Reportable segment (loss)/profit	(1,525,082)	(1,025,545)	14,258	32,135	603	(32,459)	(1,510,221)	(1,025,869)
Depreciation and amortisation for the year	778,602	858,890	22,710	17,811	—	—	801,312	876,701
Reportable segment assets	14,005,690	16,692,690	774,925	788,940	524,746	440,795	15,305,361	17,922,425
Additions to non-current segment assets during the year	706,769	607,905	6,198	102,630	—	—	712,967	710,535
Reportable segment liabilities	(16,824,885)	(20,603,399)	(370,047)	(388,261)	(556,602)	(473,254)	(17,751,534)	(21,464,914)
Interests in associates and a joint venture	21,089	18,596	32,468	31,259	—	—	53,557	49,855

Reportable segment (loss)/profit does not include impairment losses on goodwill, intangible assets of RMB299,287,000 (2024: RMB116,702,000) recognised for the 4S dealership business for the year ended 31 December 2025 (note 14).

(b) Reconciliations of reportable segment

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Reportable segment loss	(1,510,221)	(1,025,869)
Unallocated head office expenses	(68,265)	(140,439)
Other income	273,250	737,723
Finance costs	(823,017)	(936,721)
Provision of impairment losses on goodwill and intangible assets	(299,287)	(116,702)
Consolidated loss before taxation	(2,427,540)	(1,482,008)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment (Continued)

	At 31 December	
	2025 RMB'000	2024 RMB'000
Assets:		
Reportable segment assets	15,305,361	17,922,425
Intangible assets	1,957,893	2,302,546
Goodwill	455,950	534,641
Deferred tax assets	533,062	703,446
Unallocated head office assets	7,045,487	7,755,178
Consolidated total assets	25,297,753	29,218,236
Liabilities:		
Reportable segment liabilities	(17,751,534)	(21,464,914)
Income tax payables	(297,045)	(348,707)
Deferred tax liabilities	(785,391)	(899,578)
Unallocated head office liabilities	(4,882,383)	(5,435,299)
Consolidated total liabilities	(23,716,353)	(28,148,498)

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided, or the goods delivered.

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
PRC	18,512,120	20,746,774
Other countries and regions	199,076	—
Revenue from external customers	18,711,196	20,746,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	4,510,315	116,589	370,388	383,478	334,312	2,369,461	8,084,543
Additions	—	—	8,139	264,207	8,627	5,559	286,532
Transfer among items under property, plant and equipment	923,321	—	122,320	—	5,577	(1,051,218)	—
Transfer from properties under development for sale	186,280	—	—	—	—	—	186,280
Transfer to investment properties (note 12)	(45,892)	—	—	—	—	—	(45,892)
Disposals	(40,798)	—	(48,857)	(349,323)	(17,292)	—	(456,270)
At 31 December 2024, and 1 January 2025	5,533,226	116,589	451,990	298,362	331,224	1,323,802	8,055,193
Additions	—	—	12,155	194,850	11,151	265,765	483,921
Transfer among items under property, plant and equipment	581,932	—	18,565	—	12,387	(612,884)	—
Transfer to properties under development for sale	—	—	—	—	—	(66,828)	(66,828)
Transfer to investment properties (note 12)	(100,074)	—	—	—	—	14,206	114,280
Disposals	(40,267)	—	(40,131)	(283,828)	(32,513)	—	(396,739)
At 31 December 2025	5,974,817	116,589	442,579	209,384	322,249	895,649	7,961,267
Accumulated depreciation:							
At 1 January 2024	984,848	94,049	323,461	136,165	263,141	—	1,801,664
Charge for the year	186,971	3,617	57,248	93,655	28,922	—	370,413
Transfer to investment properties (note 12)	(4,940)	—	—	—	—	—	(4,940)
Written-back on disposals	(19,121)	—	(30,272)	(105,344)	(16,976)	—	(171,713)
At 31 December 2024, and 1 January 2025	1,147,758	97,666	350,437	124,476	275,087	—	1,995,424
Charge for the year	202,578	3,438	42,701	79,037	29,015	—	356,769
Transfer to investment properties (note 12)	(28,329)	—	—	—	—	—	(28,329)
Written-back on disposals	(18,556)	—	(25,458)	(82,986)	(25,358)	—	(152,358)
At 31 December 2025	1,303,451	101,104	367,680	120,527	278,744	—	2,171,506
Accumulated impairment losses							
At 1 January 2024	206,925	—	—	—	—	—	206,925
Written-back on disposals	(2,551)	—	—	—	—	—	(2,551)
At 31 December 2024, and 1 January 2025	204,374	—	—	—	—	—	204,374
Addition	109,310	—	14,498	1,554	1,014	—	126,376
Written-back on disposals	(19,864)	—	(11,584)	(1,400)	(350)	—	(33,198)
At 31 December 2025	293,820	—	2,914	154	664	—	297,552
Net book value:							
At 31 December 2025	4,377,546	15,485	71,985	88,703	42,841	895,649	5,492,209
At 31 December 2024	4,181,094	18,923	101,553	173,886	56,137	1,323,802	5,855,395

- (a) The Group's buildings are located in the PRC. The Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB81,651,000 as at 31 December 2025 (2024: RMB87,252,000). Notwithstanding this, the directors of the Company are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (b) Property, plant and equipment with carrying amount of RMB1,004,007,000 (2024: RMB955,917,000) are pledged for bank loans (note 25) as at 31 December 2025.
- (c) For the year ended 31 December 2025, in response to the tense market competition and the recent development in customer demand observed in automobile sector, the Group has decided to transform or close certain of its 4S stores. As a result, the carrying amount of property, plant and equipment with no practical utility in the future has been written down to zero, leading to a total impairment loss of RMB126,376,000 being recognised for these property, plant and equipment (2024: nil), which was recognised in “Administrative expenses” in the consolidated statement of profit or loss.

12 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January 2024	617,681
Transfer from property, plant and equipment (note 11)	45,892
Transfer from right-of-use assets (note 13)	5,772
Transfer from properties under development for sale	17,171
At 31 December 2024, and 1 January 2025	686,516
Transfer from property, plant and equipment (note 11)	114,280
Transfer from right-of-use assets (note 13)	19,083
Transfer to right-of-use assets (note 13)	(10,552)
Disposal	(990)
At 31 December 2025	808,337
Accumulated depreciation:	
At 1 January 2024	186,171
Charge for the year	22,817
Transfer from property, plant and equipment (note 11)	4,940
Transfer from right-of-use assets (note 13)	2,453
At 31 December 2024, and 1 January 2025	216,381
Charge for the year	22,501
Transfer from property, plant and equipment (note 11)	28,329
Transfer from right-of-use assets (note 13)	571
Transfer to right-of-use assets (note 13)	(4,218)
Disposal	(126)
At 31 December 2025	263,438
Net book value:	
At 31 December 2025	544,899
At 31 December 2024	470,135

Investment properties comprise land use rights and buildings located in PRC that are leased to third parties. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically 5 to 12 years. The aggregate fair value of the investment properties was approximately RMB815,689,000 as at 31 December 2025 (31 December 2024: RMB790,171,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INVESTMENT PROPERTIES (Continued)

During the year ended 31 December 2025, rental income of RMB35,461,000 (2024: RMB38,584,000) were recognised as "Other income" in the consolidated statement of profit or loss.

Undiscounted lease payments under non-cancellable operating lease contracts in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	40,224	42,296
After 1 year but within 5 years	139,561	151,132
After 5 years	76,862	105,077
	256,647	298,505

13 RIGHT-OF-USE ASSETS

	Land use rights carried at cost (i) RMB'000	Properties and land leased for own use carried at cost (ii) RMB'000	Total RMB'000
Cost:			
At 1 January 2024	1,624,270	2,118,037	3,742,307
Additions	—	415,289	415,289
Transfer from properties under development for sale	77,840	—	77,840
Transfer to investment properties (note 12)	(5,772)	—	(5,772)
Disposals	—	(470,057)	(470,057)
At 31 December 2024, and 1 January 2025	1,696,338	2,063,269	3,759,607
Additions	1,150	223,224	224,374
Transfer to properties under development for sale	(12,989)	—	(12,989)
Transfer to investment properties (note 12)	(19,083)	—	(19,083)
Transfer from investment properties (note 12)	10,552	—	10,552
Disposals	—	(507,462)	(507,462)
At 31 December 2025	1,675,968	1,779,031	3,454,999
Accumulated depreciation:			
At 1 January 2024	271,608	982,844	1,254,452
Charge for the year	31,546	290,003	321,549
Transfer to investment properties (note 12)	(2,453)	—	(2,453)
Written-back on disposals	—	(370,760)	(370,760)
At 31 December 2024, and 1 January 2025	300,701	902,087	1,202,788
Charge for the year	40,333	253,037	293,370
Transfer to investment properties (note 12)	(571)	—	(571)
Transfer from investment properties (note 12)	4,218	—	4,218
Written-back on disposals	—	(413,085)	(413,085)
At 31 December 2025	344,681	742,039	1,086,720
Net book Value:			
At 31 December 2025	1,331,287	1,036,992	2,368,279
At 31 December 2024	1,395,637	1,161,182	2,556,819



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	40,333	31,546
Properties and land leased for own use (ii)	253,037	290,003
	293,370	321,549
Interest on lease liabilities (note 5(a))	71,891	76,760
Expense relating to short-term leases (note 5(c))	28,792	16,188

(i) Land use rights

Land in respect of land use rights is all located in the PRC with a lease period of 23 to 50 years when granted.

Land use rights with net book value of RMB303,947,000 are pledged as security for bank loans (note 25) as at 31 December 2025 (2024: RMB494,846,000).

(ii) Properties and land leased for own use

The Group has obtained the right to use other properties and land through lease agreements. The leases typically run for an initial period of 2 to 24 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. As the Group has been reasonably certain to exercise the extension options, future lease payments of leases with options to renew have been recorded as right-of-use assets and no potential exposure to these future lease payments is needed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS

	Car dealerships/ dealership operation rights RMB'000	Favourable lease contracts RMB'000	Trademark RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2024	4,848,553	36,904	362,732	27,624	363	5,276,176
Additions	—	—	—	5,611	3,103	8,714
At 31 December 2024, and 1 January 2025	4,848,553	36,904	362,732	33,235	3,466	5,284,890
Additions	—	—	—	4,672	—	4,672
Disposal	—	—	—	(1,383)	(1,133)	(2,516)
At 31 December 2025	4,848,553	36,904	362,732	36,524	2,333	5,287,046
Accumulated amortisation:						
At 1 January 2024	1,696,528	36,904	—	23,825	—	1,757,257
Charge for the year	158,244	—	—	853	2,825	161,922
At 31 December 2024, and 1 January 2025	1,854,772	36,904	—	24,678	2,825	1,919,179
Charge for the year	125,292	—	—	3,317	63	128,672
Disposal	—	—	—	(1,383)	(1,076)	(2,459)
At 31 December 2025	1,980,064	36,904	—	26,612	1,812	2,045,392
Accumulated impairment losses						
At 1 January 2024	832,931	—	145,627	—	—	978,558
Additions	76,161	—	8,446	—	—	84,607
At 31 December 2024, and 1 January 2025	909,092	—	154,073	—	—	1,063,165
Additions	210,845	—	9,751	—	—	220,596
At 31 December 2025	1,119,937	—	163,824	—	—	1,283,761
Net book Value:						
At 31 December 2025	1,748,552	—	198,908	9,912	521	1,957,893
At 31 December 2024	2,084,689	—	208,659	8,557	641	2,302,546

The car dealerships arise from prior business combinations and relate to relationships with automakers, with an estimated useful life of 40 years. The fair value of the car dealerships as at the respective acquisition date was determined by using the multiple excess earning method.

The dealership operation rights arise from a prior business combination through an agreement on strategic operation management cooperation scheme, with an estimated useful life of 10 years. The fair value of the dealership operation rights as at the acquisition date was determined by using the multiple excess earning method.

The amortisation charge for the year is included in administrative expenses in the consolidated statement of profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS (Continued)

Impairment testing of intangible assets — car dealerships/dealership operation rights and goodwill

Due to the impacts of macroeconomic environment changes, the intense competition in the automobile dealership industry and the recent development in customer demand observed in automobile sector, the selling price and gross profit margin of sales of passenger vehicles decreased continuously and has exceeded the management's prior forecast, as a result the operating results of certain stores of the Group were lower than expected. In conjunction with annual impairment test for goodwill, the Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amount of the cash generating units (CGUs) containing goodwill and/or intangible assets — car dealerships/dealership operation rights as at 31 December 2025. Based on the management's assessment result, the Group recognised impairment losses of goodwill and intangible assets — car dealership/dealership operation rights of RMB78,691,000 and RMB210,845,000, respectively, for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" for the year ended 31 December 2025 (2024: RMB32,095,000 and RMB76,161,000, respectively). Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The recoverable amounts of CGUs have been determined based on the value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated by using an estimated growth rate of 2.0% (2024: 2.0%) which is consistent with the forecasts included in industry reports.

Key assumptions used in the value-in-use calculation for CGUs containing intangible assets — car dealerships/dealership operation rights and/or goodwill

Key assumptions used in the value in use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, (iii) working capital as a percentage of revenue and (iv) discount rates.

The key inputs and assumptions used in the impairment test for the year of 2025 and 2024 are listed as follows:

As at 31 December 2025

Inputs	2026	2027	2028 ~ 2030
Annual Revenue Growth Rate	-9.1%~9.3%	2.4%~11.8%	2.0%~9.0%
Gross Profit Margin	-4.9%~11.6%	0.1%~12.5%	
Working Capital as a% of Revenue	-17.7%~15.3%	-16.7%~15.0%	

As at 31 December 2024

Inputs	2025	2026	2027 ~ 2029
Annual Revenue Growth Rate	-1.8%~14.5%	3.6%~10.4%	3.2%~35.0%
Gross Profit Margin	-1.1%~11.4%	2.2%~13.3%	
Working Capital as a% of Revenue	-11.8%~17.6%	-11.6%~17.3%	

The estimates and assumptions are based on premises that are derived from the latest information available to the management. In particular, they have taken into account the actual financial performance achieved in the second half of 2025 and the realistic expectations of the future macroeconomic and industry-specific developments given the latest changes to the operating environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS (Continued)

Key assumptions used in the value-in-use calculation for CGUs containing intangible assets — car dealerships/dealership operation rights and/or goodwill (Continued)

The pre-tax discount rate applied to the impairment test was within a range from 12% to 14% (2024: 12% to 14%) which reflected current market assessment of the time value of money and the risk specific to CGUs.

There have been no changes in the valuation methods used compared with those adopted in the year ended 31 December 2024.

Intangible assets — trademark

The trademark, arising from the acquisition of Top Globe Limited, has an indefinite useful life because it is expected to contribute net cash inflows to the Group indefinitely. The fair value of the trademark as at the acquisition date was determined by using the relief from royalty method.

Management engaged an external valuer to assist with an impairment assessment on the carrying amount of the trademark. Due to the operating results of certain 4S dealership stores under Top Globe Limited were significantly lower than forecast. Management has revisited the five-year financial budgets of these stores, and the carrying amount of trademark was impaired by RMB9,751,000 as at 31 December 2025 (2024: RMB8,446,000).

15 GOODWILL

	RMB'000
Cost:	
At 1 January 2024, 31 December 2024 and 31 December 2025	2,006,335
Accumulated impairment losses:	
At 1 January 2024	1,439,599
Additions	32,095
At 31 December 2024 and 1 January 2025	1,471,694
Additions	78,691
At 31 December 2025	1,550,385
Carrying amount:	
At 31 December 2025	455,950
At 31 December 2024	534,641

Goodwill is allocated to the Group's CGUs identified according to the operating segments as follows:

	At 31 December	
	2025 RMB'000	2024 RMB'000
4S dealership business	455,950	534,641

As mentioned in note 14 above, impairment losses of RMB78,691,000 (2024: RMB32,095,000) had been recognised by the Group in "Impairment losses on goodwill and intangible assets" and any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES

As of 31 December 2025, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Big Glory International Limited (浩榮國際有限公司)	(iii)	British Virgin Islands ("BVI") 22 June 2006 Private limited company	USD100	100%	—	Investment holding
Top Globe Limited (同方有限公司)	(iii)	BVI 27 August 2007 Private limited company	USD100	100%	—	Investment holding
Chang Jun Limited (昌駿有限公司)	(iii)	BVI 16 June 2011 Limited company	USD100	—	100%	Investment holding
Hong Kong Nettime Investment Co., Ltd. (香港強時投資有限公司)	(iii)	BVI 03 December 2018 Limited liability company	USD1	—	100%	Investment holding
Rising Wave Development Limited (升濤發展有限公司)	(iii)	Hong Kong 21 April 2006 Private limited company	HKD100	—	100%	Investment holding
Hong Kong Newspeed Technology Co., Ltd. (香港祥馳科技有限公司)	(iii)	Hong Kong 18 December 2018 Limited liability company	HKD1	—	100%	Investment holding
Wealth Fame Holdings Limited (佳名集團有限公司)	(iii)	Hong Kong 19 July 2007 Private limited company	HKD1	—	100%	Investment holding
Tongda Group (China) Co., Ltd. (通達集團(中國)有限公司)	(iii)	Hong Kong 10 November 2008 Limited liability company	HKD10,000	—	100%	Investment holding
Wuhan Zhengtong United Industrial Investment Group Co., Ltd. (武漢正通聯合實業投資集團有限公司)	(iv)	The PRC 22 November 2002 Limited liability company	RMB1,410,000,000	—	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Shenxie Automobile Trading Co., Ltd. (上海紳協汽車貿易有限公司)		The PRC 21 April 1999 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Hubei Dingjie Automobile Sales Services Co., Ltd. (湖北鼎杰汽車銷售服務有限公司)		The PRC 12 December 2002 Limited liability company	RMB55,000,000	—	100%	Automobile dealership
Inner Mongolia Dingjie Automobile Trading Co., Ltd. (內蒙古鼎杰汽車貿易有限公司)		The PRC 23 January 2003 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Hubei Bocheng Automobile Sales Services Co., Ltd. (湖北博誠汽車銷售服務有限公司)		The PRC 30 May 2003 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Wuhan Kaitai Automobile Sales Services Co., Ltd. (武漢開泰汽車銷售服務有限公司)		The PRC 20 October 2003 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Hubei Xinrui Automobile Sales Services Co., Ltd. (湖北欣瑞汽車銷售服務有限公司)		The PRC 18 March 2004 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Wuhan Baoze Automobile Sales Services Co., Ltd. (武漢寶澤汽車銷售服務有限公司)		The PRC 26 May 2004 Limited liability company	RMB70,000,000	—	100%	Automobile dealership
Inner Mongolia Dingze Automobile Sales Services Co., Ltd. (內蒙古鼎澤汽車銷售服務有限公司)		The PRC 27 October 2009 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Shantou Hongxiang Materials Co., Ltd. (汕頭市宏祥物資有限公司)		The PRC 12 July 2000 Limited liability company	RMB5,000,000	—	100%	Automobile dealership
ZhengTong Automobile Investment Holding (Wuhan) Co., Ltd. (正通汽車投資控股(武漢)有限公司)	(i)	The PRC 29 March 2011 Limited liability company	RMB600,000,000	—	100%	Investment holding
Chengdu Qibao Automobile Sales Services Co., Ltd. (成都祺寶汽車銷售服務有限公司)		The PRC 13 July 2011 Limited liability company	RMB210,000,000	—	100%	Automobile dealership
Qingyuan SCAS Hezhong Automobile Sales Services Co., Ltd. (清遠南方合眾汽車銷售服務有限公司)		The PRC 31 December 2009 Limited liability company	RMB20,000,000	—	100%	Automobile dealership



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Goldrich Holdings Limited (啟富集團有限公司)		Hong Kong 16 January 2014 Private limited company	HKD1	—	100%	Investment holding
Beijing Zhengtong Baozehang Automobile Sales Services Co., Ltd. (北京正通寶澤行汽車銷售有限公司)		The PRC 7 January 2014 Limited liability company	RMB80,000,000	—	100%	Automobile dealership
Wuhan Luze Automobile Sales Services Co., Ltd. (武漢路澤汽車銷售服務有限公司)		The PRC 6 January 2014 Limited liability company	RMB78,000,000	—	100%	Automobile dealership
Shenzhen Dingwo Automobile Sales Services Co., Ltd. (深圳鼎沃汽車銷售服務有限公司)		The PRC 3 September 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Yiwu Xinhui Automobile Sales Service Co., Ltd. (義烏市新徽汽車銷售服務有限公司)		The PRC 17 December 2015 Limited liability company	RMB60,000,000	—	100%	Automobile dealership
Shenzhen Chance Cloud Technology Co., Ltd. (深圳強時科技有限公司)		The PRC 11 February 2019 Limited liability company	RMB10,000,000	—	100%	Investment holding
Shanghai Qize Automobile Sales Services Co., Ltd. (上海旗澤汽車銷售服務有限公司)		The PRC 30 September 2017 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Jieyang Baotaihang Automobile Sales Services Co., Ltd. (揭陽寶泰行汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Dalian Hengyuehang Automobile Sales Services Co., Ltd. (大連恒悅行汽車銷售服務有限公司)		The PRC 09 April 2018 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Foshan Baoyunhang Automobile Sales Services Co., Ltd. (佛山寶運行汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shiyan Shenxie Automobile Trading Co., Ltd. (十堰紳協汽車貿易有限公司)		The PRC 18 June 2004 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shanghai Luda Automobile Sales Services Co., Ltd. (上海陸達汽車銷售服務有限公司)		The PRC 8 November 2004 Limited liability company	RMB10,000,000	—	100%	Automobile dealership

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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Changsha Ruibao Automobile Sales Services Co., Ltd. (長沙瑞寶汽車銷售服務有限公司)		The PRC 21 June 2005 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Hubei Jierui Automobile Sales Services Co., Ltd. (湖北捷瑞汽車銷售服務有限公司)		The PRC 24 June 2005 Limited liability company	RMB22,000,000	—	100%	Automobile dealership
Huhhot Qibao Automobile Sales Services Co., Ltd. (呼和浩特市祺寶汽車銷售服務有限公司)		The PRC 23 February 2006 Limited liability company	RMB18,000,000	—	100%	Automobile dealership
Yichang Baoze Automobile Sales Services Co., Ltd. (宜昌寶澤汽車銷售服務有限公司)		The PRC 13 June 2006 Limited liability company	RMB15,000,000	—	100%	Automobile dealership
Chenzhou Ruibao Automobile Sales Services Co., Ltd. (郴州瑞寶汽車銷售服務有限公司)		The PRC 6 September 2006 Limited liability company	RMB8,000,000	—	100%	Automobile dealership
Nanchang Baoze Automobile Sales Services Co., Ltd. (南昌寶澤汽車銷售服務有限公司)		The PRC 2 June 2008 Limited liability company	RMB29,000,000	—	100%	Automobile dealership
Zhuhai Baoze Automobile Sales Services Co., Ltd. (珠海寶澤汽車銷售服務有限公司)		The PRC 27 June 2008 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Shanghai Aohui Automobile Sales Services Co., Ltd. (上海奧匯汽車銷售服務有限公司)		The PRC 4 December 2008 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Guangzhou Baoze Automobile Sales Services Co., Ltd. (廣州寶澤汽車銷售服務有限公司)		The PRC 20 April 2009 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Dongguan Jieyunhang Automobile Sales Services Co., Ltd. (東莞捷運行汽車銷售服務有限公司)		The PRC 6 July 2009 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Baotou Baoze Automobile Sales Services Co., Ltd. (包頭市寶澤汽車銷售服務有限公司)		The PRC 6 August 2009 Limited liability company	RMB26,000,000	—	100%	Automobile dealership
Beijing Baozehang Automobile Sales Services Co., Ltd. (北京寶澤行汽車銷售服務有限公司)		The PRC 16 October 2009 Limited liability company	RMB90,000,000	—	100%	Automobile dealership



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shangrao Baoze Automobile Sales Services Co., Ltd. (上饒市寶澤汽車銷售服務有限公司)		The PRC 2 November 2010 Limited liability company	RMB36,000,000	—	100%	Automobile dealership
Ganzhou Baoze Automobile Sales Services Co., Ltd. (贛州寶澤汽車銷售服務有限公司)		The PRC 3 December 2010 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Xiangyang Baoze Automobile Sales Services Co., Ltd. (襄陽寶澤汽車銷售服務有限公司)		The PRC 1 November 2010 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Xiangtan Baoze Automobile Sales Services Co., Ltd. (湘潭寶澤汽車銷售服務有限公司)		The PRC 9 November 2010 Limited liability company	RMB14,000,000	—	100%	Automobile dealership
Wuhan Shengtong Investment Management Co., Ltd. (武漢升通投資管理有限公司)		The PRC 22 April 2011 Limited liability company	RMB10,000,000	—	100%	Investment holding
Baotou Luze Automobile Sales Services Co., Ltd. (包頭市路澤汽車銷售服務有限公司)		The PRC 4 May 2011 Limited liability company	RMB33,000,000	—	100%	Automobile dealership
Ganzhou Yizezhiye Co., Ltd. (贛州益澤置業有限公司)		The PRC 19 November 2010 Limited liability company	RMB10,000,000	—	100%	Real estate development
Xiangtan Yizezhiye Co., Ltd. (湘潭益澤置業有限公司)		The PRC 18 November 2010 Limited liability company	RMB10,000,000	—	100%	Real estate development
Shangrao Yizezhiye Co., Ltd. (上饒市益澤置業有限公司)		The PRC 18 November 2010 Limited liability company	RMB10,000,000	—	100%	Real estate development
Hubei Aoze Automobile Sales Services Co., Ltd. (湖北奧澤汽車銷售服務有限公司)		The PRC 25 May 2011 Limited liability company	RMB60,000,000	—	100%	Automobile dealership
Qingdao Huacheng Automobile Services Co., Ltd. (青島華成汽車服務有限公司)		The PRC 8 March 2001 Limited liability company	RMB8,800,000	—	100%	Automobile dealership
Shantou Lujie Automobile Sales Services Co., Ltd. (汕頭市路杰汽車銷售服務有限公司)		The PRC 2 September 2011 Limited liability company	RMB46,000,000	—	100%	Automobile dealership

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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Guangzhou Baotaihang Automobile Sales Services Co., Ltd. (廣州寶泰行汽車銷售服務有限公司)		The PRC 18 December 2017 Limited liability company	RMB90,000,000	—	100%	Automobile dealership
Foshan Dingbaohang Automobile Sales Services Co., Ltd. (佛山鼎寶行汽車銷售服務有限公司)		The PRC 19 September 2017 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen Huashunbao Automobile Sales Services Co., Ltd. (深圳華順寶汽車銷售服務有限公司)		The PRC 14 September 2017 Limited liability company	RMB60,000,000	—	100%	Automobile dealership
Shenzhen Huashunbao Automobile Services Co., Ltd. (深圳華順寶汽車服務有限公司)		The PRC 15 September 2017 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Foshan Zheng Tong Zhong Rui Automobile Sales Services Co., Ltd. (佛山正通眾銳汽車銷售服務有限公司)		The PRC 18 April 2011 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Baotou Zhongrui Automobile Sales Service Co., Ltd. (包頭眾銳汽車銷售服務有限公司)		The PRC 21 September 2010 Limited liability company	RMB55,000,000	—	100%	Automobile dealership
ZhengTong Automobile Services Co., Ltd. (正通汽車服務有限公司)		The PRC 1 September 2011 Limited liability company	RMB50,000,000	—	100%	Automobile parts sales
Jiangxi Deao Automobile Sales Services Co., Ltd. (江西德奧汽車銷售服務有限公司)		The PRC 17 September 2002 Limited liability company	RMB5,000,000	—	100%	Automobile dealership
Huhhot Jieyun Automobile Sales Services Co., Ltd. (呼和浩特市捷運行汽車銷售服務有限公司)		The PRC 29 December 2011 Limited liability company	RMB90,000,000	—	100%	Automobile dealership
Jieyang Dingjie Automobile Sales Services Co., Ltd. (揭陽鼎杰汽車銷售服務有限公司)		The PRC 19 July 2011 Limited liability company	RMB31,000,000	—	100%	Automobile dealership
Shenzhen Roadmate Technology Co., Ltd. (深圳路美特科技有限公司)	(ii)	The PRC 15 March 2004 Limited liability company	USD2,100,000	—	100%	Investment holding
Shenzhen SCAS Investment Group Co., Ltd. (深圳市中汽南方投資集團有限公司)		The PRC 21 May 2001 Limited liability company	RMB50,000,000	—	100%	Investment holding



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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shenzhen Yama Automobile Trading Co., Ltd. [深圳野馬汽車貿易有限公司]		The PRC 15 June 1993 Limited liability company	RMB15,000,000	—	100%	Investment holding
Shenzhen SCAS Electric Machinery Co., Ltd. [深圳市中汽南方機電設備有限公司]		The PRC 25 November 1996 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen SCAS Automobile Maintenance Co., Ltd. [深圳市中汽南方汽車維修有限公司]		The PRC 14 August 2000 Limited liability company	RMB5,000,000	—	100%	Provision of Automobile Maintenance services
Guangdong SCAS Automobile Sales Services Co., Ltd. [廣東中汽南方汽車銷售服務有限公司]		The PRC 21 July 2004 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Dongguan SCAS Automobile Sales Services Co., Ltd. [東莞中汽南方汽車銷售服務有限公司]		The PRC 30 July 2004 Limited liability company	RMB5,000,000	—	100%	Automobile dealership
Zhuhai SCAS Automobile Sales Services Co., Ltd. [珠海中汽南方汽車銷售服務有限公司]		The PRC 10 March 2005 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Dalian Jieyuehang Real Estate Development Co., Ltd. [大連捷悅行房地產開發有限公司]		The PRC 28 March 2018 Limited liability company	RMB100,000,000	—	100%	Property management
Xiamen ZhengTong Automobile Group Co., Ltd. [廈門正通汽車集團有限公司]		The PRC 01 April 2022 Limited liability company	RMB200,000,000	—	100%	Automobile dealership
Chengdu Hengyuehang Automobile Sales Service Co., Ltd. [成都恒悅行汽車銷售服務有限公司]		The PRC 26 December 2017 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen Baotaihang Automobile Sales Services Co., Ltd. [深圳寶泰行汽車銷售服務有限公司]		The PRC 15 September 2017 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Hunan SCAS Automobile Sales Services Co., Ltd. [湖南中汽南方汽車銷售服務有限公司]		The PRC 26 May 2005 Limited liability company	RMB10,000,000	—	90%	Automobile dealership
Hainan SCAS Automobile Sales Services Co., Ltd. [海南中汽南方汽車銷售服務有限公司]		The PRC 23 May 2008 Limited liability company	RMB20,000,000	—	100%	Automobile dealership

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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Fujian SCAS Automobile Sales Services Co., Ltd. (福建中汽南方汽車銷售服務有限公司)		The PRC 29 April 2005 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Beijing SCAS North China Automobile Services Co., Ltd. (北京中汽南方華北汽車服務有限公司)		The PRC 2 July 2001 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Beijing BWWR Automobile Sales Services Co., Ltd. (北京百旺沃瑞汽車銷售服務有限公司)		The PRC 27 March 2008 Limited liability company	RMB15,000,000	—	100%	Automobile dealership
Beijing Dewanlong Trading Co., Ltd. (北京德萬隆經貿有限公司)		The PRC 9 September 1999 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Beijing SCAS Zhongguan Automobile Sales Co., Ltd. (北京中汽南方中關汽車銷售有限公司)		The PRC 19 March 2010 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Tianjin SCAS Automobile Sales Services Co., Ltd. (天津中汽南方汽車銷售服務有限公司)		The PRC 21 May 2004 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Tianjin Automobile Industry SCAS Sales Co., Ltd. (天津汽車工業銷售深圳南方有限公司)		The PRC 28 November 1995 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd. (深圳市南方騰星汽車銷售服務有限公司)		The PRC 15 May 2006 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd. (深圳市南方英菲尼迪汽車銷售服務有限公司)		The PRC 19 October 2006 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Shenzhen SCAS Changfu Automobile Sales Co., Ltd. (深圳市中汽南方長福汽車銷售有限公司)		The PRC 10 December 2004 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd. (深圳市南方騰田汽車銷售服務有限公司)		The PRC 24 March 2006 Limited liability company	RMB30,000,000	—	100%	Automobile dealership



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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd. (深圳市南方騰龍汽車銷售服務有限公司)		The PRC 5 December 2005 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd. (深圳南方豐田汽車銷售服務有限公司)		The PRC 9 April 2002 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd. (清遠南方豐田汽車銷售服務有限公司)		The PRC 17 October 2008 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Baotou Lizhongyou Materials Co., Ltd. (包頭市利中友物資有限公司)		The PRC 6 November 2003 Limited liability company	RMB1,000,000	—	100%	Automobile parts sales
Changchun Shengze Jietong Transportation Co., Ltd. (長春聖澤捷通物流有限公司)		The PRC 24 October 2008 Limited liability company	RMB30,000,000	—	100%	Provision of automobile related logistic services
Wuhan Yuntong Investment Management Co., Ltd. (武漢運通行投資管理有限公司)		The PRC 1 March 2012 Limited liability company	RMB10,000,000	—	100%	Investment holding
Dongguan Liaobu SCAS Automobile Sales Services Co., Ltd. (東莞寮步中汽南方汽車銷售服務有限公司)		The PRC 15 May 2012 Limited liability company	RMB15,000,000	—	100%	Automobile dealership
Guangdong SCAS Shengwo Automobile Sales Services Co., Ltd. (廣東中汽南方勝沃汽車銷售服務有限公司)		The PRC 11 June 2012 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Wuhan Luzehang Automotive Sales Service Co., Ltd. (武漢路澤行汽車銷售服務有限公司)		The PRC 12 June 2012 Limited liability company	RMB20,000,000	—	100%	Provision of Automobile Maintenance Services
Jingdezhen Shengtong Trading Co., Ltd. (景德鎮升通貿易有限公司)		The PRC 20 June 2012 Limited liability company	RMB10,000,000	—	100%	Automobile parts sales

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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Zhuhai SCAS Jieli Automobile Sales Services Co., Ltd. (珠海中汽南方捷路汽車銷售服務有限公司)		The PRC 21 June 2012 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Hunan SCAS Xingsha Automobile Sales Services Co., Ltd. (湖南中汽南方星沙汽車銷售服務有限公司)		The PRC 27 June 2012 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Dongguan Zhengtong Kaidi Automobile Sales Services Co., Ltd. (東莞正通凱迪汽車銷售服務有限公司)		The PRC 29 October 2012 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Jiangxi Zhengtong Zetian Automobile Sales Services Co., Ltd. (江西正通澤田汽車銷售服務有限公司)		The PRC 19 November 2012 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Shanghai Qibao Automobile Sales Services Co., Ltd. (上海祺寶汽車銷售服務有限公司)		The PRC 6 June 2013 Limited liability company	RMB47,000,000	—	100%	Automobile dealership
Zhanjiang Zhengtong Kaidi Automobile Sales Services Co., Ltd. (湛江正通凱迪汽車銷售服務有限公司)		The PRC 15 April 2013 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Shenzhen Zhengyuan Automobile Technology Co., Ltd. (深圳正源汽車科技有限公司)		The PRC 25 December 2017 Limited liability company	RMB500,000,000	80%	—	Financial services
Shenzhen Chixing Automobile Sales Services Co., Ltd. (深圳馳星汽車銷售服務有限公司)		The PRC 07 November 2018 Limited liability company	RMB15,000,000	—	100%	Automobile dealership
Wuhan Zhengtong Yuechi Automobile Sales Services Co., Ltd. (武漢正通悅馳汽車銷售服務有限公司)		The PRC 14 May 2013 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Shantou Baoze Automobile Sales Services Co., Ltd. (汕頭市寶澤汽車銷售服務有限公司)		The PRC 2 September 2013 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Jingmen Baoze Automobile Sales Services Co., Ltd. (荊門寶澤汽車銷售服務有限公司)		The PRC 11 October 2013 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Weihai Luze Automobile Sales Services Co., Ltd. (威海路澤汽車銷售服務有限公司)		The PRC 31 October 2013 Limited liability company	RMB40,000,000	—	100%	Automobile dealership



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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Baotou Baozhang Automobile Maintenance Services Co., Ltd. (包頭寶澤行汽車維修服務有限公司)		The PRC 18 December 2013 Limited liability company	RMB40,000,000	—	100%	Provision of automobile maintenance services
Changsha Ruize Real Estate Development Co., Ltd. (長沙瑞澤房地產開發有限公司)		The PRC 4 March 2013 Limited liability company	RMB20,000,000	—	100%	Property management
Shantoushi Ruize Real Estate Development Co., Ltd. (汕頭市瑞澤房地產開發有限公司)		The PRC 14 August 2013 Limited liability company	RMB160,000,000	—	100%	Property management
Dingze Insurance Agency Co., Ltd. (鼎澤保險代理有限公司)		The PRC 16 September 2013 Limited liability company	RMB50,000,000	—	100%	Insurance agency services
Wuhan Jiewo Technology Information Service Co., Ltd. (武漢捷沃科技信息服務有限公司)		The PRC 6 August 2013 Limited liability company	RMB1,000,000	—	100%	Consulting services
Sky Wonder Limited (天悦有限公司)		Hong Kong 14 March 2014 Private limited company	HKD1	—	100%	Investment holding
Shenzhen Zhe Rui Xiang Information Advisory Co., Ltd. (深圳市卓瑞翔信息諮詢有限公司)		The PRC 31 December 2013 Limited liability company	RMB32,000,000	—	100%	Consulting services
ChengTong Developments Limited (成通發展有限公司)		BVI 1 April 2014 Limited company	USD1	—	100%	Investment holding
Landtime International Limited (裕泰國際有限公司)		Hong Kong 7 April 2014 Private limited company	USD1	—	100%	Investment holding
Wuhan Jieyuehang Supply Chain Co., Ltd. (武漢捷悅行供應鏈有限公司)		The PRC 17 July 2017 Limited liability company	RMB60,000,000	—	100%	Provision of automobile related logistic services
Shanghai Taishijie Automobile Sales Services Co., Ltd. (上海泰士杰汽車銷售有限公司)		The PRC 23 February 2004 Limited liability company	RMB48,800,000	—	100%	Automobile dealership
Yiwu DongtaiHealth Food Co., Ltd. (義烏市東太保健食品有限公司)		The PRC 19 June 2003 Limited liability company	RMB5,000,000	—	100%	Automobile trading agency

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shangraoshi Luze Automobile Sales Services Co., Ltd. (上饒市路澤汽車銷售服務有限公司)		The PRC 17 February 2014 Limited liability company	RMB41,000,000	—	100%	Automobile dealership
Langfangshi Luze Automobile Sales Services Co., Ltd. (廊坊市路澤汽車銷售服務有限公司)		The PRC 23 May 2014 Limited liability company	RMB55,000,000	—	100%	Automobile dealership
Yichun Baoze Automobile Sales Services Co., Ltd. (宜春寶澤汽車銷售服務有限公司)		The PRC 6 March 2014 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Qingdao Aoze Automobile Sales Services Co., Ltd. (青島奧澤汽車銷售服務有限公司)		The PRC 9 May 2014 Limited liability company	RMB70,000,000	—	100%	Automobile dealership
Shengzhou Aoze Automobile Sales Services Co., Ltd. (嵯州奧澤汽車銷售服務有限公司)		The PRC 30 May 2014 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Shanghai Chichang Trading Co., Ltd. (上海馳暢貿易有限公司)	(i)	The PRC 24 July 2014 Limited liability company	RMB100,000,000	—	100%	Automobile parts sales
Beijing Zhengtong Baoze Automobile Sales Services Co., Ltd. (北京正通寶澤汽車銷售服務有限公司)		The PRC 14 July 2014 Limited liability company	RMB50,000,000	—	100%	Provision of Automobile Maintenance services
Shenzhen Aoze Automobile Sales Services Co., Ltd. (深圳奧澤汽車銷售服務有限公司)		The PRC 2 July 2014 Limited liability company	RMB60,000,000	—	100%	Automobile dealership
Dongguan Aoze Automobile Sales Services Co., Ltd. (東莞奧澤汽車銷售服務有限公司)		The PRC 21 July 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Foshan Aoze Automobile Sales Services Co., Ltd. (佛山奧澤汽車銷售服務有限公司)		The PRC 5 September 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Zhengzhou Aoze Automobile Sales Services Co., Ltd. (鄭州奧澤汽車銷售服務有限公司)		The PRC 25 July 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Baoding Aoze Automobile Sales Services Co., Ltd. (保定奧澤汽車銷售服務有限公司)		The PRC 18 September 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership



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16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chengdu Dingbaohang Second Hand Automobile Sales Services Co., Ltd. (成都鼎寶行二手車銷售服務有限公司)		The PRC 12 June 2016 Limited liability company	RMB10,000,000	—	100%	Automobile trading agency
Yongkang Guobang Automobile Sales Co., Ltd. (永康市國邦汽車銷售有限公司)		The PRC 8 August 2012 Limited liability company	RMB80,000,000	—	100%	Automobile dealership
Jieyang Luze Automobile Sales Services Co., Ltd. (揭陽路澤汽車銷售服務有限公司)		The PRC 14 August 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen Luze Automobile Sales Services Co., Ltd. (深圳路澤汽車銷售服務有限公司)		The PRC 15 August 2014 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Yichang Baozehang Automobile Sales Services Co., Ltd. (宜昌寶澤行汽車銷售服務有限公司)		The PRC 22 August 2014 Limited liability company	RMB70,000,000	—	100%	Automobile dealership
Shenzhenshi SCAS Huawo Automobile Sales Services Co., Ltd. (深圳市中汽南方華沃汽車銷售服務有限公司)		The PRC 11 June 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Shenzhen Hengyiyingtong Investment Management Co., Ltd. (深圳恒毅盈通投資管理有限公司)		The PRC 3 April 2014 Limited liability company	RMB100,000,000	—	100%	Investment holding
Shenzhenshi Huianqi Investment Advisory Co., Ltd. (深圳市匯安啟投資諮詢有限公司)		The PRC 13 May 2014 Limited liability company	HKD500,000	—	100%	Consulting services
Shenzhen Baoze Automobile Sales Services Co., Ltd. (深圳寶澤汽車銷售服務有限公司)		The PRC 31 March 2015 Limited liability company	RMB44,000,000	—	100%	Automobile dealership
Hengyang Luze Automobile Sales Services Co., Ltd. (衡陽路澤汽車銷售服務有限公司)		The PRC 2 July 2014 Limited liability company	RMB50,000,000	—	100%	Automobile dealership
Huhhot Yingfei Automobile Sales Services Co., Ltd. (呼和浩特市英菲汽車銷售服務有限公司)		The PRC 27 May 2015 Limited liability company	RMB30,000,000	—	100%	Automobile dealership

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Hengyiyong Advertising Media Co., Ltd. (北京恒毅盈通廣告傳媒有限公司)		The PRC 21 May 2015 Limited liability company	RMB5,000,000	—	100%	Consulting services
Shanghai Zhengtong Dingze Financial Leasing Co., Ltd. (上海正通鼎澤融資租賃有限公司)		The PRC 29 July 2014 Limited liability company	USD100,000,000	—	100%	Financial services
Shengze Jietong Supply Chain Co., Ltd. (聖澤捷通供應鏈有限公司)		The PRC 15 January 2016 Limited liability company	RMB200,000,000	—	100%	Provision of automobile related logistic services
Yunnan Chixing Automobile Sales Services Co., Ltd. (雲南馳星汽車銷售服務有限公司)		The PRC 25 May 2016 Limited liability company	RMB200,000,000	—	100%	Automobile dealership
Hubei Changze Automobile Sales Services Co., Ltd. (湖北長澤汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Suzhou Anzhixing Automobile Sales Services Co., Ltd. (宿州安之星汽車銷售服務有限公司)		The PRC 16 July 2014 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Guangzhoushi Hengyuehang Automobile Sales Services Co., Ltd. (廣州市恒悅行汽車銷售服務有限公司)		The PRC 21 June 2016 Limited liability company	RMB100,000,000	—	100%	Automobile dealership
Qingyuan Aoze Automobile Sales Services Co., Ltd. (清遠奧澤汽車銷售服務有限公司)		The PRC 10 August 2016 Limited liability company	RMB30,000,000	—	100%	Automobile dealership
Foshan Tengxing Automobile Sales Services Co., Ltd. (佛山騰星汽車銷售服務有限公司)		The PRC 17 August 2016 Limited liability company	RMB40,000,000	—	100%	Automobile dealership
Nanjing Qi'ao Automobile Sales Services Co., Ltd. (南京祺奧汽車銷售服務有限公司)		The PRC 3 May 2017 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Zhuhai Zhengtong Tengxing Automobile Sales Services Co., Ltd. (珠海正通騰星汽車銷售服務有限公司)		The PRC 6 March 2017 Limited liability company	RMB70,000,000	—	100%	Automobile dealership



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chongqing Qibao Automobile Sales Services Co., Ltd. (重慶祺寶汽車銷售服務有限公司)		The PRC 14 June 2016 Limited liability company	RMB80,000,000	—	100%	Automobile dealership
Wuhan Zhengtong Qixing Technology Service Co., Ltd. (武漢正通啟行科技服務有限公司)		The PRC 9 November 2023 Limited liability company	RMB10,000,000	—	100%	Automobile dealership
Wuhan Tengxing Automobile Sales Services Co., Ltd. (武漢騰星汽車銷售服務有限公司)		The PRC 1 August 2017 Limited liability company	RMB20,000,000	—	100%	Automobile dealership
Xiamen Zhengtong Yuanrong Automobile Services Co., Ltd. (廈門正通圓融汽車服務有限公司)		The PRC 12 May 2023 Limited liability company	RMB20,000,000	—	51%	Second Hand Automobile Trader

- (i) These entities are incorporated in the PRC as wholly foreign-owned enterprises by Rising Wave Development Limited.
- (ii) This entity is incorporated in the PRC as a wholly foreign-owned enterprise by Wealth Fame Holdings Limited.
- (iii) Except for Big Glory International Limited, Rising Wave Development Limited, Tongda Group (China) Co., Ltd., Silver Journey Global Limited, Acme Joy Group Limited, Chang Jun Limited, Top Globe Limited, Wealth Fame Holdings Limited, Hong Kong Nettime Investment Co., Ltd., and Hong Kong Newspeed Technology Co., Ltd., the English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.
- (iv) Shares of this entity have been pledged for certain borrowings from bank with pledged value capped to the borrowing amount of approximately RMB80,000,000 (note 25) as at 31 December 2025 (2024: RMB80,000,000).

Except for the perpetual bonds issued to third parties by Wuhan Zhengtong United Industrial Investment Group Co., Ltd. (“**Wuhan Zhengtong**”) and Xiamen ZhengTong Automobile Group Co., Ltd. (“**Xiamen Zhengtong**”) (note 30), the directors of the Company are of the view that the Group had no other individually material non-controlling interest as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTERESTS IN ASSOCIATES

Associates are accounted for using the equity method in the consolidated financial statements. Information of the associates that are not individually material:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Amounts of the Group's share of the associates		
— Profit/(loss) for the year	43	(795)
Total comprehensive income	43	(795)
Carrying amount of individually immaterial associates in the consolidated financial statements	21,089	18,596
Total carrying amount of interests in associates	21,089	18,596

18 INTEREST IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Shanghai Yige Science & Technology Trading Co., Ltd. ("Shanghai Yige")	Incorporated	Mainland China	Registered capital RMB 15,000,000	50%	—	50%	Sales of lubricant oil

Information of the joint venture:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Amounts of the Group's share of a joint venture		
— Profit for the year	1,209	4,461
Total comprehensive income	1,209	4,461
Carrying amount of the joint venture in the consolidated financial statements as at 31 December	32,468	31,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVENTORIES

- (a) Inventories in the consolidated statement of financial position comprise:

	At 31 December	
	2025 RMB'000	2024 RMB'000
4S dealership business		
Motor vehicles	2,072,454	2,655,612
Automobile spare parts	276,105	258,865
Others	51,092	52,691
	2,399,651	2,967,168
Comprehensive properties business		
Properties under development for sale	411,124	339,822
	2,810,775	3,306,990

Inventories with carrying amount of RMB947,430,000 have been pledged as security for the bills payable as at 31 December 2025 [2024: RMB1,100,283,000].

Inventories with carrying amount of RMB504,191,000 have been pledged as security for loans and borrowings from banks and other financial institutions (note 25) as at 31 December 2025 [2024: RMB922,132,000].

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	For the year ended 31 December	
		2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold		17,977,456	19,428,726
Write down of inventories		42,013	70,603
Reversal of write-down of inventories	(i)	(2,783)	(1,427)
		18,016,686	19,497,902

- (i) The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain motor vehicles as a result of a change in consumer preferences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 TRADE AND BILLS RECEIVABLES

	At 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	793,682	1,145,001
Bills receivable	—	85
	793,682	1,145,086

All of the trade and bills receivables are expected to be recovered within one year. Details of the Group's credit policy is set out in note 31(a).

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	791,845	1,139,432
More than 3 months but within 1 year	287	2,159
Over 1 year	1,550	3,495
	793,682	1,145,086

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	At 31 December	
		2025 RMB'000	2024 RMB'000
Prepayments		384,827	272,164
Deposits		269,762	239,213
Other receivables	(i)	4,062,280	4,326,730
Receivables due from related parties	34(b)	401	—
		4,717,270	4,838,107

(i) Other receivables include vendor rebates receivables of RMB3,566,082,000 (2024: RMB3,894,117,000) from automobile manufacturers. The Group earns vendor rebates under various and differing arrangements with automobile manufacturers. Rebates based on purchase or sales volumes are granted by vendors if certain purchase or sales targets are met. Performance rebates are granted by vendors in accordance with the vendors' comprehensive assessment of the Group's business performance.

All of the prepayments, deposits and other receivables are expected to be recovered within one year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 OTHER FINANCIAL ASSETS/LIABILITIES

	Notes	At 31 December	
		2025 RMB'000	2024 RMB'000
Other financial assets carried at FVPL			
Current			
Wealth management products	(i)	42,569	56,475
Forward contracts	(ii)	1,971	—
Option contracts	(iii)	9,271	6,775
Swap contracts	(v)	—	1,869
		53,811	65,119
Non-current			
Equity investment in Dongfeng Logistics	(iv)	503,269	501,715
Option contracts	(iii)	—	10,114
		503,269	511,829
		557,080	576,948
Other financial liabilities carried at FVPL			
Current			
Option contracts	(iii)	—	(191)
Swap contracts	(v)	(17,282)	(105)
		(17,282)	(296)
Non-current			
Swap contracts	(v)	—	(6,320)
		—	(6,320)
		(17,282)	(6,616)

- (i) As at 31 December 2025, wealth management products included investment in wealth management products purchased from Western Trust Co., Ltd. ("Western Trust") of RMB42,246,000 (as at 31 December 2024: RMB56,137,000) and investments with banks in the PRC of RMB323,000 (as at 31 December 2024: RMB338,000).

The underlying assets of wealth management products purchased from Western Trust are a wide range of government and corporate bonds, bank deposits as well as money market funds, etc. The fair value of the Western Trust was determined with a method shown in note 31(e). An unrealised loss for the investment of RMB13,891,000 was recognised in other income for the year ended 31 December 2025 (2024: RMB24,825,000).

The remaining wealth management products represented the investments with banks. These investments with no guarantee of principal and interest were classified as FVPL. The fair value of wealth management products of investments with banks was determined with a method shown in note 31(e).

During the year ended 31 December 2025, the net realised/unrealised gain for these investments of RMB1,120,000 was recognised in other income in the consolidated statement of profit or loss (2024: RMB1,125,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 OTHER FINANCIAL ASSETS/LIABILITIES (Continued)

- (ii) Forward contracts are used to mitigate the effect of the Group's foreign currency exposure arising from the loans and borrowings. A financial asset or a financial liability is recognised for each unsettled forward contract as at 31 December 2025 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different forward contracts. The fair value of the forward contracts was determined with a method shown in note 31(e).

During the year ended 31 December 2025, the net realised/unrealised gain of RMB7,923,000 from the forward contracts (2024: RMB308,000) was recognised in other income in the consolidated statement of profit or loss.

- (iii) The Group entered into several USD/RMB foreign currency option contracts with PRC banks in order to manage the Group's foreign currency risk. The Group is required to transact with banks for designated notional amount on each of the valuation dates specified within the respective contracts ("Valuation Date").

At the Valuation Date, the reference rate, which represents the spot rate as specified within the respective contracts, shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the banks an amount as specified in the contracts if certain conditions specified within the respective contracts are met. The fair value of the option contracts was determined with a method as disclosed in note 31(e).

During the year ended 31 December 2025, net realised/unrealised gain of RMB100,000 (2024: RMB74,408,000) from the option contracts was recognised in other income in the consolidated statement of profit or loss.

- (iv) Equity investment in Dongfeng Logistics

As at 31 December 2025, the fair value of 8.66% equity investment in Dongfeng Logistics was RMB503,269,000 (as at 31 December 2024: RMB501,715,000), in accordance with the valuation report issued by an external valuer on 26 March 2026, and a gain arising from fair value change of RMB1,554,000 (2024: gain of RMB4,183,000) were recognised in other income in the consolidated statement of profit or loss for the year ended 31 December 2025.

During the year ended 31 December 2025, no dividend income was received by the Group from Dongfeng Logistics (2024 dividend income: RMB20,280,000).

- (v) Swap contracts are used to mitigate the effect of the Group's variable interest rate risk exposure arising from the loans and borrowings denominated in the USD and HKD. A financial asset or a financial liability is recognised for each unsettled swap contract as at 31 December 2025 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different swap contracts. The fair value of the swap contracts was determined with a method shown in note 31(e).

During year ended 31 December 2025, net realised/unrealised loss of RMB10,958,000 from the swap contracts (2024: gain of RMB17,423,000) was recognised in other income in the consolidated statement of profit or loss.

The Group did not formally designate or document the hedging transactions with respect to the forward contracts, option contracts and swap contracts. Therefore, those transactions were not designated for hedge accounting.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as securities for the bank loans and the issuance of bills payables as follows:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Current		
Pledged to banks as securities for:		
Bank loans (note 25)	1,662,536	3,463,100
Bills payable (note 27)	2,062,657	1,928,291
	3,725,193	5,391,391
Non-current		
Pledged to banks as securities for:		
Bank loans (note 25)	—	502,440
	3,725,193	5,893,831

The bank deposits pledged for banks loans and bills payable will be released upon the settlement of relevant bank loans and bills payable.

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Cash at banks and on hand	4,574,430	6,468,443
Less: Pledged bank deposits (note 23)	(3,725,193)	(5,893,831)
Time deposits with initial terms over 3 months	(5,230)	(1,524)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	844,007	573,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Notes	For the year ended 31 December	
		2025 RMB'000	2024 RMB'000
Loss for the year		(2,490,435)	(1,529,086)
Add back: Income tax		62,895	47,078
Adjustments for:			
— Depreciation of owned property, plant and equipment	5(c)	356,769	370,413
— Depreciation of right-of-use assets	5(c)	293,370	321,549
— Depreciation of investment properties	5(c)	22,501	22,817
— Amortisation of intangible assets	5(c)	128,672	161,922
— Net loss on disposal of property, plant and equipment and right-of-use assets	4	5,222	4,473
— Finance costs	5(a)	823,017	936,721
— Share of profit of associates and a joint venture		(1,252)	(3,666)
— Interest income from bank deposits	4	(72,232)	(69,262)
— Equity settled share-based transactions		—	(1,543)
— Write down of inventories, net of reversal	19(b)	39,230	69,176
— Net realised and unrealised loss/(gain) on other financial instruments	4	14,152	(72,622)
— Dividend income	4	—	(20,280)
— Net foreign exchange (gain)/loss	5(c)	(169)	38,684
— Provision of impairment losses on property, plant and equipment	11	126,376	—
— Provision of impairment losses on goodwill and intangible assets	14, 15	299,287	116,702
		(392,597)	393,076
Changes in working capital:			
— Decrease in inventories		536,802	114,445
— Decrease/(increase) in trade and bills receivables		351,404	(203,137)
— Decrease in prepayments, deposits and other receivables		28,089	99,617
— Increase in pledged bank deposits		(134,366)	(185,869)
— Decrease in trade and other payables		(433,543)	(80,847)
Cash (used in)/generated from operations		(44,211)	137,285



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank loans and borrowings RMB'000 (note 25)	Interest payables RMB'000 (i)	Derivative financial liabilities RMB'000	Lease liabilities RMB'000 (note 26)	Total RMB'000
At 31 December 2024, and 1 January 2025	19,969,931	50,876	6,616	1,344,029	21,371,452
Changes from financing cash flows:					
Proceeds from loans and borrowings	28,572,684	—	—	—	28,572,684
Repayment of loans and borrowings	(30,475,110)	—	—	—	(30,475,110)
Capital element of lease rentals paid	—	—	—	(185,466)	(185,466)
Interest element of lease rentals paid	—	—	—	(71,891)	(71,891)
Interest paid	—	(766,248)	—	—	(766,248)
Payments for settlement of derivative financial liabilities	—	—	(48,619)	—	(48,619)
Proceeds from settlement of derivative financial liabilities	—	—	49,063	—	49,063
Total changes from financing cash flows	(1,902,426)	(766,248)	444	(257,357)	(2,925,587)
Exchange adjustments	(8,973)	—	—	—	(8,973)
Changes in fair value	—	—	10,222	—	10,222
Converted to perpetual bonds being treated as equity instrument (note 30)	(1,895,633)	—	—	—	(1,895,633)
Increase in lease liabilities from entering into new leases during the year	—	—	—	223,224	223,224
Interest expenses	—	751,126	—	71,891	823,017
Capitalised borrowing costs (note 5(a))	—	16,210	—	—	16,210
Effect of early termination of lease contracts	—	—	—	(100,364)	(100,364)
Total other changes	(1,895,633)	767,336	—	194,751	(933,546)
At 31 December 2025	16,162,899	51,964	17,282	1,281,423	17,513,568

(i) Interest payables is recorded in trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and borrowings RMB'000 (note 25)	Interest payables RMB'000 (i)	Derivative financial liabilities RMB'000	Lease liabilities RMB'000 (note 26)	Total RMB'000
At 31 December 2023, and 1 January 2024	19,761,061	3,725	46,709	1,279,950	21,091,445
Changes from financing cash flows:					
Proceeds from loans and borrowings	36,150,593	—	—	—	36,150,593
Repayment of loans and borrowings	(35,151,127)	—	—	—	(35,151,127)
Capital element of lease rentals paid	—	—	—	(218,826)	(218,826)
Interest element of lease rentals paid	—	—	—	(76,760)	(76,760)
Interest paid	—	(836,109)	—	—	(836,109)
Payments for settlement of derivative financial liabilities	—	—	(7,031)	—	(7,031)
Proceeds from settlement of derivative financial liabilities	—	—	38,060	—	38,060
Total changes from financing cash flows	999,466	(836,109)	31,029	(295,586)	(101,200)
Exchange adjustments	38,684	—	—	—	38,684
Changes in fair value	—	—	(71,122)	—	(71,122)
Converted to perpetual bonds being treated as equity instrument	(829,280)	—	—	—	(829,280)
Increase in lease liabilities from entering into new leases during the year	—	—	—	415,289	415,289
Interest expenses	—	859,961	—	76,760	936,721
Capitalised borrowing costs (note 5(a))	—	23,299	—	—	23,299
Effect of early termination of lease contracts	—	—	—	(132,384)	(132,384)
Total other changes	(829,280)	883,260	—	359,665	413,645
At 31 December 2024	19,969,931	50,876	6,616	1,344,029	21,371,452

(i) Interest payables is recorded in trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	28,792	16,188
Within investing cash flows	1,150	—
Within financing cash flows	257,357	295,586
	287,299	311,774

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	286,149	311,774
Acquisition of land-use-right	1,150	—
	287,299	311,774

25 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of loans and borrowings is as follows:

	Notes	At 31 December	
		2025 RMB'000	2024 RMB'000
Current			
Unsecured interest-bearing borrowings from banks and other financial institutions	(i)	7,263,389	7,310,053
Unsecured interest-bearing borrowings due to related parties	34(b)	3,162,180	4,675,987
Secured interest-bearing borrowings from banks and other financial institutions	(ii)	3,263,196	5,563,980
		13,688,765	17,550,020
Non-current			
Unsecured interest-bearing borrowings from banks and other financial institutions	(iii)	776,277	736,660
Unsecured interest-bearing borrowings due to related parties	34(b)	1,542,457	949,000
Secured interest-bearing borrowings due to related parties	34(b)	50,000	—
Secured interest-bearing borrowings from banks and other financial institutions	(iv)	105,400	734,251
		2,474,134	2,419,911
		16,162,899	19,969,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 LOANS AND BORROWINGS (Continued)

(a) The analysis of the carrying amount of loans and borrowings is as follows: (Continued)

- (i) Current unsecured interest-bearing borrowings from banks and other financial institutions carried interest at annual rates ranging from 2.40% to 8.00% as at 31 December 2025 (2024: from 3.00% to 8.00%).
- (ii) Current secured interest-bearing borrowings from banks and other financial institutions carried interest at annual rates ranging from 2.50% to 8.50% as at 31 December 2025 (2024: from 1.99% to 8.49%).
- (iii) The non-current unsecured interest-bearing borrowings from banks and other financial institutions bearing interest rate ranging from 2.90% to 6.25% per annum as at 31 December 2025 (2024: 4.00% to 7.42%).
- (iv) The non-current secured interest-bearing borrowings from banks and other financial institutions carried interest at annual rates ranging from 3.10% to 3.55% as at 31 December 2025 (2024: from 3.45% to 8.49%).

(b) Assets pledged as security and covenants for loans and borrowings:

As at 31 December 2025, the following assets of the Group had been pledged, together with certain intra-group guarantees, to secure for the Group's banking facilities totaling RMB17,718,577,000 (2024: RMB22,889,267,000).

	At 31 December	
	2025 RMB'000	2024 RMB'000
Inventories	504,191	922,132
Pledged bank deposits	1,662,536	3,965,540
Property, plant and equipment	1,004,007	955,917
Right-of-use assets — land use rights	303,947	494,846
Equity of subsidiaries (note 16(iv))	80,000	80,000

Certain banking facilities of the Group's subsidiaries are subject to the fulfilment of covenants relating to the subsidiaries' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2025, none of the covenants relating to drawn down facilities had been breached (2024: nil).

As at 31 December 2025, unsecured loans and borrowings from banks and other financial institutions of RMB5,711,245,000 were guaranteed by ITG Holding (31 December 2024: RMB5,816,000,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 LOANS AND BORROWINGS (Continued)

- (c) Borrowings from manufacturer financial institutions arising from supplier finance arrangements:

The Group has entered into financing arrangements with manufacturer financial institutions, under which the Group obtained extended credit in respect of the purchase of motor vehicles from certain automobile manufacturers. The facilities in relation to these arrangements are secured by the Group's motor vehicles.

Under these arrangements, the manufacturer financial institutions pay automobile manufacturers the amounts in respect of purchase of motor vehicles by the Group, which normally require advance payments before delivery. The Group then settles with the manufacturer financial institutions within the credit period up to 270 days after the payment dates with the automobile manufacturers, or if earlier, upon the sales of the pledged motor vehicles of the Group, with interest.

In the consolidated statement of financial position, the Group has presented the payables to the manufacturer financial institutions under these arrangements as "loans and borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to automobile manufacturers. As at 31 December 2025, the carrying amount of such loans and borrowings under these arrangements amounted to RMB270,839,000 (as at 31 December 2024: RMB471,551,000), all of which the automobile manufacturers have received payments from the manufacturer financial institutions.

26 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	At December 31	
	2025 RMB'000	2024 RMB'000
Within 1 year	352,495	284,240
After 1 year but within 2 years	251,426	244,493
After 2 years but within 5 years	299,352	445,375
After 5 years	378,150	369,921
	928,928	1,059,789
	1,281,423	1,344,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 TRADE AND OTHER PAYABLES

	Notes	At 31 December	
		2025 RMB'000	2024 RMB'000
Current			
Trade payables		297,565	378,473
Bills payable	(i)	3,415,470	3,517,268
		3,713,035	3,895,741
Contract liabilities	(ii)	863,405	948,918
Other payables and accruals		475,121	572,251
Payables due to related parties	34(b)	53,053	54,030
		5,104,614	5,470,940
Non-current			
Long-term payables		67,699	108,697
		5,172,313	5,579,637

- (i) Bills payable of RMB2,316,807,000 as at 31 December 2025 (2024: RMB2,842,455,000) were secured by pledged bank deposits amounting to RMB2,062,657,000 (2024: RMB1,928,291,000) (note 23).

Bills payable of RMB1,663,156,000 as at 31 December 2025 (2024: RMB3,409,756,000) were secured by inventories amounting to RMB947,430,000 (2024: RMB1,100,283,000) (note 19).

As of the end of reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	3,074,950	3,256,258
Over 3 months but within 6 months	636,949	634,230
Over 6 months but within 12 months	1,136	5,253
	3,713,035	3,895,741

The Group has entered into financing arrangements with several banks. Under these arrangements, the Group issued bank acceptance bills to settle with certain automobile manufacturers in respect of purchase of motor vehicles from them, which normally require advance payments before delivery, and the automobile manufacturers can then discount the bank acceptance bills to the banks.

The Group subsequently settles the bills payable with the banks upon the maturity date of the bills payable, up to 180 days after the issue date.

In the consolidated statement of financial position, the Group has presented the bills payable to the banks under these arrangements as "trade and other payables" because these bills payable continue to be part of the normal operating cycle of the Group. As at 31 December 2025, the carrying amount of bills payable under these arrangements amounted to RMB3,415,470,000 (as at 31 December 2024: RMB3,517,268,000).

In the consolidated statement of cash flows, the Group's payments to the banks are included within operating cash flows based on the nature of these arrangements.

- (ii) The amount of revenue recognised in the year that was included in the contract liabilities balance at the beginning of the year was RMB883,824,000 (2024: RMB833,517,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value adjustment arising from business combination	Depreciation allowances in excess of depreciation charges	Future benefits of tax losses	Fair value change of financial instruments and other fair value remeasurement	Deferred revenue and rebate receivable	Inventory provision, and impairment of property, plant and machinery	Capitalisation of interest	Right-of-use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax (liabilities)/assets arising from:										
At 1 January 2024	(581,466)	(3,427)	1,310,667	(52,227)	(799,483)	27,919	(152,108)	(272,878)	310,216	(212,787)
Credited/(charged) to profit or loss	58,681	272	(31,178)	12,665	(34,826)	6,520	(3,407)	(4,343)	12,271	16,655
At 31 December 2024, and 1 January 2025	(522,785)	(3,155)	1,279,489	(39,562)	(834,309)	34,439	(155,515)	(277,221)	322,487	(196,132)
Credited/(charged) to profit or loss	84,114	3,155	(248,829)	5,968	68,900	17,118	(1,294)	39,346	(24,675)	(56,197)
At 31 December 2025	(438,671)	—	1,030,660	(33,594)	(765,409)	51,557	(156,809)	(237,875)	297,812	(252,329)

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Representing:		
Net deferred tax assets in the consolidated statement of financial position	533,062	703,446
Net deferred tax liabilities in the consolidated statement of financial position	(785,391)	(899,578)
	(252,329)	(196,132)

Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB6,541,376,000 (2024: RMB4,066,460,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses in the PRC are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax liabilities not recognised:

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. The Group has not recognised deferred tax liabilities as at 31 December 2025 in respect of undistributed earnings of PRC subsidiaries of RMB4,761,451,000 (2024: RMB5,380,795,000) as the Company controls the dividend policy of the subsidiaries and it has determined that this profit will not be distributable in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	The Company					
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Perpetual bonds RMB'000	Total RMB'000
Balance at 1 January 2024	246,394	6,399,362	78,062	(8,360,785)	1,010,921	(626,046)
Loss and total comprehensive income for the year	—	—	—	(453,737)	107,127	(346,610)
Issue of ordinary shares	43,834	10,457	—	—	—	54,291
Issue of perpetual bond	—	—	—	—	829,280	829,280
Equity settled share-based transactions	—	—	(1,543)	—	—	(1,543)
Balance at 31 December 2024, and 1 January 2025	290,228	6,409,819	76,519	(8,814,522)	1,947,328	(90,628)
Loss and total comprehensive income for the year	—	—	—	(710,419)	90,579	(619,840)
Issue of ordinary shares	611,166	302,378	—	—	—	913,544
Issue of perpetual bond	—	—	—	—	1,895,633	1,895,633
Distribution to holders of perpetual bonds	—	—	—	—	(112,686)	(112,686)
Balance at 31 December 2025	901,394	6,712,197	76,519	(9,524,941)	3,820,854	1,986,023

(b) Dividends

- (i) No final dividend was proposed after the end of reporting periods of years ended 31 December 2025 and 2024.
- (ii) No dividend was proposed in respect of the previous financial years, approved and paid during the years ended 31 December 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

Movements in the authorised share capital of the Company during the year are as follows:

	2025		2024	
	Number of shares (thousand)	Amount HK\$('000)	Number of shares (thousand)	Amount HK\$('000)
Ordinary shares, authorised:				
Ordinary shares of HK\$0.10 each	20,000,000	2,000,000	20,000,000	2,000,000
Ordinary shares, issued and fully paid:				
At 1 January	3,346,990	334,699	2,867,102	286,710
Issue of ordinary shares	6,669,061	666,906	479,888	47,989
At 31 December	10,016,051	1,001,605	3,346,990	334,699
RMB equivalent ('000)		901,394		290,228

- (i) On 25 January 2025, the Company and Xinda Motors Co., Limited (the “**Subscriber**”), a fellow subsidiary of the Company, which is ultimately controlled by ITG Holding entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 6,669,060,524 subscription shares at the subscription price of HKD0.15 per subscription share for a total consideration of approximately HKD1,000,359,000 (the “**Connected Subscription**”).

Upon completion of the Connected Subscription on 2 June 2025, the gross proceeds of HKD1,000,359,000 (equivalent to RMB916,749,000), net of related expense of RMB3,205,000, were raised, of which RMB611,166,000 and RMB302,378,000 was credited to share capital and share premium, respectively.

(d) Nature and purpose of reserves

(i) PRC statutory reserve

PRC statutory reserve was established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserve were approved by the respective board of directors' meetings.

For the entity concerned, statutory reserve can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(ii) Exchange reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(z).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, the Group defines net debt as interest-bearing loans and borrowings, obligations under leases arrangements, less cash and cash equivalents, time deposits and pledged bank deposits, and capital is defined as the total equity.

The adjusted net debt-to-capital ratios at 31 December 2025 and 2024 were as follows:

	Notes	At 31 December	
		2025 RMB'000	2024 RMB'000
Loans and borrowings	25	16,162,899	19,969,931
Lease liabilities	26	1,281,423	1,344,029
Total borrowings		17,444,322	21,313,960
Less: Pledged bank deposits	23	(3,725,193)	(5,893,831)
Cash and cash equivalents	24	(844,007)	(573,088)
Time deposits		(5,230)	(1,524)
Adjusted net debt		12,869,892	14,845,517
Total equity		1,581,400	1,069,738
Adjusted net debt-to-capital ratio		8.14	13.88

30 PERPETUAL BONDS

Perpetual Bond 1

On 28 February 2023, Wuhan Zhengtong, an indirect wholly owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 8.5% per annum ("Perpetual Bond 1"). The proceeds from issuance of the Perpetual Bond 1 were RMB200 million. Coupon interest of 8.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong. Pursuant to a written supplemental agreement date on 1 February 2024, the initial coupon interest rate have been adjusted to 7.8% per annum, effective from 28 February 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 PERPETUAL BONDS (Continued)

Perpetual Bond 1 (Continued)

The Perpetual Bond 1 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 1**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 1 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%. Pursuant to the written supplemental agreement date on 1 February 2024, the annual interest cap have been adjusted to 9.3%, effective from 28 February 2024. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 1, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

During the year ended 31 December 2025, the principal amount of RMB200 million of Perpetual Bond 1 has been repaid to the relevant bond holder.

Perpetual Bond 2

On 14 April 2023 and 12 June 2023, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB100 million and RMB100 million at an initial interest rate of 8.5% and 8.0% per annum, respectively ("**Perpetual Bond 2**"). The total proceeds from issuance of the Perpetual Bond 2 were RMB200 million. Coupon interest of 8.5% and 8.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

The Perpetual Bond 2 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 2**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% and 9.5%, respectively, if the Call Option 2 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10% and 9.5%, respectively. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 2, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

During the year ended 31 December 2024, the principal amount of RMB100 million of Perpetual Bond 2 has been repaid to the relevant bond holder.

During the year ended 31 December 2025, the remaining principal amount of RMB100 million of Perpetual Bond 2 has been repaid to the relevant bond holder.

30 PERPETUAL BONDS (Continued)

Perpetual Bond 3

On 30 June 2023 and 31 August 2023, ITG Holding Investment (HK) Limited (“**ITG HK**”), a fellow subsidiary controlled by the controlling shareholder of the Company, entered into written agreements and a written supplemental agreement with the Company, pursuant to which the existing unsecured short-term interest-bearing borrowing provided by ITG HK to the Company with a principal amount of USD140,000,000 (equivalent to RMB1,010,921,000) was converted into a debt with no fixed maturity (“**Perpetual Bond 3**”) and is callable at the Company’s option. Coupon interest are paid annually in arrears and may be deferred at the discretion of the Company. The coupon interest rate has been adjusted from 8.5% to 4.3% per annum, effective from 1 January 2025.

Pursuant to the terms of Perpetual Bond 3, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

Perpetual Bond 4

On 11 November 2023 and 26 December 2023, Xiamen Zhengtong, an indirect wholly owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB350 million and RMB150 million at an initial interest rate of 7.2% and 7.0% per annum, respectively (“**Perpetual Bond 4**”). The total proceeds from issuance of the Perpetual Bond 4 were RMB500 million. Coupon interest of 7.2% and 7.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 4 has no fixed maturity and is callable at Xiamen Zhengtong’s option at its principal amount together with any accrued, unpaid or deferred coupon interest payments (“**Call Option 3**”). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 8.7% and 8.5%, respectively, if the Call Option 3 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 8.7% and 8.5%, respectively. While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 4, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

During the year ended 31 December 2025, the principal amount of RMB500 million of Perpetual Bond 4 has been repaid to the relevant bond holder.

Perpetual Bond 5

On 30 June 2024, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of USD24,132,000 (equivalent to RMB171,985,000) and principal amount of RMB657,295,000, respectively, under current loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 5**”) and is callable at the Company’s option. Coupon interest of 5.0% per annum are paid annually in arrears and may be deferred at the discretion of the Company. The coupon interest rate has been adjusted from 5.0% to 4.3% per annum, effective from 1 January 2025.

Pursuant to the terms of Perpetual Bond 5, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 PERPETUAL BONDS (Continued)

Perpetual Bond 6

On 25 October 2024, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 6.5% per annum ("**Perpetual Bond 6**"). The proceeds from issuance of the Perpetual Bond 6 were RMB200 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

The Perpetual Bond 6 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 4**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 4 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 6, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 7

On 22 November 2024, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB400 million at an initial interest rate of 6.5% per annum ("**Perpetual Bond 7**"). The proceeds from issuance of the Perpetual Bond 7 were RMB400 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 7 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 5**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 5 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 7, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

30 PERPETUAL BONDS (Continued)

Perpetual Bond 8

On 4 June 2025, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB500 million at an initial interest rate of 5.8% per annum (“**Perpetual Bond 8**”). The proceeds from issuance of the Perpetual Bond 8 were RMB500 million. Coupon interest of 5.8% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 8 has no fixed maturity and is callable at Xiamen Zhengtong’s option at its principal amount together with any accrued, unpaid or deferred coupon interest payments (“**Call Option 6**”). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 6 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 8, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 9

On 30 June 2025, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of principal amount of RMB500 million under loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 9**”) and is callable at the Company’s option. Coupon interest of 4.3% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 9, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

Perpetual Bond 10

On 26 December 2025 and 30 December 2025, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB500 million and RMB200 million at an initial interest rate of 4.9% and 5.5% per annum (“**Perpetual Bond 10**”), respectively. The proceeds from issuance of the Perpetual Bond 10 were RMB700 million. Coupon interest of 4.9% and 5.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 10 has no fixed maturity and is callable at Xiamen Zhengtong’s option at its principal amount together with any accrued, unpaid or deferred coupon interest payments (“**Call Option 7**”). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 7.9% and 8.5%, respectively, if the Call Option 7 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 8.0% and 8.5%, respectively.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 10, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 PERPETUAL BONDS (Continued)

Perpetual Bond 11

On 31 December 2025, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of RMB737,933,000 under loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 11**”) and is callable at the Company’s option. Coupon interest of 4.3% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 11, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

Perpetual Bond 12

On 31 December 2025, ITG Holdings entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG Holdings to the Company with a principal amount of principal amount of RMB657,700,000 under loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 12**”) and is callable at the Company’s option. Coupon interest of 4.3% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 12, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

As the Perpetual Bonds 1 to 12 only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, and therefore do not meet the definition of a financial liability in accordance with HKAS 32, *Financial Instruments: Presentation*. As a result, Perpetual Bonds 1 to 12 are classified as equity and distributions, if and when declared, are treated as equity dividends.

Perpetual Bond 3, 5, 9, 11 and 12 were recorded directly in equity attributable to equity shareholders of the Company. During the year ended 31 December 2025, the profit attributable to the holders of Perpetual Bonds 3, 5, 9, 11 and 12 based on the applicable coupon interest rate, amounted to RMB90,579,000 (2024: RMB107,127,000), and RMB112,686,000 has been distributed to the relevant bond holders (2024: nil).

Except for Perpetual Bond 3, 5, 9, 11 and 12, the remaining Perpetual Bonds were issued by indirect wholly-owned subsidiaries of the Company to external third parties, which could not be treated as equity attributable directly or indirectly to the equity shareholders of the Company. Therefore, these Perpetual Bonds are classified within the non-controlling interests in the consolidated statement of financial position according to HKFRS 10, *Consolidated Financial Statements*. During the year ended 31 December 2025, the profit attributable to the holders of these Perpetual Bonds based on the applicable coupon interest rate, amounted to RMB94,061,000 (2024: RMB73,135,000), and RMB95,581,000 has been distributed to the relevant bond holders (2024: RMB71,102,000).

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, pledged bank deposits, trade and bills receivables, deposits and other receivables and long-term receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and pledged bank deposits is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

Trade and bills receivables

Credit risk in respect of trade and bills receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade and bills receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle the Group's trade and bills receivables within one month when the mortgages were granted by their financial institutions, and warranty receivables from automobile manufacturers. For the receivables from automobile manufacturers, risk of default is considered low, as these are companies with good credit rating.

At 31 December 2025, 3.10% (2024: 3.83%) and 1.08% (2024: 1.76%) of the total trade and bills receivables were due from the Group's five largest customers and the largest single customer, respectively.

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs. Based on historical loss ratios and forward-looking information, The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for trade and bills receivables as at 31 December 2025.

Other receivables

Credit risk in respect of other receivables is limited since the receivables are settled on a regular basis.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables as at 31 December 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Deposits and long-term receivables

Credit risk in respect of deposits and long-term receivables is limited since the counterparties are mainly certain landlords and their receivables are settled on a regular basis.

The Group measures loss allowances for deposits and long-term receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities (other than financial guarantees), which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2025					At 31 December 2024				
	Contractual undiscounted cash outflow				Balance sheet carrying amount	Contractual undiscounted cash outflow				Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total		Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	13,989,234	2,671,095	—	16,660,329	16,162,899	18,052,912	2,636,617	—	20,689,529	19,969,931
Lease liabilities	392,042	670,434	493,225	1,555,701	1,281,423	298,716	789,550	490,353	1,578,619	1,344,029
Other financial liabilities	17,359	—	—	17,359	17,282	296	6,377	—	6,673	6,616
Trade and other payables	4,247,900	71,000	—	4,318,900	4,308,908	4,529,301	142,000	—	4,671,301	4,630,719
Total liquidity exposure other than the financial guarantees issued	18,646,535	3,412,529	493,225	22,552,289	21,770,512	22,881,225	3,574,544	490,353	26,946,122	25,951,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

(i) Interest rate profile

Cash at bank, time deposits, pledged bank deposits, interest-bearing loans and borrowings and lease liabilities are the major types of the Group's assets and liabilities subject to interest rate risk. Cash at bank are with floating or fixed interest rates ranging from 0.05% to 0.45% per annum as at 31 December 2025 (2024: 0.10% to 0.30%). Time deposits are with fixed interest ranging from 0.95% to 2.75% per annum as at 31 December 2025 (2024: 1.65%). Pledged bank deposits are placed to satisfy conditions for issuance of commercial bills and bank loans granted to the Group, with fixed interest rates ranging from 0.05% to 3.15% per annum as at 31 December 2025 (2024: 0.10% to 3.15%).

The Group's interest-bearing loans and borrowings, lease liabilities and interest rates as at 31 December 2025 are as follows:

	Interest rate	At 31 December 2025 RMB'000
Fixed rate		
— loans and borrowings	2.40%~8.50%	14,083,008
— lease liabilities	4.00%~6.28%	1,281,423
Variable rate		
— loans and borrowings	2.99%~8.50%	2,079,891
31 December 2025		17,444,322

	Interest rate	At 31 December 2024 RMB'000
Fixed rate		
— loans and borrowings	1.99%~8.50%	19,124,191
— lease liabilities	4.03%~6.28%	1,344,029
Variable rate		
— loans and borrowings	2.65%~5.50%	845,740
31 December 2024		21,313,960

The Group uses interest rate swap contracts to reduce exposure to interest rate fluctuations associated with these variable rate interest-bearing borrowings.

(ii) Sensitivity analysis

A general increase/decrease of 100 basis points in interest rates prevailing at 31 December 2025, with all other variables held constant, would increase the Group's loss after tax and accumulated losses by approximately RMB11,111,000 (2024: RMB3,342,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100-basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk

The Group is exposed to currency risk primarily through prepayments, deposits and other receivables, trade and other payables and cash balances that are dominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of reporting period.

	2025 United States Dollars RMB'000	2024 United States Dollars RMB'000
Prepayments, deposits and other receivables, net off		
trade and other payables	23,131	(79,231)
Cash and cash equivalents	30,401	24,895
Net exposure	53,532	(54,336)

The Group has entered into certain forward contracts and option contracts to mitigate the effect of its foreign currency exposure arising from the loans and borrowings denominated in USD, in which the Group agrees to buy USD at a specified exchange rate on a specified future date.

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000
United States Dollars	5%	(2,211)	5%	2,834
	(5)%	2,211	(5)%	(2,834)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the loss after tax and accumulated deficit of each entity of the Group measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk (Continued)

(ii) Sensitivity analysis (Continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2024.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The fair value of the Group's financial instruments is categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value measurement*. The level, into which a fair value measurement is classified, is determined with the reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.
- Level 2 valuations: Fair values measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data at not available.
- Level 3 valuations: Fair values measured using significant unobservable inputs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

The following table presents the Group's assets/(liabilities) that are measured at fair value.

	Fair value at	Fair value measurement as at			Fair value at	Fair value measurement as at		
	31 December	31 December 2025 categorised into			31 December	31 December 2024 categorised into		
	2025	Level 1	Level 2	Level 3	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements								
Financial assets measured at FVPL:								
Forward contracts (note (ii))	1,971	—	1,971	—	—	—	—	—
Swap contracts (note (i))	—	—	—	—	1,869	—	1,869	—
Option contracts (note (iii))	9,271	—	—	9,271	16,889	—	—	16,889
Wealth management products (note (iii))	42,569	—	323	42,246	56,475	—	338	56,137
Equity investment in Dongfeng Logistics (note (iii))	503,269	—	—	503,269	501,715	—	—	501,715
	557,080	—	2,294	554,786	576,948	—	2,207	574,741
Financial liabilities measured at FVPL:								
Option contracts (note (iii))	—	—	—	—	(191)	—	—	(191)
Swap contracts (note (i))	(17,282)	—	(17,282)	—	(6,425)	—	(6,425)	—
	(17,282)	—	(17,282)	—	(6,616)	—	(6,425)	(191)

During the years ended 31 December 2024 and 2025, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the forward contracts is determined by forward exchange rate and discounted cash flow method. The discount rate used is the risk-free rate.

The fair value of wealth management products of investment with banks in the PRC determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

The fair value of the swap contracts is determined by discounted-cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period). The discount rate used is the risk-free rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of wealth management products purchased from Western Trust is determined with reference to the net assets value report of the wealth management products as provided by the fund manager.

The fair value of equity investment in Dongfeng Logistics is determined with reference to the price/sales ratio of the comparable listed companies and adjusted for lack of marketability discount.

The fair value of the option contracts is determined by Black-Scholes model. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity and volatility.

Below is a summary of significant unobservable inputs to the valuation of the financial instruments together with an analysis for the relationship of unobservable inputs to the fair value measurements at the end of reporting period:

31 December 2025

Assets	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to the input
Wealth management products — Western Trust	Net assets value	Net assets value of the wealth management products	The fair value increase/decrease as the net assets value of the wealth management products increase/decrease
Equity investment in Dongfeng Logistics (note 22(iv))	Market approach	Price/sales ratio of the comparable listed companies Discounts for lack of marketability	The fair value increase/decrease as the price/sales ratio of the comparable listed companies increase/decrease and discounts for lack of marketability decrease/increase
Option contracts (note 22(iii))	Black-Scholes model	Volatility of the foreign exchange rate	The fair value increase/decrease as the volatility of the foreign exchange rate increase/decrease



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 3 fair value measurements (Continued)

31 December 2024

Assets	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to the input
Wealth management products	Net assets value	Net assets value of the wealth management products	The fair value increase/decrease as the net assets value of the wealth management products increase/decrease
Equity investment in Dongfeng Logistics (note 22(iv))	Market approach	Price/sales ratio of the comparable listed companies Discounts for lack of marketability	The fair value increase/decrease as the price/sales ratio of the comparable listed companies increase/decrease and discounts for lack of marketability decrease/increase
Option contracts (note 22(iii))	Black-Scholes model	Volatility of the foreign exchange rate	The fair value increase/decrease as the volatility of the foreign exchange rate increase/decrease

The movements during the year in the balance of these Level 3 fair value measurements were as follows:

	2025 RMB'000	2024 RMB'000
Wealth management products:		
At 1 January	56,137	83,938
Redemption of investment	—	(2,976)
Fair value change	(13,891)	(24,825)
At 31 December	42,246	56,137
Equity investment in Dongfeng Logistics:		
At 1 January	501,715	829,028
Disposal	—	(331,496)
Fair value change	1,554	4,183
At 31 December	503,269	501,715
Option contracts:		
At 1 January	16,698	574
Net realised (loss)/gain during the year	(9,171)	57,710
Payments in relation to settlement	(7,527)	(58,284)
Fair value change	9,271	16,698
At 31 December	9,271	16,698
Total (loss)/gain for the year included in profit or loss for assets held at the end of the year	(12,237)	53,766

Any gain or loss arising from the remeasurement of the wealth management products, equity investment in Dongfeng Logistics and option contracts are presented in the "Other income" line item in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 COMMITMENTS

Capital commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Contracted for	264,116	283,828

33 CONTINGENT LIABILITIES

- (a) In 2018, Wuhan Zhengtong, a subsidiary of the Company, and Beijing Guangze Real Estate Development Co., Ltd. ("**Beijing Guangze**") entered into a general contract agreement (the "**General Contractor Agreement**") pursuant to which Wuhan Zhengtong engaged Beijing Guangze to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects owned by the Group. The contract consideration shall be utilized by Beijing Guangze as the general contractor for such costs as consultant fees for hiring professional service companies, approval and construction application fees, construction and installation fees and ancillary facilities fees. Details of the General Contractor Agreement had been disclosed in the Company's announcement dated 13 March 2018.

In July 2022, the Group received a payment request of RMB6 million from one of the sub-contractors that had been involved in certain 4S Stores and commercial projects (the "**Subcontractor**"), as Beijing Guangze failed to fulfil its obligations under the General Contractor Agreement.

In accordance with the PRC legal opinion obtained by the Company from an external legal advisor, Beijing Guangze is the primary obligor for the relevant construction payments taking into account such facts and circumstances among others (i) Beijing Guangze had undertaken its general contractor role for the projects since the establishment of relevant contracts in prior years and the Group had entrusted Beijing Guangze with the projects and (ii) the Group had already fulfilled its obligations including the payment made to Beijing Guangze in accordance with the General Contractor Agreement. The historical payments to Beijing Guangze in relation to the Subcontractor is assessed to be approximately RMB236 million.

While the Subcontractor has not initiated any formal legal proceedings against the Group in this connection and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that it is not probable that the Group will be sued by the Subcontractor or need to make payments to the Subcontractor. Therefore, no provision has been made in respect of this matter as at 31 December 2025 (31 December 2024: nil).

- (b) In 2023, the Group was informed by receipt of two civil complaints that Wuhan Zhengtong has entered into certain agreements in 2016 to provide guarantees (the "**Guarantee Contracts**") against two fixed assets mortgage loan contracts (the "**Fixed Assets Loan Contracts**") entered into by Wuhan Economic and Technological Development Zone Branch of Hubei Bank Co., Ltd. (the "**Hubei Bank**") with Beijing Guangze and Inner Mongolia Shengze Dingjie Automobile Trading Company Limited (the "**Inner Mongolia Shengze**"), respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 CONTINGENT LIABILITIES (Continued)

(b) (Continued)

In March 2024, Wuhan Zhengtong received judgments in relation to aforementioned two civil lawsuits (the “**First Instance Judgment**”) from the Wuhan Intermediate People’s Court, pursuant to which i) the Guarantee Contracts were executed but are of no legal effect; and ii) Wuhan Zhengtong is obliged to bear half of the shortfalls, if any, when Hubei Bank has shortfalls to recover the debt owed to it, by collecting the proceeds of disposal of the collateral assets, for the failure of Beijing Guangze and Inner Mongolia Shengze to repay the debts.

On 15 November 2024, Wuhan Zhengtong received the second instance judgements in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment.

As at 31 December 2025, the outstanding debts in relation to Fixed Assets Loan Contracts amounted to approximately RMB553 million. According to the valuation report issued by an external valuer dated 26 March 2026, the estimated net realisable amount of parts of the corresponding collaterals, calculated as fair value less cost to sell, was RMB625 million as at 31 December 2025 (31 December 2024: RMB627 million).

In accordance with a PRC legal opinion obtained by the Company from an external legal advisor, the second instance judgment considered that Wuhan Zhengtong is ranked lower in the order of priority in meeting payment commitments, as there exist several collaterals and there are other defendants who are also guarantors. Pursuant to applicable laws and regulations, Hubei Bank shall have the right of priority to request debt settlement by such collaterals. The directors of the Company, having given due consideration of the legal advice and the relevant facts and circumstances including their understanding of the estimated net realisable amounts of the collaterals, are of the opinion that it is not probable that the Group will be required to make any payments. Therefore, no provision has been made in respect of this matter as at 31 December 2025 (31 December 2024: nil).

As at 31 December 2025, except for the aforementioned contingencies, the Group did not have any other material contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
ITG Holding 廈門國貿控股集團有限公司	Controlling Shareholder
ITG HK 國貿控股投資(香港)有限公司	Fellow subsidiary
Xiamen Xindeco Co., Ltd. (“ Xindeco ”) 廈門信達股份有限公司	Fellow subsidiary
International Trade Yingtai Financial Leasing (Xiamen) Co., Ltd. (“ IT Yingtai ”) 國貿盈泰融資租賃(廈門)有限公司	Fellow subsidiary
Tianxiada Finance Leasing (Xiamen) Co., Ltd. (“ Tianxiada ”) 天下達融資租賃(廈門)有限公司	Fellow subsidiary
Xiamen International Trade Development Co., Ltd. (“ IT Development ”) 廈門國貿發展有限公司	Fellow subsidiary
Xiamen ITG Holding Group Finance Co.,Ltd. (“ ITG Finance ”) 廈門國貿控股集團財務有限公司	Fellow subsidiary
Xiamen ITG Capital Group Co., Ltd. (“ ITG Capital ”) 廈門國貿資本集團有限公司	Fellow subsidiary
Shandong Xindeco IOT Application Technology Co., Ltd. (“ Shandong Xindeco ”) 山東信達物聯應用技術有限公司	Fellow subsidiary
Xiamen Gaoxin Yundao Technology Co., Ltd. (“ Xiamen Gaoxin Yundao ”) 廈門高新雲道科技有限公司	Fellow subsidiary



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Name of party	Relationship
Xiamen High tech Talent Development Co., Ltd. (“ Xiamen Gaoxin Rencai ”) 廈門高新人才開發有限公司	Fellow subsidiary
Shanghai Maocheng Property Service Co., Ltd. (“ Shanghai Maocheng ”) 上海貿城物業服務有限公司	Fellow subsidiary
Shanghai Yige Science & Technology Trading Co., Ltd. (“ Shanghai Yige ”) 上海繹格科工貿有限公司	Joint venture
Pointer Investment Limited (“ Baoda HK ”) 寶達投資(香港)有限公司	Fellow subsidiary
Xiamen Guojing Environmental Engineering Co., Ltd. (“ Xiamen Guojing ”) 廈門國璟環境工程有限公司	Fellow subsidiary
Tiantianda Automotive Services (Xiamen) Co., Ltd. (“ Tianxiada Qiche ”) 天下達汽車服務(廈門)有限公司	Fellow subsidiary
Fujian Huaxia Lida Automotive Service Co., Ltd. (“ Huaxia Lida ”) 福建華夏立達汽車服務有限公司	Fellow subsidiary
Xiamen Guomao Digital Technology Co., Ltd. (“ Guomao Shuzi Keji ”) 廈門國貿數字科技有限公司	Fellow subsidiary
Hubei Guomao New Energy Technology Co., Ltd. (“ Guomao Xinnengyuan ”) 湖北國貿新能源科技有限公司	Associate
Fujian Jinhai Strait Financing Guarantee Co., Ltd. (“ Fujian Jinhaixia ”) 福建金海峽融資擔保有限公司	Fellow subsidiary
Xiamen Xindeco Electronic Co.,Ltd. (“ Xinda Zhihui Wulian ”) 廈門信達智慧物聯網技術服務有限公司	Fellow subsidiary

Note: The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Recurring transactions

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Technical support, construction design and other services received:		
Huaxia Lida	88	220
Tianxiada Qiche	20	6
Xiamen Guojing	—	2,477
Baoda HK	69	164
ITG Holding	—	74
Xindeco	515	1,273
Xiamen Gaoxin Rencai	82	57
Shanghai Maocheng	3,035	2,862
Shandong Xindeco	47	4,376
Guomao Xinnengyuan	240	—
Fujian Jinhaixia	149	—
Xinda Zhihui Wulian	235	—
	4,480	11,509
Other financial services received:		
ITG Finance	197	150
Interest received:		
ITG Finance	311	472
Technical and sales promotional service received:		
Xiamen Gaoxin Yundao	7,040	43,922
Guomao Shuzi Keji	2,010	—
Interest-bearing borrowings — proceeds from/(repayments to) related parties, net effect:		
ITG Holding	(857,700)	409,000
IT Development	56,132	1,115
ITG HK	1,728,951	646,185
ITG Finance	95,000	885,240
ITG Capital	2,900	300,780
	1,025,283	2,242,320

As at 31 December 2025, the Group have obtained financial guarantees from ITG Holding for banking facilities and bank loans and borrowings of RMB6,188 million (2024: RMB6,179 million).

During the year ended 31 December 2025, total interest expenses for the interest-bearing borrowings due to related parties was RMB184,087,000 (2024: RMB211,947,000).

During the year ended 31 December 2025, the Group's transaction with related parties in relation to the issuance of perpetual bonds is disclosed in note 30.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Recurring transactions (Continued)

Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of technical support and construction design services, financial services and technical and sales promotional service above constituted non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Balances with related parties

	At 31 December	
	2025 RMB'000	2024 RMB'000
Cash deposits in:		
ITG Finance	8,093	48,859
Amounts due from related parties:		
Xindeco	401	—
Accounts payable due to related parties:		
Shanghai Yige	—	425
Other payables due to related parties:		
ITG HK	—	24,658
ITG Holding	47,327	21,155
Xindeco	—	84
Shandong Xindeco	188	1,266
Tianxiada	—	14
Shanghai Maocheng	262	1,299
IT Development	5,258	5,129
Xinda Zhihui Wulian	18	—
	53,053	53,605
Interest-bearing borrowings due to related parties:		
Current		
ITG Finance	2,608,500	2,651,000
IT Development	—	399,825
ITG HK	—	166,682
ITG Holding	—	857,700
ITG Capital	553,680	600,780
	3,162,180	4,675,987
Non-current		
IT Development	455,957	—
ITG Finance	1,086,500	949,000
ITG Capital	50,000	—
	1,592,457	949,000
	4,754,637	5,624,987

(c) Key management personnel remuneration

Key management personnel remuneration is disclosed in note 7 and note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	At 31 December	
	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	5	7
Right-of-use assets	—	147
Other financial assets	—	10,114
Interests in subsidiaries	4,073,291	4,073,546
	4,073,296	4,083,814
Current assets		
Prepayments, deposits and other receivables	28,165	12,020
Other financial assets	10,726	8,644
Cash and cash equivalents	491,910	27,735
	530,801	48,399
Current liabilities		
Loans and borrowings	2,611,267	3,619,714
Trade and other payables	1,112	35,190
Lease liabilities	—	156
Other financial liabilities	5,695	191
	2,618,074	3,655,251
Net current liabilities	(2,087,273)	(3,606,852)
Total assets less current liabilities	1,986,023	476,962
Non-current liabilities		
Loans and borrowings	—	561,270
Other financial liabilities	—	6,320
	—	567,590
NET ASSETS/(LIABILITIES)	1,986,023	(90,628)
Equity		
Share capital	901,394	290,228
Reserves	(2,736,225)	(2,328,184)
Perpetual bonds	3,820,854	1,947,328
TOTAL EQUITY/(DEFICITS)	1,986,023	(90,628)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Major and connected transaction in relation to the acquisition of 4S dealership and automobile sales and export business

On 5 December 2025, the Group entered into a sale and purchase agreement (the “**Acquisition Agreement (PRC)**”) with Xiamen Xindeco Ltd. (“**Xiamen Xindeco**”) and Xindeco ITG Automobile Group Co., Ltd (“**Xindeco ITG Automobile**”) for the acquisition of 100% of the equity interest of Xindeco ITG Automobile for the provisional acquisition price of approximately RMB793.49 million (the “**Acquisition (PRC)**”). Xindeco ITG Automobile is the holding company of Xiamen Xindeco’s 4S dealership and automobile sales and export business in the PRC. On the same day, the Group entered into another sale and purchase agreement (the “**Acquisition Agreement (Thailand)**”) with Hong Kong Sindanol Limited and Xindeco Resources (Singapore) Pte. Ltd. and ITG Auto (Thailand) Co., Ltd. (“**ITG Auto (Thailand)**”) for the acquisition of 100% of the issued share capital of ITG Auto (Thailand) for the provisional acquisition price of approximately RMB22.13 million (the “**Acquisition (Thailand)**”). ITG Auto (Thailand) is at the start up stage of setting up an outlet for sale of automobiles in Thailand and has not commenced substantive operation. Collectively, Xindeco ITG Automobile and its subsidiaries and ITG Auto (Thailand) represent the entire 4S dealership and automobile sales and export business of Xiamen Xindeco.

On 20 January 2026, the Acquisition (PRC) and the Acquisition (Thailand) (collectively, the “**Acquisition**”) was approved by the independent shareholders of the Company at the extraordinary general meeting. Following the approval of the Acquisition by the independent shareholders of the Company, the Acquisition was completed on 12 March 2026. The Acquisition is a business combination under common control and will be accounted for in accordance with the accounting policies set out in Note 2(d).

(b) Major and connected transaction in relation to the disposal of Shenzhenshi Huianqi Investment Advisory Co., Ltd. (“**Shenzhenshi Huianqi**”)

On 7 January 2026, the Group entered into an equity interest transfer agreement with the Xiamen Xinda Information Co., Ltd. (the “**Disposal Purchaser**”), pursuant to which the Group has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to acquire, the entire equity interest of Shenzhenshi Huianqi (together with its subsidiary, the “**Disposal Group**”), and the Disposal Purchaser has conditionally agreed to accept and bear certain related debts owed by the Disposal Group to the Group (the “**Disposal**”). The principal asset of the Disposal Group is a parcel of land located at Shenzhen, China, which is included in the reportable assets in the 4S dealership business segment. The provisional consideration for the Disposal is approximately RMB803.1 million and the final consideration is subject to an upward adjustment to reflect any increase of the related debts from 31 March 2025 to the last day of the calendar month in which completion takes place.

On 12 February 2026, the Disposal was approved by the independent shareholders of the Company at the extraordinary general meeting, the completion of the Disposal has not yet taken place as at the date of this report and the financial effect of the Disposal is subject to the determination of the final consideration.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

38 ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors of the Company consider the ultimate controlling party of the Group to be ITG Holding, which is incorporated in the PRC.

39 POSSIBLE IMPACTS OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing these consolidated financial statements. The material accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these consolidated financial statements.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(b) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(c) Provision for inventories

The Group reviews the carrying amounts of the inventories at the respective balance sheet dates to determine whether the inventories are carried at lower of cost and net realisable value. Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's net asset value.

(d) Impairment of goodwill and intangible assets — car dealerships/dealership operation rights

The Group determines whether goodwill and intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which include the relevant goodwill and intangible assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculations are disclosed in notes 14 and 15.

(e) Impairment of intangible assets — trademark

The Group determines whether intangible assets-trademark with indefinite useful life are impaired requires an estimation of the fair value of the trademark by using the relief from royalty method. Details of impairment testing of trademark with indefinite useful life is disclosed in note 14.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Accrual of vendor rebate

The Group manually calculates rebates and recognises them to the extent that the management estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Specific factors management considered included the recent historical sales volume patterns, the rebate rates applied, overriding and ongoing performance metrics and any other available information concerning the credit worthiness of suppliers.

(g) Useful lives of intangible assets

The intangible assets are depreciated on a straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Junfeng (*Chairman*)
Mr. Wang Mingcheng
Mr. Su Yi
Mr. Wu Xiaoqiang (*appointed on 11 July 2025*)
Ms. YU Lijie (*appointed on 1 January 2026*)

Independent Non-executive Directors

Dr. Tsui Wai Ling Carlye
Mr. Shen Jinjun
Ms. Yu Jianrong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O.Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS

11-12/F, ITG Business Center,
No. 669, Sishuidao, Huli District,
Xiamen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C, 32/F
Lippo Centre Tower One
89 Queensway
Hong Kong

COMPANY WEBSITE

<https://www.zhengtongauto.com>

COMPANY SECRETARY

Ms. Fung Wai Sum (ACG, HKACG)

AUTHORIZED REPRESENTATIVES

Mr. Huang Junfeng
Ms. Fung Wai Sum

AUDIT COMMITTEE

Dr. Tsui Wai Ling Carlye (*Chairman*)
Mr. Shen Jinjun
Ms. Yu Jianrong

NOMINATION COMMITTEE

Mr. Huang Junfeng (*Chairman*)
Mr. Shen Jinjun
Ms. Yu Jianrong

REMUNERATION COMMITTEE

Ms. Yu Jianrong (*Chairman*)
Mr. Wang Mingcheng
Dr. Tsui Wai Ling Carlye

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Wang Mingcheng (*Chairman*)
Mr. Huang Junfeng
Mr. Su Yi

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
Bank of China Limited
China Construction Bank Co., Ltd.
China EVERBRIGHT BANK Company Limited
China CITIC Bank Corporation Limited
Ping An Bank Company Limited
Hua Xia Bank Co., Limited
Industrial Bank Co., Ltd.
Xiamen Bank Co., Ltd.
Xiamen International Bank Co., Ltd.
Xiamen Rural Commercial Bank Co., Ltd.
Fubon Bank (China) Co., Ltd.
The Bank of East Asia (China) Limited

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

HONG KONG LEGAL COUNSEL

Reed Smith Richards Butler LLP

STOCK CODE

1728

**CHINA ZHENG TONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司**

WWW.ZHENG TONG AUTO.COM