

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

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2025



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ABOUT THIS REPORT

Introduction

This report is the tenth Environmental, Social and Governance Report (hereinafter referred to as the “ESG Report”) issued by China ZhengTong Auto Services Holdings Limited (hereinafter referred to as “our Group”, the “Group”, “ZhengTong Auto” or “we”, “us” or “our”). It aims to present the Group’s environmental, social and governance management practices and achievements in 2025.

Basis of Preparation

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Code” as provided in Appendix C2 of the “Rules Governing” the Listing of Securities on the Hong Kong Stock Exchange.

Reporting Period

This report is prepared annually and the next report for the reporting period (2026) is expected to be released in 2027.

Reporting Principles

In preparing and disclosing the ESG Report, the Group has fully taken into account of the following reporting principles:

- **Materiality principle:** We identify major ESG issues through materiality assessment, and the relevant process and results have been disclosed in this report.
- **Quantitative principle:** In accordance with the “key performance indicators” of the “Environmental, Social and Governance Reporting Code” as set out in Appendix C2 to the Listing Rules of the Stock Exchange, the Group disclosed quantitative historical key performance indicators in the “environmental” and “social” categories, as well as forward-looking information such as targets to the greatest extent possible, and the statistical scope will be further expanded in the future.
- **Balance principle:** This report strives to disclose the Group’s 2025 environmental, social and governance management practices and achievements in an objective, fair and truthful manner, and also discloses the problems encountered and improvement measures with a sense of responsibility.
- **Consistency principle:** We follow a consistent statistical disclosure method. In this report, we adopted the same disclosure policy as that of the information disclosed in the report of the previous year. For the information disclosed for the first time, we will disclose ESG information adopting the same policy in subsequent years to facilitate equivalent comparisons.



Scope of the Report

This report discloses the Group's environmental, social and governance management approaches, measures and performance from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "Reporting Period"), and a portion of its contents covers historical activities before the release of this report.

This report focuses on reporting on the Group's environment and social policies in relation to the sales, after-sales services, intensive business, supply chain business and emerging business of mid-to-high-end brands and other branded vehicles in the PRC during the Reporting Period. In terms of key performance indicators or other statistical information, the social elements of the statistics covers all business sectors of the Group, while the environmental elements of the statistics consist of the automobiles sales and after-sales services, being the 4S/5S stores and supply chain business, which had the most significant impacts on the environment. 75 stores (accounting for 82.2% of the Group's total stores, coverage rate in 2024 was 83.8%) were selected based on their geographical locations, opening times, store area, cooperative automotive brands and single store sales, etc.

Source

The information in this report is derived from the internal documents and related statistics of the Group.

Availability

The Chinese and English versions of this report are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the official website of the Group. This report is prepared in both Chinese and English and in case of inconsistencies, the Chinese version shall prevail.

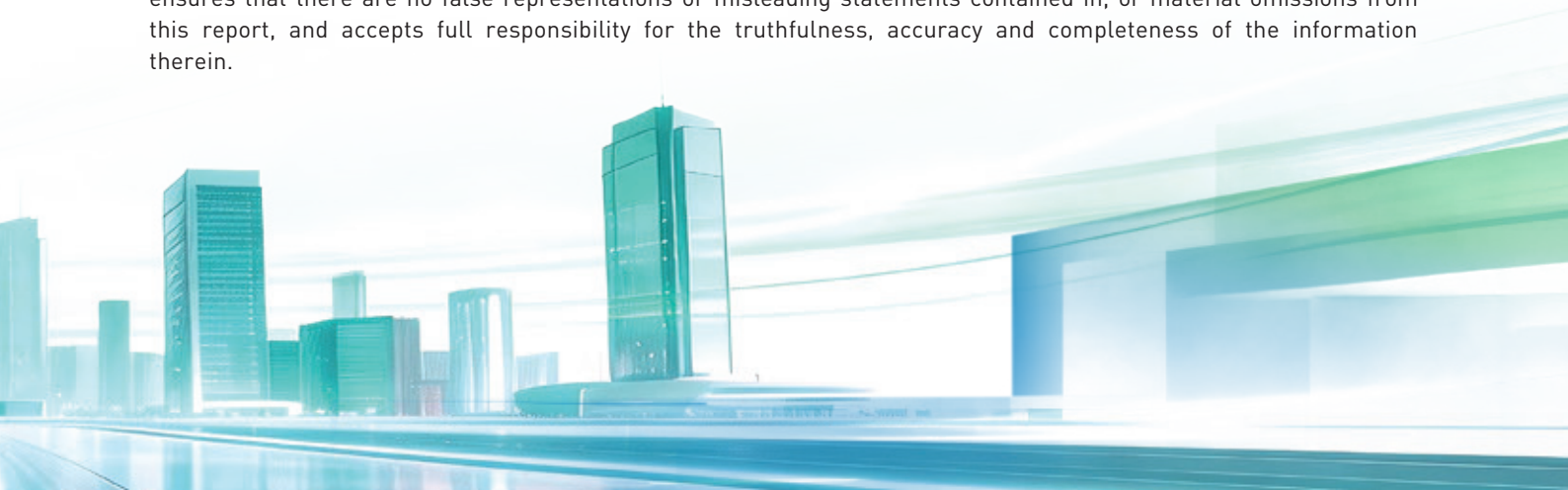
STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Group takes sole responsibility for the Group's environmental, social and governance strategy and for reporting, assessing and determining the Group's ESG-related risks and for ensuring that the Group has established appropriate and effective ESG risk management and internal control systems.

We have established and improved the ESG governance system, and the Board of Directors leads and participates in the review and decision-making mechanism on major ESG issues, including approving annual ESG reports, identifying and evaluating ESG risks, supervising management to formulate ESG strategies and policies, establishing relevant work plans and check and adjust as appropriate.

Based on the external environment and the Group's development strategy, the Group combined the requirements of disclosure standards, capital market concerns and communication with stakeholders, identified key ESG issues including: product liability, supply chain management, information security and privacy protection, among others and conducted focused reviews and performance improvement in daily life. In the future, we will continuously improve the level of sustainable development based on the expectations of stakeholders and the actual operation of the Group.

The Board of Directors of the Group, as the highest responsible and decision-making body for ESG matters, ensures that there are no false representations or misleading statements contained in, or material omissions from this report, and accepts full responsibility for the truthfulness, accuracy and completeness of the information therein.



I SUSTAINABILITY MANAGEMENT

1.1 Business and ESG Governance

Business of the Group

The Group is committed to developing a one-stop automobile service platform, and its business mainly includes

- (i) the sales, after-sales services, and derivative businesses of mid-to-high-end branded automobiles;
- (ii) supply chain business, covering automobile logistics, warehousing logistics, and spare parts logistics in the automotive aftermarket;
- (iii) Emerging businesses, including international businesses and other innovative businesses.

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 underconstruction 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.

Honours and Awards

The Group ranks 21st on the “2025 List of Top 100 Auto Dealer Groups in China” and 66th on the “New Energy Vehicle Sub-List of the 2025 Top 100 Auto Dealer Groups in China.” It has also been honoured with the titles of “Top 100 Socially Responsible Enterprises in China Automobile Circulation for 2025” and “Top 100 New Energy Vehicle Sales Enterprises in China for 2025” by the China Auto Dealers Chamber of Commerce (CADCC) under the All-China Federation of Industry and Commerce (ACFIC). Additionally, the Group received recognition from the China Automobile Dealers Association (CADA) as a “Pioneer Enterprise in New Energy Transformation” and a “Pioneer Enterprise in Digital Transformation.”

Governance of the Group

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Group also fully acknowledges that good corporate governance is extremely important for its success and sustainable operation. The Group has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the “Rules Governing” the Listing of Securities on The Stock Exchange of Hong Kong Limited.

| Corporate Governance | Our practices |
|---|---|
| <p>Board of Directors</p> | <ul style="list-style-type: none"> The Board of Directors considers diversity among board members from multiple perspectives, including professional experience and qualifications, gender, age, race, culture, educational background, and other factors. As of the end of the Reporting Period, the Board consists of four executive directors and three independent non-executive directors, including two female directors. The roles of Chairman and Chief Executive Officer are held by different individuals. The Chairman is primarily responsible for leading and ensuring the orderly and regulated operation of the Board, while the Chief Executive Officer is primarily responsible for the business development and day-to-day operational management of the Company. From 29 April 2025 until the end of the Reporting Period, the position of President remained vacant, with the Executive Vice President assuming partial presidential duties. The Board has established four specialised committees to oversee specific aspects of the Group's affairs: the Remuneration Committee, the Nomination Committee, the Audit Committee, and the Environment, Social, and Governance (ESG) Committee. Each committee has clearly defined written terms of reference. During the Reporting Period, the Board held seven meetings, and the specialised committees collectively held fourteen meetings. During the Reporting Period, the Group continuously provided directors with the latest information on legal and regulatory developments, as well as changes in the business and market environment, to assist incumbent directors in better fulfilling their duties. During the Reporting Period, all incumbent directors participated in appropriate continuing professional development through attending training courses or reading materials related to the Company's business and the responsibilities of directors. |
| <p>Risk Management and Internal Controls</p> | <ul style="list-style-type: none"> The Board monitors the risk management and internal control systems principally through the Internal Audit Department of the Group, and is committed to conducting, at least annually, a review on the effectiveness of the risk management and internal control systems of the Group, 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. 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 for the year ended 31 December 2025. The Board considers the current systems to be generally effective and adequate. |

| Corporate Governance | Our practices |
|---|--|
| Communications with Shareholders and Investors | <ul style="list-style-type: none"> The Group 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 Group also meets with institutional investors from overseas and Mainland China irregularly to keep the investors abreast of the major developments and strategies of the Group. |

For more information on corporate governance, please refer to the “Group’s 2025 Annual Corporate Governance Report”.

ESG Strategy of the Group

The Group highly values the harmonious relationship among people, operating efficiency and the environment. In the pursuit of business and profit growth, the concept of sustainability is incorporated in every aspect of our operation through the adoption of effective and comprehensive policies and measures for the achievement of our mission in respect of the environment and community. We are dedicated to continuously enhancing the corporate governance of the Group, to share our success with the suppliers, customers, employees and other stakeholders and to minimise the negative impacts of our operation on the environment.

ESG Governance

The Group has established a top-down ESG governance structure. The Board is responsible for supervising the Group’s environmental and social affairs to guide the sustainable development direction and path of the Company. We have set up an ESG committee under the delegation of the Board, with Wang Mingcheng, the Executive Director, serving as the chairman of the committee, and its members are Huang Junfeng, the Chairman of the Board of Directors of the Group, and Luo Yaohuang, the Executive Vice President. The Committee meets regularly twice a year. We have developed the “Terms of Reference of the ESG Committee of China ZhengTong Auto Services Holdings Limited”, which clarifies the duties, responsibilities and power of the ESG committee.

In addition, We have also established an ESG working team, which is led by senior management and participated in by middle management. The working team consists of core representatives from the Party Committee Office, the Human Resources Department, the Administration Department, the Securities Department, the Legal Department, the Strategic Investment Management department, the Digital Management Department, the Internal Audit Department and the Supervision Office, etc., covering all relevant departments involved in the Group’s operation and management, and it is an indispensable execution party for the sustainable development of the Group.

ESG Governance Structure



Board of Directors

- **Review and decision-making of material ESG issues**



ESG Committee

- **Policy and strategy development:** Responsible for developing and updating the Group's ESG management approaches, vision and long-term strategic objectives, and ensuring they meet best industry practices, legal and regulatory requirements and stakeholder expectations.
- **Risk and opportunity identification:** Systematically identifying and assessing key issues with significant environmental, social and governance impacts in the Group's operation, establishing relevant criteria to identify significant ESG factors, and continuously monitoring and assessing potential risks and business opportunities arising from these factors.
- **Policy approval and monitoring:** Approving various ESG-related policies, regularly reviewing the effectiveness of internal ESG risk management procedures and internal control systems to ensure they can respond to changing external environments and internal business needs.








ESG Working Team

- **ESG work implementation:** Accounting for the collation of materials and data statistics related to ESG information disclosure, promoting day-to-day work for sustainable development, and maintaining and ensuring that the communication channels of stakeholders are available.
- **Regular reporting and communication:** Reporting to the ESG committee on a regular basis, listening to opinions and suggestions, conveying, communicating and implementing the Group's strategies, specific measures and feedback in ESG aspects.

1.2 Stakeholder Engagement

Stakeholders of the Group in respect of environmental, social and governance interests include external and internal stakeholders. The external stakeholders involve suppliers and partners, customers, shareholders/investors, governments and regulators and communities where the medias and businesses are operated. Internal stakeholders, in addition to the Board and senior management of the Group, also include the middle management and a large number of general staff. Through interviews, online questionnaires, participating in the compilation of the report, etc., the Group continues to ensure the participation of stakeholders and understand their expectations and aspirations.

| Stakeholders | Concerned issues | Communications and responses |
|--|---|---|
| Governments and regulators  | <ul style="list-style-type: none"> Compliant operation Economic performance Safety and environmental protection Employment promotion Integrity and anti-corruption | <ul style="list-style-type: none"> Regular information submission Accept assessment and supervision Compliant operation and management |
| Investors/shareholders  | <ul style="list-style-type: none"> Economic performance Information transparency Business strategy and financial performance Protection of shareholders' rights and interests | <ul style="list-style-type: none"> Increase information disclosure Shareholders' general meetings Investor survey and reception |
| Suppliers and partners  | <ul style="list-style-type: none"> Responsible supply chain Mutual benefit and win-win Industry cooperation and development | <ul style="list-style-type: none"> Publish the supplier management regulations Sign a cooperation agreement Day-to-day business communications |
| Consumers  | <ul style="list-style-type: none"> Information security and privacy protection Customer rights and interests protection Responsible marketing Product quality | <ul style="list-style-type: none"> Consumer satisfaction survey Multi-channel complaints reporting and feedback |
| Media  | <ul style="list-style-type: none"> Economic performance Industry cooperation and development Responsible marketing Development planning | <ul style="list-style-type: none"> Company website and social media Organise activities |

| Stakeholders | Concerned issues | Communications and responses |
|---|--|---|
| <p>Staff</p>  | <ul style="list-style-type: none"> • Employee compensation and benefits • Fairness and diversity • Employee health and safety • Training and development | <ul style="list-style-type: none"> • Internal and external training • Employee activities • Employee opinion survey and feedback |
| <p>Communities</p>  | <ul style="list-style-type: none"> • Social welfare activities • Community development | <ul style="list-style-type: none"> • Regular visits and exchanges • Social activities • Capital and material assistance |

1.3 Materiality Assessment

The Group attaches great importance to and systematically handles ESG (environmental, social and governance) related issues. The Group periodically reviews and updates the materiality assessment based on the sustainability challenges faced by the Group each year so as to ensure that the report can fully reflect the Group’s management practices and progress in environmental, social and governance aspects.

In 2025, the Group identified material issues in its societal, environmental and governance impacts by extensively referencing industry peers’ leading practices and sector priorities, integrating feedback from stakeholders and external experts, and examining domestic and international sustainability standards alongside capital market ESG rating metrics. At the same time, we prioritised the issues so as to compile the materiality issue matrix of this report, which were divided into three levels, namely “highly material”, “material” and “relevant”.

Assessment Process for Material ESG Issues of ZhengTong Auto

01 ESG issue identification and confirmation

- We communicated with stakeholders through multiple channels, delimited the scope of issues and determined the key issues based on the feedback obtained, the sustainable development hot spot of the industry and the actual operation of the Group;
- With reference to assessment factors such as ESG reporting guide and ESG ratings in the capital market, and based on the relevant policies and standards of sustainable development information disclosure at home and abroad, We identified the focus, frontier goals and potential risks relating to sustainable development in the industry where We operate, and selected and formed a list of topics.

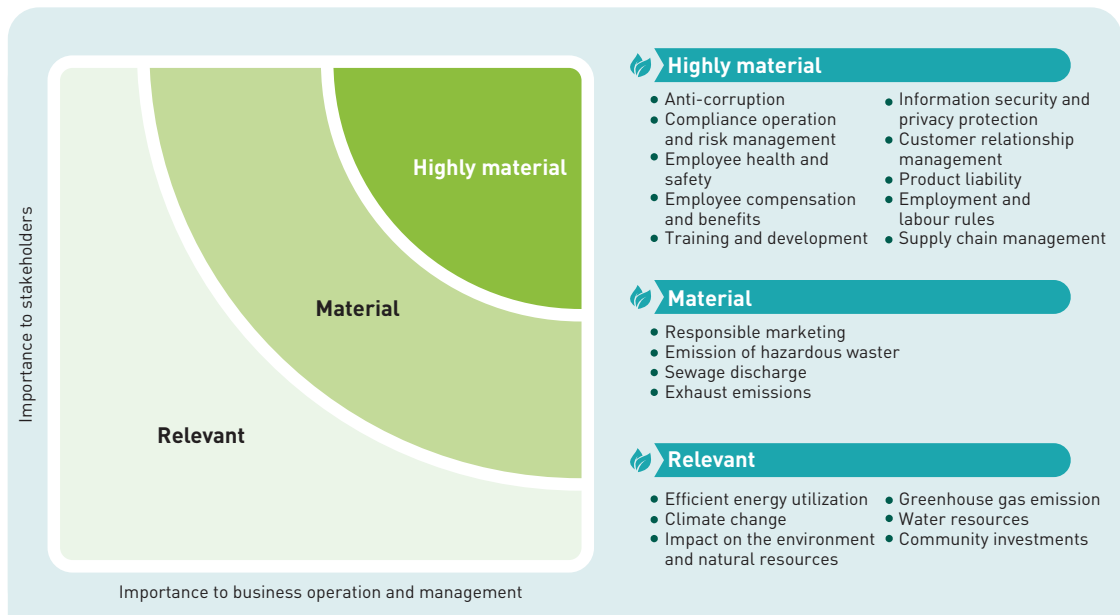
02 Stakeholder communication and survey





















- We compiled an online survey questionnaire on material ESG issue assessment with the issue list as the core of the stakeholder survey. The internal and external stakeholders were invited to score the materiality of the corresponding ESG material issues, and upon summarisation and analysis, we derived the final survey results and the satisfaction of the internal stakeholders on the sustainable development of the Group.

03 Assessment of material issues

- Based on the results of the stakeholder survey questionnaire and our actual development, we carried out materiality assessment from two dimensions of “importance to stakeholders” and “importance to operation and management”, ranked the materiality of each ESG issue according to the score, and generated a matrix after review of the results by external experts.

Based on the materiality assessment on ESG issues, we generated the following matrix:



| ZhengTong Auto ESG Issue List | | | |
|---|---|--|---|
| Category | Issues | Materiality | Responses in this report |
|  Governance | Anti-corruption | Highly material | Business Ethics and Anti-corruption |
|  Governance | Compliance operation and risk management | | Strengthening Risk Management |
|  Social | Employee health and safety | | Occupational Health and Safety |
|  Social | Employee compensation and benefits | | Protecting Employee Rights and Interests |
|  Social | Training and development | | Talent Training and Development |
|  Social | Supply chain management | | Sustainable Supply Chain Management |
|  Social | Information security and privacy protection | | Information Security and Privacy Protection |
|  Social | Customer relationship management | | Improving Customer Experience |
|  Social | Product liability | | Diversified Business Layout Responsible Marketing Improving Customer Experience |
|  Social | Employment and labour rules | Protecting Employee Rights and Interests | |
|  Social | Responsible marketing | Material | Responsible Marketing |
|  Environmental | Waste management | Relevant | Emissions Management |
|  Environmental | Sewage discharge | | Emissions Management |
|  Environmental | Exhaust emissions | | Emissions Management |
|  Environmental | Efficient energy utilization | | Efficient Use of Resources |
|  Environmental | Climate change | | Response to Climate Change |
|  Environmental | Impact on the environment and natural resources | | Low-carbon Operation and Green Development |
|  Environmental | Greenhouse gas emission | | Response to Climate Change |
|  Environmental | Water resources | | Efficient Use of Resources |
|  Social | Community investments | | Practicing Public Welfare and Building a Harmonious Society |



LEAN MANAGEMENT AND STEADY OPERATION

2.1 Development Led by Party Building

The Party Committee of ZhengTong Auto was officially established in December 2021 and has six Party branches at present. The Group always adheres to the integration of the Party's leadership and corporate governance improvement. It has clarified the power, obligation and work methods of the Party Committee in the decision-making, execution and supervision links of the Company, it also integrates the leadership of the Party into all aspects of group governance and continuously deepens the integration of Party building with business operations.

Highlighting political leadership and strengthening theoretical education

We are consistent in regarding the study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as a crucial political task, reinforcing theoretical education and resolutely implementing all deployments and requirements from the Central Committee of the Communist Party of China (CPC) and higher-level party committees. Throughout the year, we conducted 32 "First Agenda" study sessions and 12 concentrated learning and discussion sessions of the Party Committee's theoretical study group, ensuring effective implementation of all decisions and plans from the Central Committee and higher-level party committees within the Group.

Strengthening theoretical education and deepening work style construction

We have earnestly carried out and thoroughly implemented the study and education on the spirit of the Eight-Point Decision on Improving Party and Government Conduct (Eight-Point Decision). Focusing on President Xi Jinping's important speeches on strengthening the work style of the Party and the spirit of the Eight-Point Decision and its detailed implementation rules, we have conducted more than 50 learning sessions through various forms such as centralised study, specialised seminars, self-study, disciplinary party lessons, warning education, and interpretation training. This continuously reinforces employee awareness of discipline and rules, actively creating a clean and upright business environment, and providing strong support for the Group's core strategy, transformation and upgrading, and high-quality development.

Consolidating the organisational foundation and stimulating endogenous motivation

We have organised staff to participate in training programs on party affairs and supervision hosted by both our unit and higher-level party organisations, continuously improving the skills of our party affairs staff. We also strictly enforce systems such as the "Three Meetings and One Lesson" (regular general meetings of party members, branch committee meetings, party group meetings, and party lectures), hold themed party days, and carry out democratic evaluations of party members, to enhance the seriousness of intra-party political life and lay a solid foundation for party work. We have been actively exploring new paths for integrating party building with business operations, continuously refining our party building brands, and constantly enriching and perfecting their connotations to optimise and upgrade grassroots party building brands.

To enhance integrity awareness and resistance to corruption among Party members, officials, and employees, in 2025, we leveraged the “Integrity Express” culture brand to further deepen integrity education and training. On the one hand, we strengthened warning education by issuing the “Notification on Two Typical Disciplinary Cases in 2024” of Zhengtong Auto. We also urged the integrity supervisors to organise over 30 integrity education sessions, covering more than 600 employees. On the other hand, we deepened learning through examinations by organising knowledge tests on the Eight-Point Decision for Party members and employees from various branch committees and subordinate enterprises. A total of 279 Party member employees participated in these tests, achieving the goals of testing their knowledge and promoting learning.

2.2 Business Ethics and Anti-corruption

Our Group adheres to high standards of business ethics and strictly complies with relevant laws and regulations such as the “Labour Law of the People’s Republic of China,” the “Anti-Unfair Competition Law of the People’s Republic of China,” the “Anti-Money Laundering Law of the People’s Republic of China,” and the “Interim Provisions on the Prohibition of Commercial Bribery Practices.” We firmly oppose any form of improper conduct, including fraud, corruption, bribery, and malpractice, and have taken a series of measures to prevent and severely punish corruption, to maintain the good image and normal operation order of the Group. In terms of anti-corruption and anti-bribery, our Group upholds the principles of no restricted zones, full coverage, and zero tolerance. During the Reporting Period, no corruption incidents were detected within our Group.

Continuously Deepening System Construction

In 2025, we will continue to deepen the construction of our integrity risk prevention and control system, and strengthen full-chain closed-loop management that includes prevention in advance, in-event supervision, and post-event disposal.

**Prevention in
advance**

- We continue to identify and manage integrity risk points, urging and guiding platform companies to revise and improve the content of the “Integrity Risk Prevention Manual” for 4S stores based on their actual circumstances, and integrating integrity risk prevention and control into the entire business process.
- The Group has established an internal control system centred on the “Internal Control Management Manual”, refining regulatory frameworks and optimising business processes to ensure operations are guided by established regulations, with clear authority-responsibility alignment and effective supervision. This systematically elevates internal governance standards and risk prevention capabilities, promotes normative and efficient business operations, and provides robust institutional safeguards for the Group’s sustainable and stable development.
- We deepen theoretical education by combining the Integrity Culture Promotion Month activities with the in-depth implementation of the Eight-Point Decision. We have formulated the “Implementation Plan for the 2025 Integrity Culture Promotion Month,” and implemented the “positive and negative lists” and the “one theme per month” learning activity under the Eight-Point Decision through various forms such as themed reading sessions, integrity party lessons, and family ethos and education thematic activities. Leading by example, the Party Committee held 6 special learning sessions, while the invested enterprises organised 95 learning sessions.
- We continuously address issues related to formalities being performed for formalities’ sake, bureaucratism, hedonism, and extravagance. By closely monitoring key periods such as Spring Festival, Labor Day, Mid-Autumn Festival, and National Day, we focus on areas such as public vehicle management, business hospitality, holiday allowances, and the acceptance and offering of gifts in violation of regulations. In 2025, we conducted 29 inspections, covering 35 key risk points.

**In-process
supervision**

- We rely on the ITG Holding “East-West-North-South-Central”(東西南北中) comprehensive platform to conduct inspections and checks through reviewing ledgers, on-site inspections, and random checks of the financial system. In 2025, we carried out 7 rounds of supervision and inspection at 22 invested enterprises. During the first round of platform inspections, we identified over 30 problems related to business hospitality, contract signing, and improper vehicle exit registration, all of which have been rectified.
- Audit oversight was continuously intensified, with 18 audit projects conducted during the Reporting Period covering core business areas including 4S store daily operations, the pre-owned vehicle business, and procurement activities; concurrently, special audits were promptly initiated for emergent incidents to accurately identify issues and provide targeted recommendations.
- Internal control evaluations were performed for the operational activities of the Company and major invested enterprises. General internal control deficiencies identified during evaluations were addressed by organising responsible departments to implement time-bound rectifications, enhancing the applicability and effectiveness of systems through refined policy clauses and optimised business processes, thereby ensuring closed-loop management of the internal control framework.

**Post-event
disposal**

- For the prominent issues identified during our inspections and supervisions, we issued 4 disciplinary inspection recommendation letters, requiring strict implementation of supervisory responsibilities to ensure that all work is conducted in a standardised manner;
- Regarding issues identified through audits, 16 rectification items encompassing 173 problems were monitored to completion. By establishing rectification logs with clear accountability and deadlines, end-to-end oversight of audit supervision was secured. For recurring and common issues uncovered during audits, two rounds of self-inspections were organised across dealerships to deepen the impact of rectifications.

Strengthening institutional construction and consolidating supervisory safeguards

The Group continues to advance the development of integrity systems. Through in-depth research and analysis, we have comprehensively reviewed the business processes across various sectors including automotive, logistics, and insurance agency, etc. In conjunction with industry characteristics and the actual conditions of the enterprise, we have formulated subsidiary documents such as the “Management Measures for Embedding Integrity Risk Prevention into Business Risk Prevention” and the “Integrity Risk Prevention Manual,” integrating integrity risk prevention throughout the entire process and all aspects of business management. The Group has also established a Leadership and Coordination Group for Party Conduct and Anti-Corruption Work, creating an intra-Party supervision joint conference mechanism to coordinate cross-departmental collaboration, thereby consolidating oversight efforts and enhancing supervisory efficacy. A dedicated whistleblowing mailbox has been set up to address both external and internal reports in accordance with the principle of “level-based accountability and categorised case handling”.

During the reporting period, we revised the “Implementation Measures for Deepening the ‘1+X’ Supervision Mechanism,” further clarifying the overall framework for the organic integration and collaborative efforts of “1” (special supervision by discipline inspection and supervision staff) and “X” (professional supervision by functional departments). We emphasised the unified leadership of the Party Committee to coordinate and integrate various types of supervision, thereby improving the overall efficiency of the supervision system and focusing on transforming institutional advantages into governance effectiveness.

The Group has established requirements to stipulate that when significant issues or emerging trends are identified through daily inspections, special audits, investigations into complaints and reports, review inquiries, and targeted recommendation letters should be issued to relevant units/departments. By focusing on deficiencies and vulnerabilities in areas such as system implementation, process standardisation, risk identification, and regulatory awareness, this approach outlines specific and binding rectification requirements. These requirements include stringent reviews and controls, enhanced process standardisation, strengthened training and education, improved internal oversight, and comprehensive self-examinations and corrections. This encourages relevant units to identify and promptly address these issues, establishing robust systems that significantly enhance the relevance, effectiveness, and deterrent power of supervision and inspection.

Strengthening the foundation for internal control and promoting governance improvements

To further strengthen the Group’s internal control and integrity governance system, in 2025, the Group prioritised both training and education as well as warning education, promoting a shift in compliance management from reactive response to proactive prevention. We have organised special training on corporate internal control standards and their application for business backbones and internal control administrators of each subsidiary, with a total of 105 participants. We briefed the Operation Department of the headquarters and general managers of all subsidiaries on typical audit issues for 6 sessions, attracting over 80 participants. Targeting prominent problems in the procurement and bidding field, we issued special rectification circulars to 8 person-in-charges of the headquarters procurement department. Through regular training and notification mechanisms, we have further strengthened the defense line for internal control over integrity and tightened the risk prevention and control alert system.

Case:



Zhengtong Auto held a specialised training session on self-assessment and the application of enterprise internal control standards

To further strengthen internal control and improve corporate management, on 8 January 2025, Zhengtong Auto organised a specialised training session on self-assessment and the application of enterprise internal control standards. A total of more than 105 participants attended the session either online or in person.



2.3 Strengthening Risk Management

To standardise various business operations, we have strengthened the identification, early warning, and control of business risks. During the reporting period, the Group completed the basic reconstruction of the risk management system and successively issued regulations such as the “Comprehensive Risk Management Regulations,” the “Investment Risk Management Guidelines,” the “Operational Risk Management Guidelines,” and the “Compliance Risk Management Guidelines.” We aim to manage risks from multiple perspectives by actively promoting these systems. We have also conducted various specialised training sessions, covering topics such as company law, labour law, investments, mergers and acquisitions, trade union law, and compliance management in state-owned enterprises. These sessions have been tailored to all relevant departments involved in these areas. Through systematic training, we have reinforced the risk management awareness of all employees and enhanced their sensitivity and early warning capabilities in daily business operations.



We carried out training sessions on risk management

According to the “Table on Indexes for Classification of Operational Risk Levels”, the Group divided various risk factors in its business into three levels, i.e. “attention”, “caution” and “response” based on the degree of risk, and developed corresponding quantitative standards to define the risk level, reporting timeframe, responsible departments, and risk control measures. We have also developed the “Risk Monitoring Indicators” in line with the Group’s actual business needs and have established a monthly dynamic monitoring mechanism that generates regular summary reports of risk monitoring data. For any abnormal indicators, we promptly investigate the details, analyse the root causes, and implement supervisory rectifications to achieve the “early detection, early warning, and early disposal” of risks.

2.4 Digital Transformation

ZhengTong Auto actively promotes digital transformation. The Group has realised business and finance integration at the same platform. This has achieved standardised business processes, shared data resources, and refined management controls. Within our 4S business, this facilitates a four-in-one integrated management approach encompassing “centralised group monitoring, unified business operations, integrated business-finance-taxation-treasury functions, and seamless online-offline convergence”. Based on the current status and trend of our business development, we are making efforts to promote our business to develop in a more efficient and intelligent way in four aspects, digital management, digital operations, digital marketing, and digital transactions.



Digital Management: By establishing unified data indicator systems and analytical frameworks, we have achieved visualised operational scenarios and agile management reporting. This equips the Group with a “digital neural centre”, enabling full-cycle precision control and data-driven intelligent decision-making. Consequently, we have realised integrated management across the four pillars of group monitoring, business operations, business-finance-taxation-treasury integration, and online-offline convergence;



Digital Operations: We are constructing a comprehensive, full-cycle control system. This lays a robust foundation for the Group’s future unified and reliable data-driven decision-making, propelling operational management towards greater intelligence. We have formulated solutions for the whole life-cycle of users, including pre-sale DCC clues (clues to customer acquisition, distribution, conversion, etc.), CRM management in sales (customer management, follow-ups, test drives, etc.) and after-sales management (repairs, maintenance, etc.), which effectively enhances the conversion rate of clues and promotes the user/business operations and business decisions;



Digital Marketing: Building upon the foundation of targeting customer-centricity, we have established an all-encompassing, omnichannel, full-scenario, and 24/7 digital customer service ecosystem. Through an integrated mini-programme consolidating multiple functions, we have achieved unified customer asset management and online service scenario migration. This effectively supports specialised campaigns, maintenance reminders, closed-loop complaint resolution, and satisfaction management, significantly boosting customer loyalty and value chain efficiency. We have developed a B2C retail and big data marketing platform, expanding consumer touchpoints across mainstream channels including Douyin, Yiche, Autohome, and mini-programmes. By continually innovating livestream marketing tactics, we are enhancing both marketing effectiveness and profitability.

During the reporting period, the Group steadily advanced its digital system development under the technology-driven digital transformation strategy. Aligned with the customer value-oriented transformation objective, we fully implemented the group-wide integrated business and finance system (the “Cangqiong System”). Centred on integration, this system achieves the deep convergence of processes, data, and business-finance operations, enhanced functional department operational capabilities, and reduced costs while increasing efficiency and fully leveraging the value of digital enablement.

2.5 Information Security and Privacy Protection

The Group strictly abides by laws and regulations such as the “Cybersecurity Law of the People’s Republic of China,” the “Personal Information Protection Law of the People’s Republic of China,” and the “Information Security Technology — Personal Information Security Specification.” Additionally, the Group has established the “Confidentiality Management Measures” and formed a confidentiality leadership team to build an information security system that respects and protects customer privacy. The Group’s data privacy policy applies to all relevant business lines across the entire organisation. The Group’s data privacy policy applies to all relevant business lines across the entire organisation.

The Group strives to ensure the encryption and security of customer data and has invested in highly secure data management systems to safely handle customer information. Furthermore, we have implemented a customer records management system to properly store and utilise vehicle maintenance records (including vehicle information, owner and repair requester details, pre-inspection forms, quotation sheets, and damage assessment forms) in compliance with relevant national laws and regulations.

We adhere to the data minimisation principle in collecting customer information, and have implemented strict measures for information management and control to protect customers’ privacy with regards to systems and equipment:

- The office computers in all stores are prohibited from copying and using customer information without permission;
- All general staff may only input information of the specific customers they served to our system and shall have no authority to access information of other customers;
- The authority to access customer information is only vested in a limited number of management members, and all of them have entered into confidentiality agreements with our Group;
- During the customer care and return visit, we will also confirm with the customers whether there is any information leakage;
- We will desensitise the privacy information of customers which can’t be downloaded by ordinary employees;
- In cooperation with third parties, the Group requires the signing of confidentiality agreements to ensure the security and privacy protection of customer information during the collaboration process.

The Digital Management Department of the Group is responsible for managing privacy and data security. The digital management department reviews the operation history of the information system from time to time to ensure that there is no illegal login, information use and leakage. We annually invite third-party auditors to review our information security policies and systems. The scope of the audit includes group-level controls, change management controls, logical access controls, and other general IT controls.

During the Reporting Period, the Group organised five trainings on information security and privacy protection covering employees of the Group headquarters and its subsidiaries, with 600 participants; did not have any incidents related to leakage of customer privacy.



We organised training sessions on information security and privacy protection

2.6 Intellectual Property and Innovation through Communication

In the face of the ever-changing market environment, the Group maintains an innovative and open attitude, actively participates in industry-related activities, understands consumer needs, grasps the development trend of the industry, and actively shares our successful experience to strengthen cooperation and communication with peers and promote the advancement of the industry.

We place great emphasis on intellectual property protection, continuously strengthening awareness in this area. On one hand, we actively safeguard the intellectual property generated by the Group and support efforts to combat infringement and other forms of unfair competition. On the other hand, we respect the intellectual property of others and strive to avoid infringement.

Innovation is our primary driving force, and We are committed to advancing technological innovation in logistics. The Group is continuously improving its logistics services and product development system, focusing on creating logistics services tailored to the diverse needs of different customers and more refined overall solutions to meet future demands for diversified and cost-effective logistics services. As at the end of the Reporting Period, the Group had obtained a total of 49 intellectual property rights and patents, including 9 utility model patents and 40 software copyrights.



RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES

3.1 Diversified Business Layout

As a core platform enterprise of ITG Holding system in the automobile sector, ZhengTong Auto takes “4S system”, “new retail” and “emerging business” as the three core business pillars. Our Group’s core strategy is to consolidate our established premium segment position while comprehensively accelerating our penetration into the new energy vehicle (NEV) field through strategic mergers and acquisitions (M&A) and brand authorisations.

1. 4S system: Optimising brand structure with rapid expansion of the NEV network

Within our traditional areas of strength, the Group continues to strengthen partnerships with mid-to-high-end brands such as Porsche, Mercedes-Benz, and BMW. The most significant development in 2025 involves substantially expanding the NEV brand network through a dual approach of “organic growth” and “external acquisitions”:

- Organic authorisations: Sixteen NEV brand authorisations were secured within the year, covering key regions including Beijing, Shanghai, and Guangdong. Eight of these outlets are already operational.
- External acquisitions: Near the year-end, we completed the acquisition of approximately 50 4S stores from XINDECO. A primary objective of this acquisition was to gain access to their existing NEV sales network resources, enabling a rapid scaling up of our operations.

2. New retail: Deepening online-offline integration

Our Group is continuously advancing channel convergence. We utilise e-commerce platforms and social media for online customer acquisition and brand marketing, while simultaneously leveraging our expanding physical network — including the newly added NEV outlets — to provide test drives, vehicle delivery, and after-sales services. This integrated approach aims to deliver a seamless car purchasing experience for consumers and enhance overall channel operational efficiency.

3. Emerging businesses: Exploring opportunities across the new energy vehicle value chain

Driven by industry transformation, our Group’s emerging business expansion focused on upstream and ancillary businesses of new energy. This focus aims to develop value-added segments within the industrial chain and cultivate long-term growth drivers.

Sustainably advancing the new energy strategy

New energy vehicles (NEVs) are an important direction for the sustainable development of vehicles. Our Group actively responds to the national “dual carbon” goals and the industry trend towards electrification, regarding the development of our NEV business as central to sustainable growth and our future. Throughout 2025, the Group persistently advanced the implementation of its NEV strategy, achieving significant progress across several key areas: authorisation acquisition, network development, sales promotion, user experience, and exploration of the industrial chain.

1. Accelerating NEV Brand Authorisation and Expanding the Collaboration Network

The Group has proactively pursued authorisations for the sales and after-sales service of NEVs, established and deepened collaborative relationships with multiple established and emerging brands, covered numerous key provinces and municipalities across the country, and contributed to the continuous refinement of its network footprint.

2. Innovating Sales and Experience Models to Enhance NEV Penetration

- **Strengthening Product Exposure and Experience:** By establishing dedicated spaces such as “focal display areas,” our Group has increased the visibility of NEV models. Tailored activities, including in-depth test drives and scenario-based experiences aligned with vehicle features and brand strengths, are conducted to enhance customer awareness and acceptance.
- **Optimising Sales Incentives and Support Services:** The Group has formulated and implemented targeted incentive schemes for NEV sales to boost frontline motivation. Comprehensive support, ranging from model introductions and licence application assistance to charging point installation guidance, is provided throughout the sales process, thereby lowering barriers to purchase and ownership.

3. Continuously Exploring Industrial Chain Extension Opportunities

While maintaining its focus on sales and services, our Group also remains attentive to potential value segments within the broader NEV industrial chain. Ongoing market analysis and feasibility studies have been conducted into areas such as battery recycling, vehicle dismantling and regeneration, and the construction and operation of charging infrastructure, laying the groundwork for future business expansion opportunities.

Driving international business development

Under the backdrop of booming exports of China’s independent branded cars and favourable state policies in support of pre-owned vehicle exports, ZhengTong Auto has accelerated its strategic deployment in export operations, comprehensively expanding the breadth and depth of its export business. Moving forward, the Group will leverage its regional foothold, consolidate resources and extend value chains to fully develop international markets. We will capitalise on our cross-border platform advantages to propel the dual circulation and mutual reinforcement of domestic automotive retail and international vehicle exports, thereby embarking on a new transformational pathway for automotive export operations.

Developing the pre-owned vehicle business

Benefiting from industry standardisation policies, China's used car market has sustained scaled, standardised, and accelerated growth. The Group seizes market opportunities by optimizing the used car retail centre operating framework, implementing unified personnel management, and enhancing performance evaluation standards and performance-driven incentives to boost team morale. We continuously iterate market-based pricing models, strengthen price controls for the procurement wholesale and retail of used vehicles in regional stores, and adjust sales channels focused on retail capability building to drive steady growth in the used vehicle business. During the Reporting Period, the Group achieved total pre-owned vehicle sales of 14,800 units, representing a year-on-year increase of approximately 3.8%.

3.2 Improving Customer Experience

Employees of ZhengTong always uphold the mission of "offering superior driving experience to our customers" and strive to provide our customers with high quality services. We have continuously worked hard to fulfil the vision of the Group of "becoming a leading comprehensive service provider in the ecology of the automobile industry".

Quality store services

In 2025, we systematically advanced the upgrade of dealership service quality, centred on enhancing customer experience. This was achieved through optimizing service processes, strengthening institutional safeguards, enhancing oversight and execution, and promoting marketing synergy. Specific initiatives included:

- **Optimising service processes and institutional safeguards**

The Group has formulated the Vehicle In/Out Management Regulations and has issued institutional documents such as the Service Entitlement Management Procedures and After-Sales Service and Repair Management Procedures. These documents clarify service standards and accountability, improving service response efficiency and problem diagnosis capabilities. We continuously optimise after-sales service quality, customer demand-driven self-inspections, and corrective actions in dealership after-sales management and parts management.

- **Strengthening accountability mechanisms and service oversight**

The Group actively implements management accountability, ensuring service processes are traceable and accountability can be enforced. Through dealership inspections and joint audits, we regularly assess the implementation status of regulations and processes at each store, driving the effective application of service standards. We have established a closed-loop "demand-tracking-feedback" mechanism, enabling real-time follow-up on repair progress based on vehicle usage status that ensures customer satisfaction through a three-tier feedback system.

- **Enhancing marketing synergy**

The Group has refined marketing campaign execution to ensure effective alignment between marketing strategies and service commitments, enhancing the precision of campaign implementation and the consistency of the customer experience.

Customer care

In 2025, the Group upgraded its customer care system under the service philosophy of “Expert Care, Comprehensive Companionship.” Through the following four core initiatives, we have built a more intelligent and comprehensive vehicle owner service experience:

- **Special care programs:** We have launched seasonal maintenance and car detailing packages, such as “Winter Protection Package” and “New Year Refresh Package,” offering discounts and complimentary inspections.
- **Membership benefits innovation:** We have upgraded traditional membership privileges into bundled packages combining “Maintenance, Safety, Car Detailing, and Insurance,” establishing a flexible redemption mechanism.
- **Service process digitisation:** We have implemented fully digital end-to-end services including smart renewal reminders online booking and progress tracking.
- **Cross-business collaboration mechanism:** We have established cross-functional customer service teams across sales, after-sales, and other departments to create closed-loop service pathways and specialised training programs.

Overall, the Company’s customer care model has achieved a strategic transformation: shifting from “reactive response” to “proactive care,” and evolving from “individual services” to “integrated solutions.”

Customer communication

The voice of customers is the starting point of ZhengTong’s high-quality service. The Group has established and implemented the “4S Store Customer Complaint Handling Process” to ensure effective communication with customers and closed-loop issue resolution. In 2025, while maintaining the “Receive-Respond-Resolve-Close” framework, the Group further refined customer communication mechanisms through digitalisation and operational refinement:

- **Multi-channel intake:** Consolidating all access points including phone calls, satisfaction surveys, in-dealership interactions, and social media.
- **Rapid initial response:** Customer service specialists must proactively contact customers within 30 minutes to de-escalate situations, acknowledge concerns, and document requests.
- **Efficient internal routing:** Instantly assigning cases via internal groups, notifying responsible staff and managers, with explicit requirements for progress updates before the end of the same day.
- **Tiered handling and resolution:** Routine issues addressed by responsible personnel; immediate supervisor/manager escalation for escalated customer complaints.
- **Follow-up and closure:** Unified confirmation follow-up by customer service specialists, followed by systematic case archiving to achieve management closure.

We consistently conduct customer satisfaction surveys to obtain and evaluate customer comments in terms of 4S store environments, service quality, staff professionalism, and other service experience related dimensions. Customer feedback is categorised into four types: “Inquiries,” “Complaints,” “Commendations,” and “Suggestions,” each subject to differential handling. For “Complaint” feedback, dedicated personnel are assigned for time-bound follow-up, strictly adhering to the Group’s closed-loop feedback resolution process.

During the reporting period, we received 2,517 complaints regarding products and services, achieving a 100% response rate and a 97% resolution rate. Among these, 1,045 complaints were related to marketing and sales practices, mainly concerning unfulfilled commitments, etc. The Group has established improvement plans to address these issues, including strengthening management of sales commitments and package services, improving vehicle delivery efficiency and refining compensation mechanisms.

Quality management and customer safety protection

All of the new cars sold by ZhengTong Auto were purchased from our OEMs and passed strict product quality inspection. Each of our new vehicles will go through the PDI pre-delivery inspection procedure to ensure that such vehicle meets the delivery standards of OEMs. The Group takes the protection of consumers' rights and interests as its fundamental principle. In 2025, we assisted 14 brands in carrying out a total of 48,091 voluntary recalls and goodwill recalls and properly arranged the corresponding recall procedures and services to ensure the safety of customers, which greatly improved customer satisfaction, customer loyalty and brand recognition.

In terms of vehicle maintenance, we comply with the requirements of the "Regulations on the Administration of Automobile Maintenance and Repair" (《機動車維修管理規定》) and the "Technical Specifications for Automotive Maintenance, Testing and Diagnosis" (《汽車維護、檢測、診斷技術規範》) at the national level and manufacturer-specific requirements for vehicle inspection, diagnosis, and repair. We have established a maintenance quality management system comprising:

- Three-tier technical support system: Technician self-diagnosis, in-store expert consultation, and brand expert consultation.
- Stringent quality metrics: Internal and external repair rates both controlled within 1%.
- Three-tier quality inspection and qualification certification: Self-checks, peer-checks, and final-checks throughout the repair process.

Through formulating the Management Regulations for Three Warranty Services of Automobile Dealerships Business, the Group constructs a customer safety and security system. The following measures are implemented in the business:

- Provide three-warranty manuals and vehicle instruction manuals, and introduce the operation and guidance of the vehicle to the customers at the time of delivery.
- Through car owner lectures, short video contents and other forms to popularise vehicle functions and safe driving knowledge.
- Construct diversified service platforms such as WeCom, Cheweixin (車微星) mini program, and customer service hotline, to provide remote technical diagnosis services.
- Conduct regular safety inspections of the service venue to maintain the safety and cleanliness of the facility environment and create a high-quality service system.

During the Reporting Period, there were no product recalls or recoveries for safety and condition reasons after the sale and distribution of automotive products.

3.3 Sustainable Supply Chain Management

For the Group's automotive sales and after-sales services, the supply chain is a key focus of our operations. Stable supply of vehicles and spare parts is the foundation for us to sell products and provide services to consumers.

In terms of supplier procurement, our Group adheres to the principles of openness, fairness, justice, legality, merit selection, and integrity, and reduce procurement costs and control procurement risks by formulating the "Procurement Management Regulations". For spare parts and other suppliers, our Group has established strict supplier screening standards, including the "Procurement Management Regulations," the "Revised Management Measures for the Procurement of Automotive Accessories and Production Tools," and the "Implementation Rules for the Evaluation of Centralised Procurement Suppliers of Automotive Accessories." For logistics suppliers, we have introduced the "Transportation Management Measures," which supervises and assesses logistics suppliers from aspects such as plan management, on-site management, quality management, in-transit management, behaviour management, and complaint management to ensure that they conduct standardised operations as required.

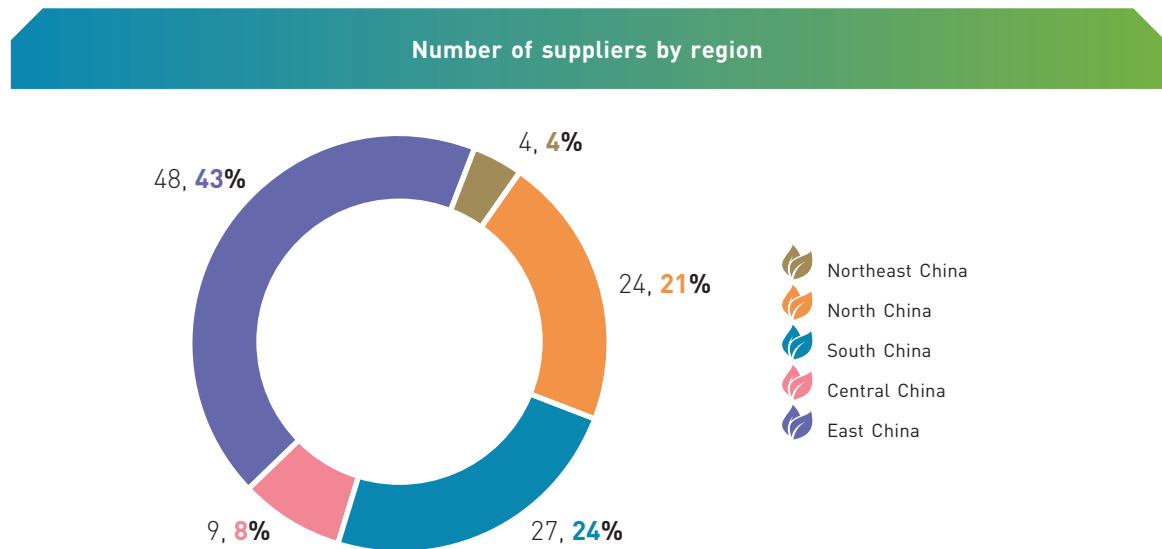
Our Group treats environmental and social risks as key considerations in supplier collaboration, focusing on building a green and responsible supply chain system. In environmental management, beyond procuring parts through OEM channels, we require suppliers to provide relevant qualifications and environmental test reports. For instance, suppliers of items such as floor mats and car covers must comply with national environmental requirements, while paint suppliers must submit reports verifying their VOC content; cooperation is denied to those not meeting the standards. Regarding social responsibility, a supplier's participation in charitable and public welfare initiatives or environmental actions forms one of the criteria for qualification, with contractual clauses explicitly stipulating requirements such as the "Prohibition of Child Labour" and the "Promotion of Green Procurement". Furthermore, we actively encourage suppliers to introduce new energy- and material-saving technologies alongside innovative management models. All new suppliers added during the Reporting Period passed the environmental and social matters assessments.

In terms of supplier evaluation, we have established a supplier evaluation system based on a cycle of "execution, evaluation, and application." In 2025, we conducted routine inspections of all suppliers and assessed key suppliers. We focus on the assessment of its continuous performance capability, actual performance, product quality, and satisfaction surveys of subsidiaries. Simultaneously, our Group conducts occasional random sampling to assess the quality of products and services within procurement projects, while also performing on-site inspections at key suppliers to verify their process documentation systems and production management protocols. Should any issues be identified, our Group collaborates with the supplier to formulate a rectification plan for implementation within a specified timeframe; in cases involving critical compliance breaches, the qualification for remediation is rescinded immediately. In 2025, We conducted on-site assessments of 30 suppliers, covering 70% of key suppliers.

To reinforce safety awareness and integrity compliance within the supply chain, our Group conducts quality and production training covering workplace safety, business processes, operational methods, and cybersecurity. Through workshops and training sessions, we communicate principles of integrity and impartiality to suppliers, sharing expertise on safety, business ethics, and environmental protection — all of whom execute anti-corruption cooperation agreements/commitments (Integrity Pacts). We actively pursue supplier capacity-building initiatives, currently engaging 31 suppliers in the programme, among which key suppliers represent 72%.

During the Reporting Period, we had 112 suppliers in total, all of whom were first-tier suppliers. Among these, 43 were classified as first-tier key suppliers, accounting for 38.39% of the total. In 2025, we had 34 new suppliers having passed environmental and social audits. We are committed to not working with suppliers who fail environmental and social audits. We terminated cooperation with 18 suppliers this year, though none of the terminations was due to environmental or social matters.

In 2025, the distribution of our suppliers was as follows:



3.4 Responsible Marketing

The Group always adheres to the concept of responsible marketing, and strictly complies with the “Advertising Law of the People’s Republic of China”, the “Law on the Protection of the Rights and Interests of Consumers” and other laws and regulations. In addition, the Group formulates and implements internal systems, such as the “Management Measures for Marketing Business”.

In the marketing process, we respect the customer’s right to safety assurance, right to know, right to make their own choices, right to fair trade, etc., and deliver true, comprehensive and accurate information about the Company’s products/services to the consumers. We comply with the agreements signed between the stores and the manufacturers in relation to advertising and brand licensing, and fulfil the necessary notification obligations in a timely manner. Each brand management department co-ordinates and organises the marketing activities of its stores, develops marketing plans and supervises the implementation and results evaluation of marketing plans in order to maintain a sunny and transparent sales promotion environment.

We have advanced the development of diversified marketing strategies. Our Group’s 4S stores actively conduct diversified marketing campaigns: They proactively organise themed in-showroom events, extending targeted invitations to prospective customers to experience immersive product demonstrations and comprehensive test drives. At the same time, they actively participate in high-profile events including the Guangzhou International Automobile Exhibition, the Chengdu International Automobile Exhibition, the Shanghai International Automobile Industry Exhibition, as well as new model launch tours and outdoor test-drive experiences. Simultaneously, cross-sector collaboration continues to deepen; by 2025, we had successfully executed over 20 joint marketing initiatives in cooperation with premium internal and external partners such as ITG Futures, ITG Real Estate, and banking institutions. These activities encompassed owner-exclusive events, industry seminars and forums, and off-site test-drive experiences.

ZhengTong Auto also actively conveys the ESG concept to customers and advocates the concept of environmental protection and green travelling. Sales staff at our stores will take the initiative to recommend and provide customers with test drives of new energy models, thus encouraging customers to choose green travelling methods and reduce the burden of environmental emissions. In 2026, our Group will further anchor its strategy in ESG principles, deepening engagement across diverse green marketing initiatives. We will enrich activity formats while sharpening our focus on eco-friendly practices and the fulfilment of social responsibilities. By expanding collaborative boundaries through more engaging marketing practices, we aim to communicate the value of sustainable mobility.



Guangzhou International Automobile Exhibition



In-store activities



Collaborative activities

Digital and new media marketing

In 2025, we enhanced the management of new media marketing. By emphasizing the harmonious and effective integration of people, products, and platforms in the new media context, we were able to provide customers with a positive online experience.

With the popularisation and application of new media marketing, we continue to strengthen the operation and maintenance of new media platforms, on the one hand, each store obtains sales leads in automotive vertical media. The number and quality of leads of the Group's stores on major vertical websites such as Autohome, Yiche, and Dongchedi have stabilised at the first camp of the auto dealer group, and most of its stores are among the top in the region. On the other hand, we carry out online marketing activities such as live broadcast, cloud-based car viewing, short video, Xiaohongshu note sharing, and APP through multiple channels. Online live broadcasts has always maintained a high level of participation at the consumer level by creating both online and offline scenarios and constantly enriching consumer touchpoints and extensively connecting with customers. Besides, We organised new media marketing case sharing sessions and widely disseminated excellent new media marketing approaches among stores, so as to promote energy efficiency improvement.

During the Reporting Period, we also recognised new media marketing's role in bolstering sales performance and actively leveraged its potential. In 2025, we organised large-scale new media training covering all subsidiaries, conducted one new media challenge, released 952 videos, and hosted 1,467 livestreams attracting 800,000 viewers. Through these initiatives, our Group generated approximately 440,000 sales leads via Douyin livestreams, short videos, and other new media platforms — representing an 88% year-on-year increase. New media leads converted into 9,867 vehicle orders, accounting for approximately 18.3% of total orders, with this figure reaching about 40% at top-performing outlets.

IV

CARING FOR EMPLOYEES AND GROWING TOGETHER

Employees have always been important to us and are regarded as the most powerful and effective driving force behind the sustainable development of the Group. The Group has established standardised recruitment procedures, providing our employees with competitive compensation packages and fair and just promotion opportunities at a non-discriminatory workplace. We have always insisted on providing multiple channels and diversified training programs to different employees to improve their work and life satisfaction and the sense of belonging at the Company, laying a solid foundation for a talent pool required for the future development of the Group.

4.1 Protecting Employee Rights and Interests

Equal and diverse employment

The Group has complied with all relevant labour laws and regulations that have a significant impact on the Group such as the “Labour Law of the People’s Republic of China”, “Labor Contract Law of the People’s Republic of China” and “Social Insurance Law of the People’s Republic of China” and relevant national laws and regulations and labour regulation issued in various regions. The signing rate of employment contracts and social insurance coverage rate of the Group both reached 100%.

Subject to applicable laws, we recognise the rights of our employees to customary values and practices, and respect their nationality, religion, physical health, disability, gender, workers’ union membership, and political views. In any circumstance, no managerial personnel are permitted to adopt any form of coercion, intimidation, insult, humiliation or exploitation against our employees, including gestures, language abuse, and physical contact. The Group is resolute in eliminating child labour and forced labour. The principle of equal opportunity applies throughout all stages of employment, in particular in recruitment, training, career development and promotion. During the Reporting Period, the Group did not have any violation of laws and regulations related to child labour, forced/compulsory labour, violation of freedom of association or disrespect for collective bargaining rights, invasion of employee privacy, discrimination/harassment and conflict of interest.

Our internal policies such as the “Employee Handbook” and the “Human Resources Operation Manual” clearly stipulate that the basic requirement for candidates for employee recruitment is that they are “18 years of age or older”. We require candidates to provide certain documents, including ID card and education certificates, and such certificates will be verified and reviewed during the recruitment approval procedure, to avoid misemploying child labour. The human resources department conducts random inspections of induction information provided by employees during internal audits. If child labour or forced labour is found, rectification will immediately be made by terminating the employment and holding the relevant responsible persons accountable. During the Reporting Period, there was no employment of child labour within the Group.

We advocate for diversity and equal opportunities, and welcome employees from all over the world. We attach importance to the diverse perspectives brought by employees’ different backgrounds, languages, gender, among others, and create a diverse, open and equal working environment suitable for all employees. We provide equal employment opportunities and working environment for all of our staff. During the Reporting Period, the Group incurred recruitment expenses of approximately RMB373,000. As at the end of the Reporting Period, the Group had 9 female managers (including middle and senior female managers), accounting for 25% of the total. Women held 7.94% of positions in IT and engineering-related roles, with 1 woman in an IT position and 4 women in engineering-related positions. Additionally, the Group employed 159 ethnic minority employees, and 2 foreign employees during the Reporting Period.

To improve the employment rates of the local markets where the subsidiaries are located, every time the Group opens a new store, while ensuring that there are certain necessary experienced staff seconded from other stores, the Group will hire local employees as much as possible.

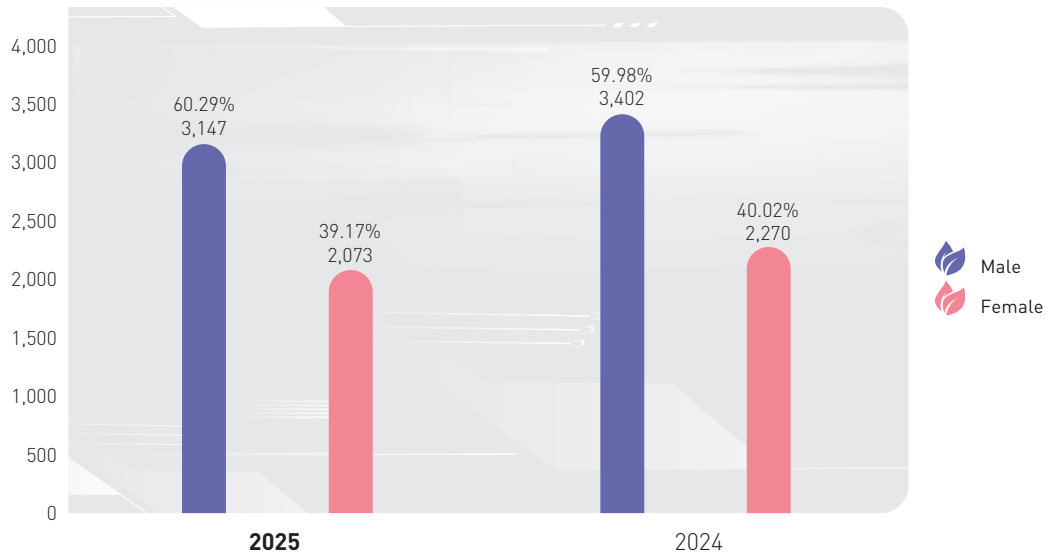
New employees of the Group during the Reporting Period:

| New employee indicators | Category | Unit | 2025 | 2024 |
|--|-----------------------|-----------|-------|--------|
| Total number of new employees | / | Person | 1,541 | 1,468 |
| By recruitment channel | On-campus recruitment | Person | 76 | 132 |
| | Social recruitment | Person | 1,465 | 1,336 |
| Total number of vacant positions during the reporting period | / | Job | 97 | 90 |
| Number of internal candidates to fill vacant positions | / | Person | 792 | 753 |
| Percentage of vacant positions filled by internal candidates | / | % | 51.4% | 51% |
| Number of employees by gender | New female employees | Person | 564 | 567 |
| Expenditure on recruitment costs | / | RMB'0,000 | 37.73 | 131.55 |

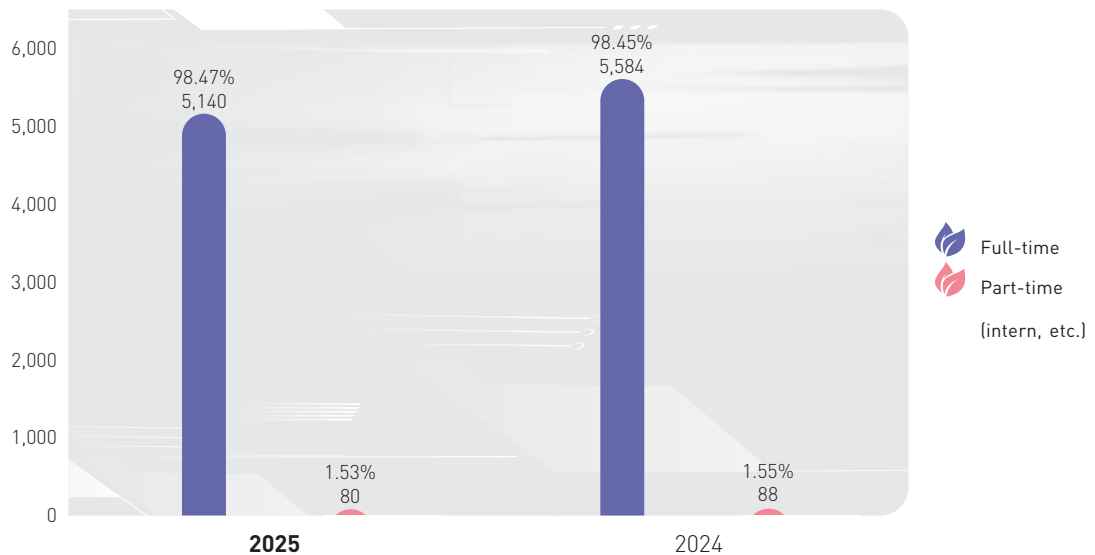
The young force represents a vital factor in the future development of a business. We provide young professionals with tremendous employment opportunities, as well as a platform for young professionals to seek self-improvement and learning. In order to build up a human resources management team that understands the younger generation, the Group constantly provides targeted trainings to staff in relevant positions. As at the end of the reporting year, 7 out of 11 general business line managers were of the post-80s generation.

As at the end of the Reporting Period, the Group had a total of 5,220 (2024: 5,672) employees and the number and ratio of each classification of the Group's employees are set out below¹:

Number and ratio of employees by gender

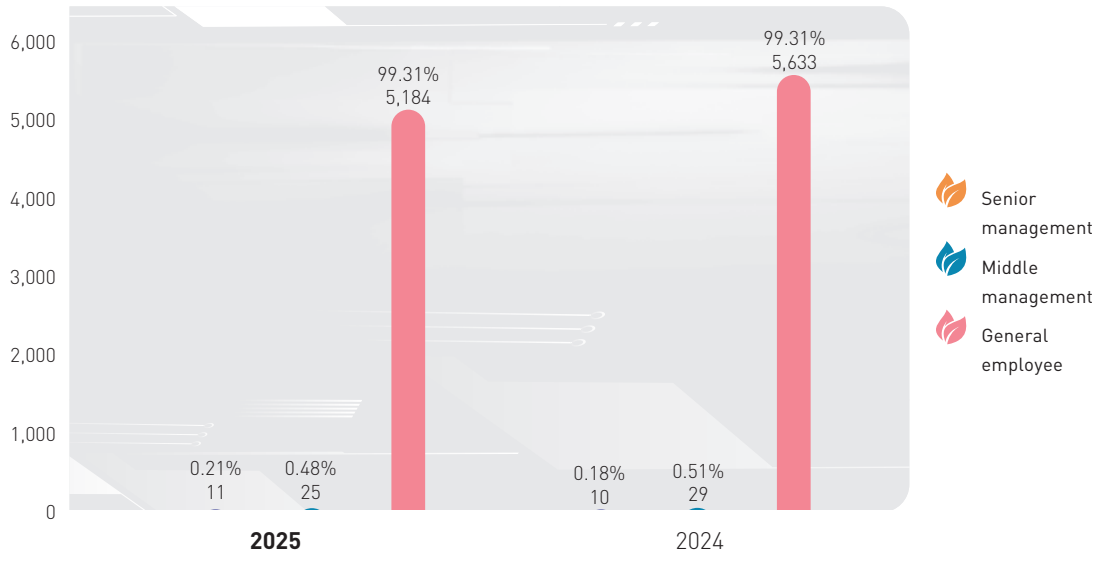


Number and ratio of employees by type of employment

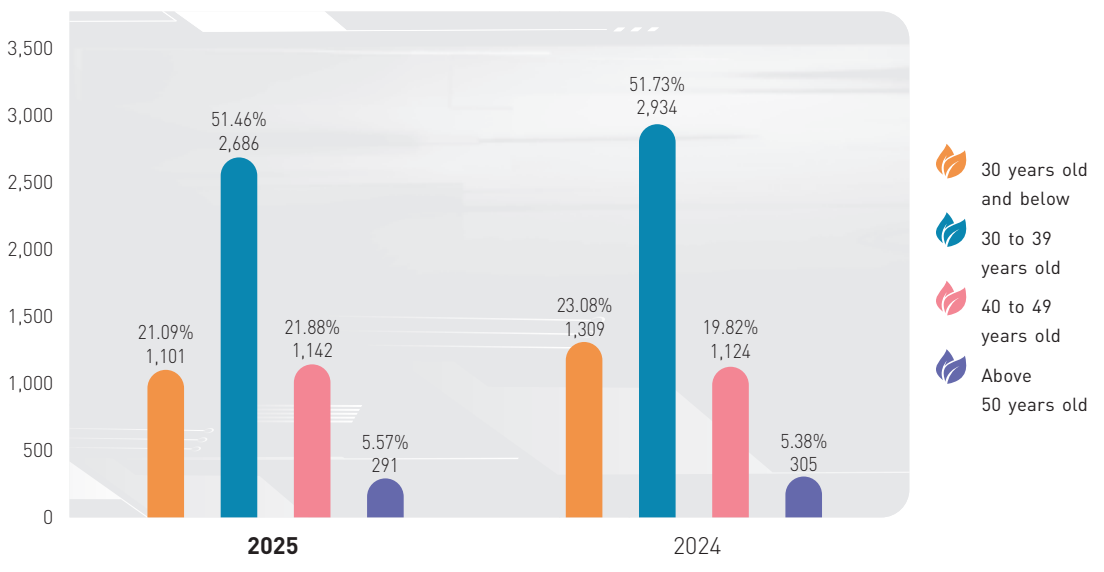


¹ In terms of employee distribution by region, the areas specifically include the following provinces: North Region (includes Beijing, Tianjin, Shanghai, Jilin, Liaoning, Hebei, Henan, Shandong, Inner Mongolia, Anhui, Jiangsu Provinces), Central Region (includes Hubei, Hunan, Jiangxi, Sichuan Provinces), South Region (includes Fujian, Guangdong, Hainan, Yunnan, Chongqing, Zhejiang Provinces), Other (includes Hong Kong).

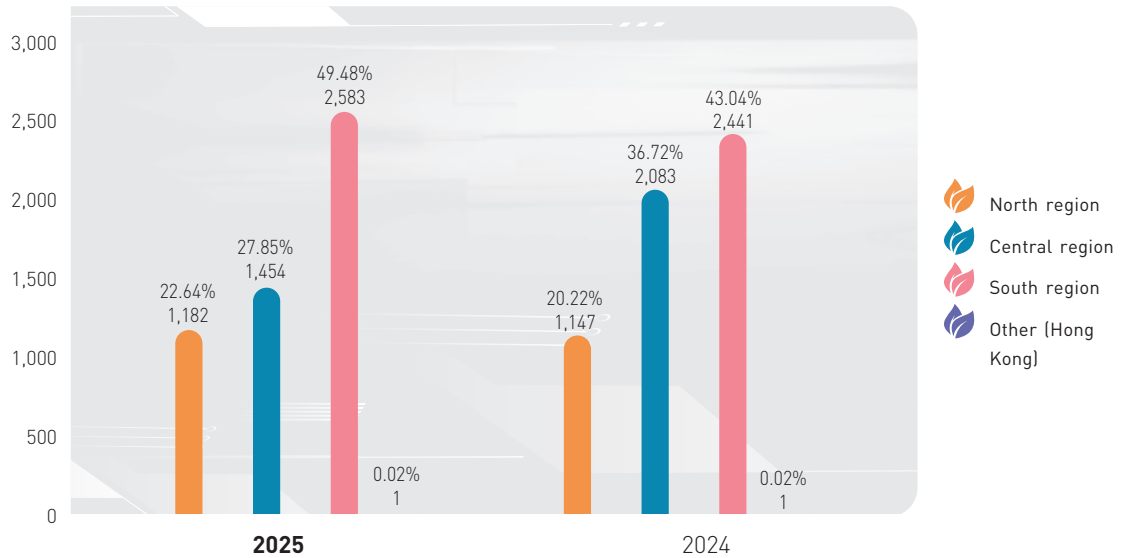
Number and ratio of employees by rank



Number and ratio of employees by age



Number and ratio of employees by region



As at the end of the Reporting Period, the average length of service of employees with the Group was 8.65 years, with a turnover rate of 35.02%. Details are as follows:

| Category | Classification | 2025 | 2024 |
|-----------|------------------------------------|--------|-------|
| By gender | Male | 21.39% | 25.5% |
| | Female | 55.72% | 25.4% |
| By age | Aged under 30 | 55.59% | 32.6% |
| | Aged between 30 (inclusive) and 39 | 33.58% | 22.8% |
| | Aged between 40 (inclusive) and 49 | 22.59% | 17.1% |
| | 50 years old and above | 20.96% | 43.0% |

As at the end of 2025, the number of employees decreased by 7.97% as compared with that in 2024. Excluding the reasons for resignation caused by the adjustment of positions due to the Group's business transformation, personal development was one of the major reasons for employee turnover. Other changes were due to employees' family, transportation, education, and so on. As at the end of the Reporting Period, employees who have served in the Group for more than 3 years accounted for 65.72%, and those who have served for more than 5 years accounted for 50.57%.

Remuneration and benefits

The Group's remuneration system follows the principles of marketisation, fairness and reasonableness, equal emphasis on incentives and constraints, and pioneering culture orientation, formulating the "Regulations on Management of Remuneration of China ZhengTong Auto Services Holdings Limited" and the "Performance Management Regulations" to refine the management norms and effectiveness of performance appraisals. Employee remuneration is determined based on a variety of considerations, including but not limited to job responsibilities, professional skills, job qualifications, and performance appraisal results. Senior executive compensation is linked to ESG related goals and metrics such as major safety incidents. The Group has also set allowances and monetised benefit for special positions. Additionally, employees can exchange feedback through Wecom, and relevant systems also specify the channels for performance grievance to ensure the fairness of the assessment.

Employee benefits

Employee care is an important way for us to maintain a sound employment relationship with our employees. We start from the real needs of employees so that care projects can truly benefit employees in all aspects of catering, clothing, residence and transportation. In 2025, over 90% of the Group's investee companies had staff canteens.

We carry out cultural and sports activities such as greetings, team building and birthday parties from time to time to promote communication and exchange among employees and unite their solidarity.

We care for our employees and their families, and we have established a "China ZhengTong Auto Services Holdings Limited Employee Care Fund" and formulated the "ZhengTong Auto Employee Care Fund Charter". The fund gives full play to its advantages of "one party in difficulty, eight parties support" to promote the harmonious and stable development of enterprises and effectively solve the actual difficulties of employees, and establishes a long-term mechanism for caring and assisting employees in difficulty. In 2025, care fund managed to aid one employee of the Group.

In terms of employees' family care, most of the Group's main caregivers have 67.4 weeks of paid parental leave, while most non main caregivers have 16.6 weeks of paid parental leave.

4.2 Talent Training and Development

An enterprise must maintain a talent pool of high-calibre professionals as the pillar to support its sustainable development. The Group has established and revised internal regulations such as the "Employee Career Development Management Regulations (Trial)", "Compensation Management Regulations", and "Subsidiary Responsible Person Selection and Appointment Management Regulations". We have introduced the "Management Measures for Management Executives Selection and Appointment" along with the "Management Measures for Selecting and Cultivating Outstanding Young Management Executives", thereby establishing a comprehensive management system for management executive selection, development, and appointment, while clearly defining the relevant management standards and procedures. Based on the Group's business and job positions, the Human Resources Department has developed a four-level systematic training program covering all employees, categorised into four course system structures according to the trainees' ranks:

- "Leadership Innovation Program": Enhances the thinking and capabilities of middle and senior managers.
- "Leadership Wisdom Program": Improves the job skills of frontline managers.
- "Leadership Sprint Program": Boosts the job skills of outstanding key employees.
- "Leadership Onboarding Program": Helps new employees adapt to the corporate culture.



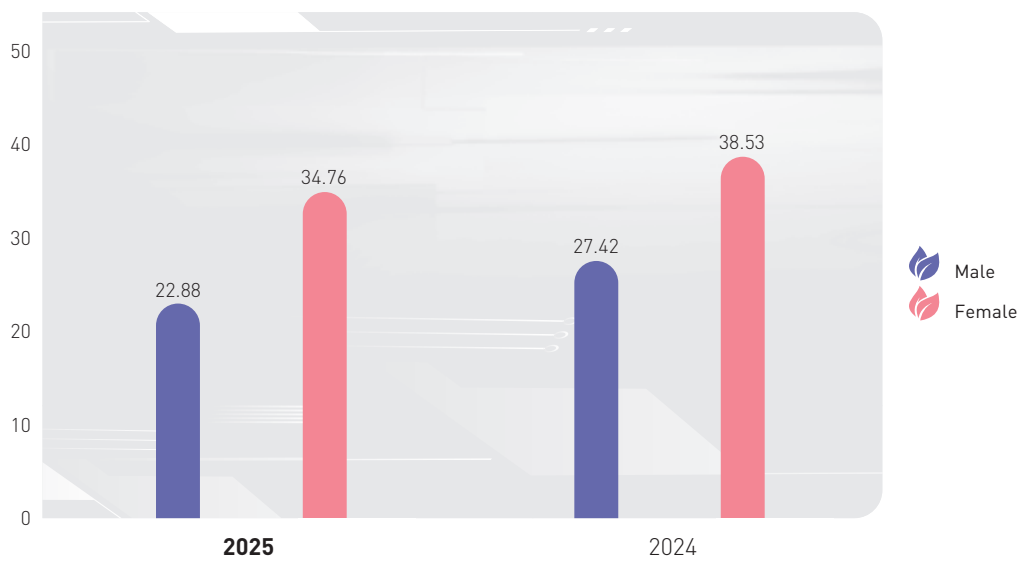
In terms of enhancing professional expertise, our Group rolled out the “HR Excellence Program” during the reporting period, effectively elevating both professionalism and legal awareness among HR personnel across the organisation. Our Group also actively organises employees to participate in sales and technical training sessions held by automotive manufacturers in order to provide customers with more professional and high-quality services. The training covers all employees. By urging employees to complete the training and relevant tests and assessments, we have built a high-quality team.

ZhengTong College (正通學院)

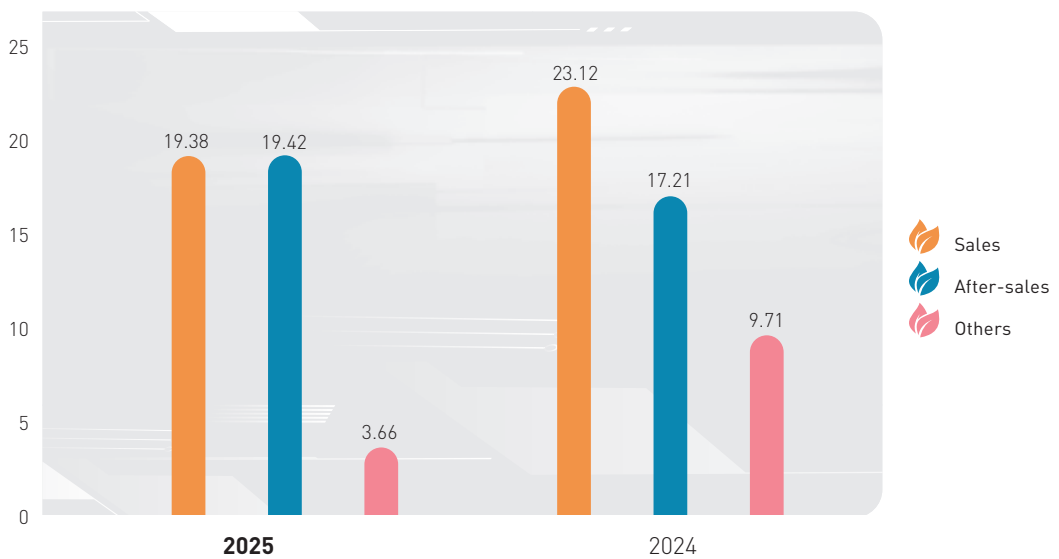
The Group established ZhengTong College in 2019, which is an internal college managed by ZhengTong Group. Our internal self-built learning platform utilises internal and external lecturers, courses and other resources to actively roll out online and offline learning projects for various positions, which will constantly provide the Company with talents.

Positioned as an employee growth consultant, business development partner, and business transformation catalyst. As of the end of the Reporting Period, the Group has 127 internal trainers and 4,741 training courses (including 125 online courses and 4,616 offline courses), covering professional capability enhancement topics for new and current employees across various positions (such as sales, after-sales, marketing, and customer service). During the Reporting Period, the training participation rate of the Group's employees reached 100%, with a total of 72,859 training hours and a training investment exceeding RMB1.39 million. Other training-related indicators are disclosed in the chart below:

Training hours by gender (average hours/year)



Training hours by type of position (average hours/year)



Career development

The Group clarified career development paths through the “Regulations Governing the Career Development of Employees of ZhengTong Auto” (《正通汽車員工職業發展管理規定》), so that employees could understand their career development direction in the Group and thus enhance their abilities and skills in a targeted manner. The internal promotion mechanism is implemented in accordance with the following principles:

- Fairness and impartiality: Promotion opportunities are open to all employees, with competence and performance as the main evaluation criteria.
- Motivation and retention: Through internal promotion, employees are motivated to work harder with improved loyalty and working enthusiasm.
- Diversified development: We encourage diversified development of employees by providing a variety of promotion channels to meet the promotion needs of employees in different positions and with different abilities. Specific operations include:
 - Publication of promotion information: When there is a promotion opportunity, the Company will release promotion information to all employees through internal announcements, emails, etc.
 - Self-recommendation and nomination: Employees can self-recommend or be nominated by others to participate in the promotion selection according to their own ability, performance and job responsibility alignment.
 - Review and assessment: The relevant departments will review and assess the participating employees, including their work performance, ability, performance, etc.

During the Reporting Period, the vast majority of employees in our Group have undergone regular performance and career development assessments.

4.3 Occupational Health and Safety

The Group recognises the importance of employee health and workplace safety, in order to minimise any accidents that may cause injuries or casualties in the course of our operations. During the Reporting Period, the Group remained in strict compliance with the relevant laws and regulations that have a significant impact on the Group such as the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), “Prevention and Control of Occupational Diseases Law of the People’s Republic of China” (《中華人民共和國職業病防治法》) and “Administrative Regulations on Personal Protection Equipment of Employers” (《用人單位勞動防護用品管理規範》), and strives to provide employees with a safe, healthy and comfortable workplace. The Group has invested a total of RMB 4,418,600 in the occupational health and safety of its employees.

The Group requires each store to conduct annual workplace health and safety inspections, organise employees in relevant positions to participate in occupational disease medical examinations (covering pre-employment, during employment, and post-employment), regularly inspect the working environment of occupational disease hazard sites. In response to potential occupational health risks that may arise from specific positions during work, the Group actively takes preventive measures, provides personal protective equipment, and equips personnel in special positions with professional occupational disease prevention devices. Meanwhile, the Group uses environmentally friendly, harmless, or less harmful materials (such as water-based paints for baking) to reduce potential physical harm to employees. In 2025, the Group did not have any employees diagnosed with occupational diseases.

During the Reporting Period, the Group's store, Shengze Jietong, has obtained the ISO 45001 Occupational Health and Safety Management System certification.



Shengze Jietong ISO 45001 Certification

We will also conduct regular inspection and maintenance of large-scale equipment such as lifts to ensure their safe operation. The work safety theme is included in the regular meetings of the work safety management department of each store on a monthly basis. Each store is required to regularly conduct comprehensive fire safety training and drills for all employees, disseminate safety production knowledge, and carry out activities such as occupational disease hazard factor training and emergency drills for hazardous chemical leaks. The Group conducts approximately 398 hours of health and safety training per year.

Our Safety Hazard Identification and Elimination in this year:

- Routine Safety Inspections:
 - Establishment of a hazard identification system: Each store conducts daily patrols by the person in charge of fire safety management, covering fire protection facilities, special equipment, gas equipment, and other large equipment as well as the entire company area to promptly identify safety hazards and prevent accidents. Weekly special safety production inspections are carried out by the Human Resources and Administration Department. Monthly safety inspections focusing on fire protection, environmental protection, and safety production are conducted by the leading members of the safety group;
 - Food safety risk management for canteens: We require daily sampling and strict management and inspection of canteen hygiene and the cleanliness of chefs to address potential food safety risks in canteens;
 - Safety production archives: Records and files are maintained for hazard identification, safety training, and other related activities;
 - External safety supervision: Annually, qualified suppliers are engaged to conduct fire protection system inspections and issue annual fire inspection reports.
- Improvement of Emergency Rescue and Response Plans:
 - Refinement of emergency plans, including measures and responsibility allocation for handling emergencies such as fires;
 - Provision of necessary emergency equipment: Fire extinguishers, fire hydrants, first-aid kits, and other emergency equipment are provided and regularly inspected and maintained to ensure their functionality.
- Emergency Drills:
 - Regular organisation of various emergency drills, verifying the feasibility of emergency plans and addressing issues identified during the drills;
 - During the Reporting Period, the Group has collaborated with a fire safety training centre to regularly hold fire safety training sessions and with the fire brigade to conduct fire drills. All employees of the participating stores are involved in these drills. Through simulated fire extinguishing and evacuation exercises, safety awareness is enhanced, and emergency response capabilities are improved. In 2025, the Group organised a total of 265 safety incident emergency drills, with 12,506 participants.

During the Reporting Period, the number of working days lost due to work-related injuries was 133 days. After the occurrence of work-related injuries, the Group communicated with the relevant employees and departments in a timely manner to understand the reasons for the accident and the post-injury treatment, and used these cases to strengthen occupational health and safety education. From 2023 to 2025, the number of work-related fatalities of the Group was 0. During the Reporting Period, there were no violations of laws and regulations in terms of production safety and occupational health and safety of our Group.



LOW-CARBON OPERATION AND GREEN DEVELOPMENT

The Group is dedicated to adopting environmentally friendly operation methods as much as possible so as to reduce emissions and energy consumption. The construction and operation of operating premises of the Group, such as maintenance centres and showrooms, and product marketing campaigns held outside its operating premises have strictly complied with the relevant laws and regulations that have a significant impact on the Group such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》). During the Reporting Period, the Group invested a total of over RMB2 million in environmental protection initiatives.

5.1 Efficient Use of Resources

Energy consumption management

The Group attaches great importance to resource conservation. It continuously improves the management system in energy consumption management and optimises energy conservation measures, to improve the efficiency of our energy and resource utilisation. To this end, we have implemented a series of measures:

- **Procurement of Energy-Efficient Production Equipment:** We updated some maintenance tools and equipment, replacing them with more efficient models. This not only reduced energy consumption per unit of product but also improved production efficiency.
- **Upgrade of Energy-Efficient Lighting Systems:** We replaced traditional lighting fixtures with LED lights and assigned dedicated personnel to conduct electricity inspections. Lighting is turned on or off based on ambient light conditions to minimise unnecessary power waste.
- **Employee Training and Awareness Enhancement:** We strengthened employees' understanding of the importance of energy conservation and emission reduction, encouraging active participation in daily energy-saving actions.
- **Cross-Departmental Management Participation:** Led by the General Manager, the administration and finance departments jointly set goals. The administration department is responsible for regularly inspecting the implementation of energy-saving measures and providing timely feedback to relevant departments. At the end of the year, the administration department conducts a comprehensive review of the annual energy-saving achievements, summarises lessons learned, and adjusts targets for the following year.

Stores of the Group are the major users of energy, including electricity and gas for kitchens and heating in northern China, the details of which are set out in the table below, comprehensive energy consumption 60,757.67 MWh At the end of the Reporting Period, 4 stores, including Shenzhen Aoze, Hubei Aoze, Shengze Jietong and Changchun Jietong have obtained ISO14001:2015 Environmental Management System Certification.



Hubei Aoze's ISO14001 Certification



Shenzhen Aoze's ISO14001 Certification

Energy consumption of the Group

| | 2025 | 2024 |
|---|----------|----------|
| Electricity (0'000 kWh) | 4,189.26 | 4,630.48 |
| Average electricity consumption per store (0'000 kWh/store) | 55.86 | 59.37 |
| Natural gas (for canteen) (0'000 m ³) | 4.84 | 5.40 |
| Average natural gas (for canteen) consumption per store (0'000 m ³ /store) | 0.65 | 0.68 |
| Natural gas (for heating) (0'000 m ³) | 21.40 | 31.72 |
| Average natural gas (for heating) consumption per store (0'000 m ³ /store) | 2.85 | 5.29 |
| Liquefied gas (0'000 liters) | 0.14 | 0.92 |
| Diesel oil (0'000 liters) | 0.75 | 1.36 |
| Gasoline (0'000 liters) | 50.11 | 127.23 |
| Unit consumption of gasoline-powered vehicles (liters/100 km) | 4.57 | 14.56 |



Case:

Photovoltaic Energy Conservation by Hubei Guomao New Energy Technology Company Limited

Jieyuehang Supply Chain Industrial Park Distributed Photovoltaic Power Generation Project is located in Hannan District, Wuhan City, this project has a construction capacity of 5.462 MW, a grid connection voltage of 10 kV, and operates on a “self-generated and self-consumed, surplus power to the grid” model. The static total investment is approximately RMB24.97 million. The project utilises a rooftop area of 62,000 square meters. Upon completion and grid connection, it will provide about 7 million kWh of clean electricity annually, saving approximately 2,104 tons of standard coal and reducing CO2 emissions by about 5,767 tons annually. This is equivalent to planting 142,000 trees, making a significant contribution to energy conservation and emission reduction.



Hannan Jieyue hang Photovoltaic Power Generation Project

Use of water resources

Saving water resources is not only a reflection of protecting the environment and fulfilling social responsibilities, but also the foundation for safeguarding our own development and the source of life. In terms of water resource utilisation, each store has adopted a series of measures to strengthen the daily maintenance and management of water supply equipment:

- Turn off the faucet in time after use to prevent leakage and ongoing running water.
- Conduct a comprehensive inspection and maintenance of the water pipeline system within the unit, and promptly repair any leaks.
- Stick water-saving signs in the tearoom and hallway.
- Inspect and examine areas such as bathrooms, air-conditioning plant rooms, fire pump rooms, boiler rooms on a regular basis, repair and replace leaking pipes in time to reduce unnecessary water consumption.

In addition, we have also actively implemented measures related to water conservation and water recycling:

- **Water Conservation Measures:** Install flow control devices to reduce water consumption in processes such as car washing.
- **Wastewater Recycling:** Install wastewater filtration and recycling equipment to enable the reuse of wastewater from car washing, thereby reducing the use of fresh water.
- **Wastewater Treatment:** Install wastewater treatment facilities to treat wastewater and ensure that discharges meet national and local standards.

At the same time, we have also actively:

- **Enhance Publicity and Education:** Organise a series of publicity activities, including posting posters, distributing promotional materials, and holding lectures, to raise awareness among all employees about the importance of water conservation and water-saving technologies.
- **Promote Water-Saving Behaviour Among Employees:** Organise a series of water-saving activities involving employees, such as water-saving competitions and water-saving pledges, to encourage them to identify and implement water-saving methods in their daily lives and work.

The water consumption of the Group in 2025 amounted to 420,578.15 tonnes, with an average of 5,607.71 tonnes per store. The decrease in average water consumption per store in 2025 was mainly attributable to the decrease in renovation projects compared to 2024 and the active promotion of the above-mentioned water-saving and wastewater recycling measures by each store. Some stores have conducted kinetic energy analysis based on the energy consumption and water resource use data in previous years to understand the actual energy consumption and water use. In the future, the Group will formulate specific energy and water consumption goals based on the actual situation and development needs of the stores, and continue to refine improvement measures, schedules, and responsibility allocation to achieve better energy consumption and water consumption performance.

Use of packaging materials

The Group actively facilitates the conservation and recycling of packaging materials, simplifies packaging structures to reduce unnecessary material use, and selects packaging materials that are recyclable, degradable or environmentally friendly. In the transportation and storage of components, we primarily use wood (pallets, brackets) and cardboard boxes as packaging materials, which have high recyclable value. Most wooden packaging materials, such as pallets and support structures, are sturdy and durable, with only a small portion being damaged or non-recyclable. Cardboard packaging materials are mostly standardised, and 90% of the cardboard boxes can be recycled and reused, while a small portion may become non-recyclable due to moisture or damage.

Use of packaging materials by the Group

| | 2025 | 2024 |
|---|--------|--------|
| Total packaging materials (tons) | 124.97 | 177.62 |
| Cartons (tons) | 80.29 | 134.24 |
| Planks (tons) | 25.30 | 38.79 |
| Plastics (tons) | 19.32 | 4.59 |
| Density of packaging materials (tons/store) | 1.67 | 2.28 |

5.2 Green Office

We actively advocate for employees to practice the concept of green and low-carbon, and work together with employees to create a green office environment. For the hardware and operation of our stores, We actively implemented green construction and green operation. In 2025, Mercedes-Benz and BMW brand stores actively responded to national policies and the requirements of their manufacturers by purchasing and utilizing green electricity (such as wind and solar power). The proportion of green electricity exceeded 17.58% of their total electricity consumption. By the end of the Reporting Period, a total of 19 stores had obtained green electricity certificates, with approximately 7,365 MWh of electricity sourced from renewable energy.

In 2022, BMW launched the “BMW Green Star Lighthouse” program to build a sustainable retail network from four aspects: green environment, green energy, green operation and green practice. As of the end of 2025, the Group had a total of 15 renovated BMW Green Star Lighthouse stores. These renovated stores provide customers with an environmentally-friendly, safe and comfortable new experience by adopting sustainable design, using efficient equipment, reducing resource waste, and using green furniture and building materials.



New and multi-dimensional display: The new exhibition hall adopts the new green design concept, and divides the scene and function into five core areas, namely, the highlight model exhibition area, the product collection exhibition area, the X model exhibition area, the new energy model exhibition area, and the large luxury car exhibition area. Such new display is clear at a glance.



Green and environmentally-friendly design: The store integrates a simple and luxurious design style into physical services and digital touch-points with bright light tones in general. In terms of material selection, we select wall materials that are 100% degradable, and furniture with environmental certification, which fully reflects BMW’s sustainable concept. As a result, we create warm and comfortable immersive experience for customers in an all-round way from hardware to software.



Digital technology application: Digital technology is also enhancing customer experience. Electronic service screens can provide a comprehensive view of information such as product parameters and prices. Through MR devices, customers can see the overall structure of the vehicle, including motor structure, electromagnetic structure and unique vehicle configurations.



Comprehensive product presentation: Through the deep integration of real scenes and virtual environments, we create a new visual and digital sales environment that fully displays the vehicle chassis structure, power drive systems, body materials, aerodynamics and driving assistance systems.

In 2025, each store of the Group also organised environmental protection and energy conservation knowledge training for all employees, with a total training duration of about 14 hours. During the Reporting Period, we have implemented the following green office initiatives:

- ❖ Energy-saving Measures: Use low-energy office equipment, such as LED bulbs; enable sleep mode to reduce standby energy consumption;
- ❖ Water-saving Measures: Install faucet flow restrictors to limit water flow; regularly inspect pipes, water tanks, and faucets, and promptly repair leaks; provide bottled water or install filters to reduce the use of plastic bottled water;
- ❖ Reducing Paper Usage: Use electronic documents, such as emails, electronic bulletin boards, and shared folders; develop digital signature technology to reduce printing and archiving of paper documents; limit printer usage, print on both sides, and recycle waste paper;
- ❖ Eco-friendly Procurement: Refuse to purchase non-degradable disposable items; purchase and use new products with eco-friendly labels;
- ❖ Green Consumption: Use paper on both sides; keep office supplies simple and minimal;
- ❖ Green Services: Avoid using disposable document bags in meetings; avoid serving protected wildlife in the cafeteria; water plants efficiently to prevent waste;
- ❖ Waste Management: Set up classified trash bins to collect recyclable, hazardous, and other waste separately;
- ❖ Green Commute: Encourage employees to bike or walk to work; provide bicycle parking and shower facilities; for long-distance commuters, encourage the use of public transportation;
- ❖ Waste Classification: Set up dedicated trash bins in workshops, cafeterias, and office areas. Hazardous waste from workshops is handled by specialised agencies, cafeteria food waste is collected by designated personnel, and office waste paper and beverage bottles are centrally collected and sent to relevant factories for recycling;
- ❖ Low-carbon Cooking: Adopt electric cooking methods, reduce fried dishes, and increase boiled and steamed vegetables. Adjust flame size for optimal heating efficiency.



5.3 Emissions Management

The Group's business involves the after-sales repair and maintenance of automobiles, which inevitably generate emissions. We regard environmental protection as a crucial component of our corporate social responsibility and are committed to reducing emissions through technological innovation and management optimisation, ensuring all activities comply with national and local laws and regulations. In 2025, the Group had no environmental violations or penalties.

Solid Waste Management

Hazardous Waste

The Group primarily deals with hazardous waste such as waste engine oil, used batteries, waste paint buckets, waste oil cans, used oil filters, and oil-contaminated rags. Departments generating hazardous waste are responsible for collecting and transporting it to designated storage areas at each store for classified storage. Warehouse managers, as responsible personnel, maintain detailed records of hazardous waste inflows and outflows. Hazardous waste storage areas and containers are marked with warning signs and equipped with measures to prevent scattering, rain exposure, leakage, and fire hazards. Hazardous waste is stored separately by category, and non-hazardous waste must not be mixed with hazardous waste.

Each store contracts qualified hazardous waste management companies. Responsible personnel monthly inspect and archive after-sales hazardous waste records to ensure standardised transfer processes and strict compliance with national and local environmental policies. After entrusting third parties with the safe disposal of hazardous waste, the Group completes hazardous waste transfer manifests, which must be retained for over five years. Regional administrative departments regularly verify whether waste disposal suppliers maintain government-approved qualifications to eliminate safety risks.

In 2025, we actively reduced the generation and emission of hazardous waste by:

- Improving cleaning methods for hazardous waste.
- Encouraging employees to participate in recycling and resource recovery.
- Promoting green consumption among customers and guiding them to choose eco-friendly products.

Non-hazardous Waste

The Group's non-hazardous waste mainly includes scrap iron, aluminum, plastic, paper, brake pads, and rubber. We manage recyclable non-hazardous waste uniformly, entrusting suppliers for recycling and reuse. During procurement, we prioritise durable, energy-efficient, and waste-reducing products, such as office equipment with recycling labels and energy-saving certifications. Stores are required to classify waste into recyclables, food waste, and other waste, ensuring proper sorting and reuse. By promoting resource recovery and reuse practices, we enhance waste resource utilisation and strengthen comprehensive utilisation of bulk solid waste. For example, we encourage the reuse of second-hand paper and the purchase of refillable pens, significantly reducing energy consumption and environmental pollution, and advancing the Group's waste reduction goals.

For electronic waste, stores can return automotive electronic components to manufacturers for professional handling. Office equipment such as computers, fax machines, copiers, and printers that are no longer usable or repairable are handed over to formal waste recycling institution for proper recycling and environmentally friendly disposal.

We actively organise stores to stay updated on environmental regulations and policies, such as the State Council's "Opinions on Accelerating the Construction of a Waste Recycling System" and government-issued environmental documents and notices, which continuously enhances employees' understanding of management standards and environmental laws, further strengthening their sense of responsibility in environmental practices.



Garbage sorting

During the Reporting Period, the Group generated 1,969.79 tonnes of hazardous waste (2024: 2,359.43 tonnes) with store average hazardous waste emission intensity of 26.26 tonnes/store (2024: 30.25 tonnes/store) and generated 2,178.02 (2024: 1,718.90 tonnes) tonnes of non-hazardous waste with store average hazardous waste emission intensity of 29.04 tonnes/store (2024: 22.04 tonnes/store). In 2025, through the promotion of green packaging and optimisation of production processes, the total amount of waste will be effectively controlled, with a significant reduction in the generation of hazardous waste.

Wastewater and Exhaust Emission Management

Wastewater

The Group generates wastewater primarily from the following sources:

- Car Wash Wastewater: Mainly from car wash services.
- Domestic Sewage: Generated from daily office activities.
- Industrial Wastewater: Primarily from workshop cleaning, containing oil and solid particles.

We have established a wastewater treatment system, including sand sedimentation tanks, oil separation tanks, and septic tanks with three-stage filtration, to pre-treat wastewater. Measures such as oil filtration and three-stage sedimentation ensure that discharges meet national and local standards before being released into municipal sewage pipelines. Stores implement rainwater and sewage separation based on their specific conditions, with rainwater being simply treated and reused to maximise resource utilisation. Regular wastewater testing is conducted for parameters such as pH, suspended solids, BOD₅, COD, petroleum, ammonia nitrogen, total phosphorus, total nitrogen, and anionic surfactants, all of which meet standards.

In 2025, stores upgraded or installed new wastewater treatment equipment, adopting more efficient purification technologies, significantly improving wastewater discharge quality to meet or exceed local standards. Enhanced treatment capabilities and increased water recycling have also maintained low wastewater discharge levels.

Exhaust Emission

The primary source of exhaust gas in the Group is paint spraying during vehicle repairs. We employ technical measures to treat exhaust emissions and minimise their environmental impact. Stores have introduced VOCs photochemical purification equipment, UV photolysis, and activated carbon adsorption devices in areas like paint booths to treat exhaust gases before compliant emission. Monitoring facilities are installed to ensure real-time data accuracy. These measures effectively purify pollutants, reduce environmental pollution, enhance workplace safety, and mitigate health risks. Annual third-party testing is conducted for organised and unorganised exhaust gases, including parameters such as flue gas flow, particulate matter, benzene, benzene series, and non-methane hydrocarbons, all of which meet standards.

At the same time, we actively reduce exhaust emissions by using water-based paints and increasing the frequency of activated carbon replacement. With the increased use of clean energy and technological upgrades, the Group's exhaust emissions have been decreasing annually. In 2025, through equipment updates, technical upgrades, and emission reduction measures, we successfully lowered exhaust pollutant levels, achieving our annual emission reduction targets.

Emergency Response

To establish a sound environmental emergency response mechanism, the Group has required each store to formulate internal systems such as the On-site Emergency Response Plan for Environmental Accidents (《突發環境事故現場處置預案》) in respect of potential unexpected environmental incidents (such as leakage of chemicals and materials, abnormality of exhaust gas and waste water treatment facilities, exceeding of discharge limits, etc.), which includes:

- Identification of Environmental Factors and Risk Points: Address hazards in key areas such as paint spraying exhaust and hazardous waste storage leaks.
- Emergency Response Organisational Structure: Establish an emergency command centre with clear divisions of responsibility.
- Specific Emergency Measures: Maintenance of exhaust treatment equipment, standardised hazardous waste management, and chemical leak containment and cleanup, etc.

The Group mandates updates to reflect new regulations and local standards, ensuring timely upgrades to emergency team equipment and refine environmental risk substance analysis (e.g., reducing the number of empty waste barrels that are duplicated with "waste packaging containers", rechecking the composition of the colour masterbatch, and revising thresholds for waste oil, paint residue, and packaging containers). Emergency supplies and measures are continuously improved, along with enhanced controls for water and air pollution. Specialised emergency plans are in place for incidents such as excess emissions, hazardous waste contamination, chemical leaks, and secondary environmental pollution from fires. These updates have strengthened our capacity to prevent and respond to environmental emergencies, ensuring stores can act swiftly, orderly, and effectively to control, mitigate, and eliminate environmental hazards.

Besides the repair process, because the Group provides rescue vehicles, test-drive vehicles and scooters to customers, and uses natural gas in vehicles and for business premises and canteens in daily work, the emissions of nitrogen oxides, sulfides, particulate matter produced during 2025 were as follows:

| | 2025 | 2024 |
|---|-----------------|----------|
| Nitrogen oxides emissions (kg) | 2,442.83 | 1,306.17 |
| Store average nitrogen oxides emissions (kg/store) | 32.57 | 16.75 |
| Sulfide emissions (kg) | 54.56 | 85.50 |
| Store average sulfide emissions (kg/store) | 0.73 | 1.10 |
| Particulate matter emissions (kg) | 241.27 | 135.95 |
| Store average particulate matter emissions (kg/store) | 3.22 | 1.74 |

In the future, we will gradually establish and improve the management system to manage and control waste reduction and emission reduction targets.

5.4 Response to Climate Change



Climate change has become a common challenge for human society. Adaptation to climate change has become a key issue pending to be addressed by the international community, especially by developing countries. Strengthening the ability to cope with climate change is an important element of China's national economic and social development, and will become an important driver for promoting the establishment of eco civilisation and achieving high-quality development. With reference to the TCFD (Task Force on Climate-related Financial Disclosures) framework, the Group has gradually conducted an in-depth assessment, strategic planning and risk management of potential risks and opportunities arising from climate change, based on which the Group has identified and managed the corresponding indicators and targets, and actively adopted countermeasures, so as to further promote the sustainable development of the enterprise.

Governance





A dedicated ESG committee has been established under the Board with the major responsibility of identifying, evaluating and supervising all issues related to climate change. The committee takes corresponding actions and measures according to the level of risk to ensure that the Company effectively implements and achieves its established climate action target. At the management level, the ESG working team under the ESG committee conducts in-depth identification and research on the potential impacts of climate change on business operations, facilitates the implementation of specific initiatives, and regularly reports to the ESG committee on the abovementioned significant matters and provides recommendations. For details, please refer to the section "Sustainability Management" in this report.

Strategy

Climate-related risks can be divided into transition risks arising from the transition to a low-carbon economy and physical risks arising from climate change. Transition risks can be divided into policy and regulatory risks, market and technology risks, and reputational risks. Physical risks include acute physical risks (e.g. extreme weather such as typhoons and floods) and chronic physical risks (referring to long-term changes in climate patterns such as sea level rise, persistent high temperature).

| Category | | Climate-related risk | Impact timeframe ² | Business model and value chain impacts | Potential financial impact | Countermeasures |
|----------------|--|---|--|--|---|---|
| Physical risks | Acute  | <ul style="list-style-type: none"> • Extreme weather events in existing locations such as floods, typhoons, high temperatures, etc., which may damage inventory vehicles, damage facilities, and even affect the health and safety of employees and customers. • It may lead to problems in certain links of the supply chain, such as raw material shortages and transport delays, which may have an impact on the store's inventory management and sales. | <ul style="list-style-type: none"> • Short-term | <ul style="list-style-type: none"> • Upstream • Operations • Downstream | <ul style="list-style-type: none"> • Increase in operational costs | <ul style="list-style-type: none"> • Stores in each region have formulated emergency management measures according to local climate characteristics and the frequency of extreme weather events, conducted irregular drills, and taken measures such as increasing waterproof facilities and installing back-up power generation equipment to strengthen the disaster resilience of the infrastructure; • Conducting regular inspections and maintenance of infrastructure across regional stores, while stockpiling flood prevention materials to ensure preparedness; • Building close partnerships with suppliers and considering diversified supply chains to reduce dependence on a single supplier or region to jointly cope with the impacts of climate change on the supply chain. |
| | Chronic  | <ul style="list-style-type: none"> • Long-term climate change trends (such as sustained high temperatures or changes in precipitation patterns, etc.) may have a profound impact on dealership businesses. For example, hotter weather could lead to increased consumer demand for equipment such as car air conditioners, while drier climates could affect the fuel efficiency of vehicles. | <ul style="list-style-type: none"> • Long-term | <ul style="list-style-type: none"> • Operations | <ul style="list-style-type: none"> • Increase in operational costs | <ul style="list-style-type: none"> • Launching customised after-sales maintenance programmes and services for new climatic environments, such as enhanced maintenance checks on air-conditioning systems and seasonal inspection services to ensure that vehicles can maintain good performance in extreme climatic conditions. • Strengthening and improving online sales channels and service platform construction to adapt to the trend that consumers may reduce offline activities due to extreme weather. |

² Short-term: within 1 year (including 1 year); medium-term: 1–5 years (including 5 years); long-term: 5 years beyond.

| Category | | Climate-related risk | Impact timeframe ⁴ | Business model and value chain impacts | Potential financial impact | Countermeasures |
|------------------|---|---|---|--|--|--|
| Transition risks | Policy and legal  | <ul style="list-style-type: none"> Tightening of policies to address climate change, such as the increase in emission standards and the adjustment of subsidy policies for new energy vehicles. | <ul style="list-style-type: none"> Medium-to-long-term | <ul style="list-style-type: none"> Operations | <ul style="list-style-type: none"> Increase in capital | <ul style="list-style-type: none"> Keeping a close eye on the policy changes and timely adjusting the sales strategy, such as strengthening support and promotion of supporting charging facilities for new energy vehicles to follow the general trend of energy conservation and emission reduction. |
| | Technology  | <ul style="list-style-type: none"> The development and application of new energy technologies could change the landscape of the automotive industry as it moves towards a more low-carbon transition path. | <ul style="list-style-type: none"> Medium | <ul style="list-style-type: none"> Operations | <ul style="list-style-type: none"> Increase in capital | <ul style="list-style-type: none"> Conducting staff training on new technologies and investing in the necessary technological upgrades and service facilities to adapt to and support the development needs of new energy vehicles and intelligent vehicles. |
| | Market  | <ul style="list-style-type: none"> With a focus on green and low-carbon, consumers will favour more energy-efficient and environmentally-friendly models, which may affect the demand for automobiles in the market. | <ul style="list-style-type: none"> Medium-to-long-term | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Decrease in operating income | <ul style="list-style-type: none"> Studying market trends, promoting the electric vehicle dealership business, actively introducing hybrid and electric vehicles from brand manufacturers to fulfil customers' changing needs for car purchase. |
| | Reputation  | <ul style="list-style-type: none"> Increased public attention to climate change issues may create negative perceptions on dealerships who do not take proactive measures. | <ul style="list-style-type: none"> Medium | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Damage to corporate reputation leading to reduced business revenue | <ul style="list-style-type: none"> Participating in or initiating environmental activities to enhance brand image; Enhancing consumer's satisfaction and loyalty by introducing consumers about the impact of climate change and how to better use and maintain their cars in different climatic conditions. |

| Category | Climate-related opportunities | Probability | Impact timeframe | Potential financial impact | Countermeasures |
|-----------------------------------|--|--|--|--|--|
| Product and service opportunities | <ul style="list-style-type: none"> Opportunities on market share growth through New Energy Vehicle (NEV) promotion. | <ul style="list-style-type: none"> High | <ul style="list-style-type: none"> Medium | <ul style="list-style-type: none"> Increase in operating costs | <ul style="list-style-type: none"> Enhancing the new energy vehicle product line catalogue to reduce pollutant emissions and our carbon footprint; Continually improving risk objectives and management systems to drive energy conservation and emissions reductions throughout the entire value chain. |
| Energy transition opportunities | <ul style="list-style-type: none"> Optimisation of in-store energy management, such as enhancing the operational efficiency of lighting, air-conditioning and other equipment to reduce operating costs while simultaneously decreasing carbon emissions. | <ul style="list-style-type: none"> High | <ul style="list-style-type: none"> Short-term | <ul style="list-style-type: none"> Decrease in operating costs Enhanced corporate reputation | <ul style="list-style-type: none"> Promoting energy-efficient equipment in stores and offices, alongside optimising energy management systems to minimise electricity and water resource wastage. |

Risk management

In terms of climate change risk management, ZhengTong Auto places emphasis on identifying and evaluating the risks that may be brought by climate change, and actively analyses and grasps new opportunities in the green economy. The Group integrates climate risks comprehensively into its ESG strategy and risk management system to ensure the coordination between business growth and environmental sustainability.

| | |
|----------------------------|---|
| Risk identification | Integrate with industry standards and best practices among peers to identify potential risks and opportunities arising from climate change. |
| Risk assessment | Conduct a multi-dimensional assessment of identified risks based on industry research and external counsel, assessing their likelihood, magnitude of impact, and materiality. |
| Risk response | Formulate key response strategies for material climate-related risks based on assessment outcomes; Develop contingency plans for extreme weather events; Continuously optimise energy management practices and refine product line portfolios to mitigate pollutants and reduce our carbon footprint. |
| Risk monitoring | Continuously monitor emerging trends in climate change-related risks and the effectiveness of implemented risk response measures. |

Metrics and targets

In the face of climate change challenges, we identify and monitor indicators related to climate-related risks, including greenhouse gas emissions (scope I) and greenhouse gas emissions (scope II), and conduct annual statistics and disclosures of relevant data to provide data support for efforts to address climate change. To ensure effective monitoring and management of these indicators, we have established a dedicated environmental and energy efficiency management department to collect and analyse relevant data on a regular basis, and gradually promote the setting of energy consumption target.

The Group has identified the following major sources of greenhouse gas emissions:

- **Raw Material Transportation:** Raw materials are sourced from various locations and transported via freight, with fuel consumption during transportation generating greenhouse gases such as carbon dioxide and nitrogen oxides.
- **Production Processes (Painting Process):** During vehicle maintenance, the paints used in the painting workshop release volatile organic compounds VOCs during spraying and drying. Some VOCs undergo photochemical reactions with nitrogen oxides in the atmosphere, producing greenhouse gases.

Table: Greenhouse gas emissions performance³

| | 2025 | 2024 |
|--|------------------|-----------|
| Direct Greenhouse Gas Emissions (Scope 1) (tonnes of CO ₂ equivalent) | 1,696.73 | 3,657.13 |
| Indirect Greenhouse Gas Emissions (Scope 2) (tonnes of CO ₂ equivalent) | 18,320.36 | 20,138.68 |
| Total Greenhouse Gas Emissions (tonnes of CO ₂ equivalent) | 20,017.09 | 23,795.81 |
| Greenhouse Gas Emission Intensity (tonnes of CO ₂ equivalent/store) | 266.89 | 305.07 |

The Group actively implements optimisation plans and measures to improve energy efficiency, and encourages relevant departments such as stores and repair centres to reduce unnecessary energy consumption and water waste by adopting energy-saving equipment and optimizing operation models.

In 2025, our key low-carbon transition initiatives included:

- Introducing more advanced painting processes to reduce VOCs emissions.
- Collaborating with suppliers and partners to develop emission reduction strategies (e.g., requiring suppliers to adopt low-carbon transportation methods and provide low-carbon raw materials).
- Prioritising electric vehicles as official business cars.
- Switching kitchen stove energy from liquefied gas to electricity.

In light of changes in market dynamics and policy environment, the Group will continue to review the existing climate action plans, adjust energy conservation and emission reduction targets and implementation strategies in a timely manner according to the actual situation, improve the maximisation of energy efficiency in the overall business operations. In the future, we will continue to improve the identification and management of governance, strategy, risk management, metrics and targets for climate-related risks. We will work together with all sectors to address climate change and achieve sustainable development.

³ Direct GHG emissions are calculated based on the Appendix 4 of the China Energy Statistics Yearbook 2020, GHG Protocol, IPCC, 2014: Climate Change 2014: Synthesis Report, Intergovernmental Panel on Climate Change Fifth Assessment Report Working Group I, Working Group II and Working Group III Reports, Guidelines for Provincial Greenhouse Gas Inventories (Trial, May 2011) and the Energy Statistics Workbook (Department of Energy, National Bureau of Statistics, 2010). Indirect GHG emissions are calculated based on the national grid emission factors in the "Announcement on the release of electricity-related carbon dioxide emission factors for 2023" published by the Ministry of Ecology and Environment of the People's Republic of China.

VI

PRACTICING PUBLIC WELFARE AND BUILDING A HARMONIOUS SOCIETY

ZhengTong has always regarded the philosophy of “business wealth from the society and for the society” as an important part of its corporate culture, and constantly explores ways to gather the power of good, and practice responsibility. Community investment is the driving force for the Group’s continuous development in the future, while practicing social welfare can help shape a good corporate culture and public image. Therefore, ZhengTong proactively participated in local community development, organised and encouraged its employees to take part in a wide range of charity activities. During the Reporting Period, we organised multiple public welfare activities, with 68 volunteer service participants, a total of more than 151 hours of volunteer services.

Case:



Yiwu Xinhui Organised a “Public Safety Class”, Fulfilling its Social Responsibilities as a State-Owned Enterprise

On 15 July 2025, Yiwu Xinhui Automobile Sales and Service Co., Ltd. collaborated with local communities and traffic police to educate children from community families about traffic regulations and drowning prevention techniques. Employees, volunteer vehicle owners, and partners actively participated in this public welfare initiative, demonstrating the warmth and social accountability of a state-owned enterprise through concrete actions.





Case:

Inner Mongolia Dingze “Fragrant Zongzi, Shared Joy” Initiative Safeguarding Children with Special-Needs

On 31 May 2025, Inner Mongolia Dingze Automobile Sales Services Co., Ltd. joined forces with the Municipal Disabled Persons’ Federation and the Blue Ribbon Family Comprehensive Service Centre to launch the “Fragrant Zongzi, Shared Joy” campaign. The programme engaged children with intellectual disabilities in cognitive rehabilitation activities such as traditional zongzi wrapping.



Case:

Changsha Ruibao Child Safety Guardianship Initiative

On 19 November 2025, Changsha Ruibao Automobile Sales Services Co., Ltd. initiated a Children’s Traffic Safety Training Camp, attracting enthusiastic participation from 25 client families with young children. Through interactive edutainment activities, the programme disseminated road safety awareness while tangibly showcasing the brand’s human-centred values.



APPENDIX

Hong Kong Stock Exchange (HKEX) “Environmental, Social, and Governance (ESG) Reporting Code” Index

| Aspect | Content | Report Content |
|--|---|---|
| Part B: Mandatory Disclosure Requirements | | |
| | Governance Structure | Statement of the Board of Directors |
| | Reporting Principles | 1. Sustainability Management |
| | Reporting Boundary | ABOUT THIS REPORT ABOUT THIS REPORT |
| Part C: “Comply or explain” Provisions | | |
| A. Environmental | | |
| A1: Emissions | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A1.1 The types of emissions and respective emissions data. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A1.5 Description of emission target(s) set and steps taken to achieve them. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |

| Aspect | Content | Report Content |
|--|---|---|
| A2 Use of Resources | General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| A3 The Environment and Natural Resources | General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources. | 5. LOW-CARBON OPERATION AND GREEN DEVELOPMENT |
| | KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Not applicable |

B. Social

Employment and Labour Practices

| | | |
|---------------|---|--|
| B1 Employment | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B1.1 Total workforce by gender, employment type (for example, full — or part-time), age group and geographical region. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B1.2 Employee turnover rate by gender, age group and geographical region. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |

| Aspect | Content | Report Content |
|-----------------------------|--|--|
| B2 Health and Safety | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B2.2 Lost days due to work injury. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| B3 Development and Training | General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B3.2 The average training hours completed per employee by gender and employee category. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| B4 Labour Standards | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B4.1 Description of measures to review employment practices to avoid child and forced labour. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |
| | KPI B4.2 Description of steps taken to eliminate such practices when discovered. | 4. CARING FOR EMPLOYEES AND GROWING TOGETHER |

| Aspect | Content | Report Content |
|-------------------------------|---|---|
| Operating Practices | | |
| B5 Supply Chain Management | General Disclosure Policies on managing environmental and social risks of the supply chain. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B5.1 Number of suppliers by geographical region. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| KPI B6 Product Responsibility | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B6.2 Number of products and service related complaints received and how they are dealt with. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B6.3 Description of practices relating to observing and protecting intellectual property rights. | 2. LEAN MANAGEMENT AND STEADY OPERATION |
| | KPI B6.4 Description of quality assurance process and recall procedures. | 3. RESPONSIBLE MANAGEMENT AND HIGH-QUALITY SERVICES |
| | KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 2. LEAN MANAGEMENT AND STEADY OPERATION |

| Aspect | Content | Report Content |
|-------------------------|--|--|
| B7 Anti-corruption | General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 2. LEAN MANAGEMENT AND STEADY OPERATION |
| | KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 2. LEAN MANAGEMENT AND STEADY OPERATION |
| | KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 2. LEAN MANAGEMENT AND STEADY OPERATION |
| | KPI B7.3 Description of anti-corruption training provided to directors and staff. | 2. LEAN MANAGEMENT AND STEADY OPERATION |
| Community | | |
| B8 Community Investment | General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 6. PRACTICING PUBLIC WELFARE AND BUILDING A HARMONIOUS SOCIETY |
| | KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 6. PRACTICING PUBLIC WELFARE AND BUILDING A HARMONIOUS SOCIETY |
| | KPI B8.2 Resources contributed (e.g. money or time) to the focus area. | 6. PRACTICING PUBLIC WELFARE AND BUILDING A HARMONIOUS SOCIETY |

| Aspect | Content | Report Content |
|--|---|--------------------------------|
| Part D: Climate-related Disclosures | | |
| (I) Governance | The governance body(s) responsible for oversight of climate-related risks and opportunities | 5.4 Response to Climate Change |
| | Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities | 5.4 Response to Climate Change |
| (II) Strategy | Climate-related risks and opportunities | 5.4 Response to Climate Change |
| | Business model and value chain | 5.4 Response to Climate Change |
| | Strategy and decision-making | Note 1 |
| | Financial position, financial performance and cash flows | Note 2 |
| | Climate resilience | 5.4 Response to Climate Change |
| (III) Risk Management | The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks | 5.4 Response to Climate Change |
| | The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities | 5.4 Response to Climate Change |
| | The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process | 5.4 Response to Climate Change |

| Aspect | Content | Report Content |
|--------------------------|----------------------------------|--|
| (IV) Metrics and Targets | Greenhouse gas emissions | 5.4 Response to Climate Change |
| | Climate-related transition risks | 5.4 Response to Climate Change Note 3 |
| | Climate-related physical risks | 5.4 Response to Climate Change Note 3 |
| | Climate-related opportunities | 5.4 Response to Climate Change Note 3 |
| | Capital deployment | Note 4 |
| | Internal carbon prices | Note 4 |
| | Remuneration | Note 4 |
| | Industry-based metrics | Note 4 |
| | Climate-related targets | Note 4 |

Note 1: The Group has identified the preliminary impacts of climate-related risks and opportunities and implemented corresponding mitigation measures. However, a formal transition plan has not yet been developed. This will be initiated when conditions permit and subsequently disclosed.

Note 2: The Group has conducted a preliminary qualitative assessment of the financial impacts of climate change, but has not yet conducted quantitative financial impact calculations. This will be initiated when conditions permit and subsequently disclosed.

Note 3: The Group has identified preliminary climate-related physical risks, transition risks, and opportunities, but has not yet conducted separate calculations for the amount or percentage of assets or business activities particularly vulnerable to these climate-related factors. This will be initiated when conditions permit and subsequently disclosed.

Note 4: The Group has not yet integrated climate-related risks and opportunities into capital allocation, internal carbon pricing, remuneration policies, or climate-related target setting. These will be advanced when practicable and disclosed in future reports.



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