



HARMONY AUTO

和諧汽車

China Harmony Auto Holding Limited

中國和諧汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3836

2025

ANNUAL REPORT





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. FENG Changge (*Chairman*)
Mr. FENG Shaolun (*Deputy Chairman*)
Mr. LIU Fenglei (*President and Chief Executive Officer*)
Ms. MA Lintao (*Vice-president*)
Mr. CHENG Junqiang (*Vice-president and Chief Operating Officer*)

Independent Non-executive Directors

Mr. WANG Nengguang
Mr. LAU Kwok Fan
Mr. SUNG Ka Woon

AUDIT COMMITTEE

Mr. WANG Nengguang (*Chairman*)
Mr. LAU Kwok Fan
Mr. SUNG Ka Woon

REMUNERATION COMMITTEE

Mr. SUNG Ka Woon (*Chairman*)
Mr. LIU Fenglei
Mr. LAU Kwok Fan

NOMINATION COMMITTEE

Mr. FENG Changge (*Chairman*)
Mr. WANG Nengguang
Mr. SUNG Ka Woon

COMPANY SECRETARY

Ms. WONG Wai Yee, Ella

AUTHORIZED REPRESENTATIVES

Mr. LIU Fenglei
Ms. WONG Wai Yee, Ella

LEGAL ADVISER

Haiwen & Partners LLP
Suites 601–602 & 610–616, 6/F
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

AUDITORS

Beijing Xinghua Caplegend CPA Limited
*Certified Public Accountants and
Registered Public Interest Entity Auditors*
1/F, GR8 Inno-Tech Centre
46 Tsun Yip Street
Kwun Tong
Hong Kong

Corporate Information

PRINCIPAL BANKS

Zhongyuan Bank Zhengzhou Branch
Shanghai Pudong Development Bank,
Zhengzhou Branch
China Everbright Bank, Zhengzhou Branch
Industrial Bank, Zhengzhou Branch
Industrial Bank, Hong Kong Branch
Hang Seng Bank Limited

REGISTERED OFFICE

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN THE PRC

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Causeway Bay
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

Vistra (Cayman) Limited
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Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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COMPANY'S WEBSITE

www.hexieauto.com

STOCK CODE

3836

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Harmony Auto Holding Limited (the "**Company**" or "**We**"), I am pleased to present the annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025 (the "**Reporting Period**").

In 2025, the global automotive industry underwent profound transformation, with its landscape accelerating toward restructuring. The electrification transition continued to advance, market competition became increasingly intense, and the industry shifted from "scale-led" to "quality-led" growth. Intelligence and asset-light operations have emerged as core industry drivers, presenting both significant opportunities and challenges for the Group. In Mainland China, dealers generally faced the pressure of an imbalance in passenger vehicle supply and demand and intensified price competition. In the global market, Chinese new energy vehicle exports saw simultaneous improvement in both scale and quality. Leveraging their complete industrial chain and intelligent technology advantages, Chinese NEVs rapidly expanded into the European, Southeast Asian, Middle Eastern, and African markets, profoundly reshaping the global automotive distribution landscape.

In response to this industry transformation, the Group has leveraged its core strengths to establish a new strategic framework for 2025. Guided by clear direction, firm conviction, and pragmatic measures, the Group is committed to achieving its refined operational management and striving for business breakthroughs. To strengthen its foundation and enhance core competitiveness, we have implemented "Three Enhancements and Three Priorities" strategy, which emphasises efficient operations and sustainable profit growth.

The "Three Enhancements" focus on driving operational efficiency, as outlined below:

- Enhance asset-light network development: The Group optimises store network layout, explores multi-brand centralised operations, and revitalises existing store network to reduce operating costs and improves efficiency.
- Enhance lean management: The Group proactively manages inventory, aligns operations with market demand, streamlines selling processes, and reduces inventory pressure.
- Enhance end-to-end cost control: The Group optimises expense structure, streamlines headcount, improves personnel efficiency, and achieves refined management and control.

The "Three Priorities" are designed to expand profit potential as follows:

- Prioritise fleet customer business: The Group customises services to address needs from fleet customers, deepens cooperation, expands market share, and cultivates new profit drivers.
- Prioritise ancillary business: The Group deepens its presence in the second hand automobiles sector, improves the full-chain service system, and expands ancillary services (including financing and insurance) to diversify the profit mix.

Chairman's Statement

- Prioritise after-sales service upgrades: The Group focuses on the existing vehicle base, enhances the after-sales service network, improves service quality, and unlocks aftermarket potential.

Concurrently, the Group embraces four core philosophies — Simplicity, Competition, Success, and Happiness — to optimize its development ecosystem:

- Simplicity as a principle: The Group streamlines management processes, optimises business workflows, eliminates redundant and inefficient operating models, and enhances decision-making and execution efficiency.
- Competition as a driving force: The Group proactively adapts to the industry's competitive landscape, hones its team through competition, and achieves healthy and sustainable development.
- Success as a goal: The Group unites all employees with a shared vision and common objectives, consolidating collective strength to forge new milestones in business development.
- Happiness as the foundation: The Group fosters a positive, united, and supportive work environment where employees can grow through their efforts, find joy in their contributions, and achieve mutual development with the Company.

The year 2025 marks a pivotal year for the Group in its pursuit of high-quality development. The Group is fully aware that every achievement would not have been possible without the trust and support of its shareholders, as well as the dedication and hard work of all its employees. Looking ahead, we will strengthen our core competitiveness, expand our global footprint, implement our strategic initiatives, and strive to achieve the goals, thereby creating greater value for our shareholders.

Finally, we would like to once again express our sincere gratitude to all shareholders, customers and business partners for their enduring trust and support in us, and my highest respect to all employees for their dedication.

China Harmony Auto Holding Limited

FENG Changge
Chairman of the Board

31 March 2026

Management Discussion and Analysis

INDUSTRY REVIEW

2025 was a year of structural adjustment and robust growth for the global and Chinese automotive industries, marked by a sustained recovery in the passenger vehicle market, accelerated new energy vehicle (“**NEV**”) penetration, intensifying competition in the luxury vehicle segment, and remarkable progress in the globalization of Chinese NEV brands. The Group’s operations were closely aligned with market trends, leveraging opportunities from overseas market expansion while proactively responding to challenges in the luxury vehicle segment.

According to the China Passenger Cars Association (“**CPCA**”), full-year passenger vehicle retail sales in China reached approximately 23.7 million units in 2025, representing a year-on-year increase of 3.8%. First half retail sales were approximately 10.9 million units, and second half retail sales hit approximately 12.8 million units, with December reaching a yearly high of 2.3 million units. Extended NEV tax incentives, trade-in subsidies and local policies boosted consumer demand and dealer transactions.

In 2025, a pivotal year for China’s NEV market, annual retail sales reached approximately 12.8 million units, representing a year-on-year increase of 17.6%, accounting for 53.9% of total passenger vehicle retail sales. BYD brand maintained its leading position in China with approximately 3.5 million units sold, accounting for 27.2% of the market share.

China’s luxury vehicle retail sales fell by 9.6% year-on-year to approximately 2.5 million units in 2025. Among them, first-tier brands BMW, Mercedes-Benz and Audi (collectively “**BBA**”) remained dominant, with combined sales of approximately 1.8 million units, accounting for 72.0% of the first-tier luxury vehicle market. BMW (including the MINI brand) retained its leading position with 625,527 units delivered, a year-on-year decrease of 12.5%; Mercedes-Benz delivered 551,900 units, a year-on-year decrease of 19.0%; Audi delivered 617,500 units, representing a year-on-year decrease of 4.9%. The sales declines were driven by consumer preference toward high-end NEVs and intense competition from emerging NEV brands.

According to TrendForce, in 2025, global sales of NEVs reached 20.53 million units, representing a year-on-year increase of 26%, and China accounted for approximately 66% of global NEV sales. In terms of export volume distribution, BYD brand took the lead in the export market with over 1.0 million units exported, more than doubling year-on-year, and its products were widely popular in Asia-Pacific, European and African markets. Chinese NEV manufacturers are accelerating their overseas localisation strategies to mitigate geopolitical and tariff risks, laying a solid foundation for long-term development.

Management Discussion and Analysis

INDUSTRY OUTLOOK

Despite recent headwinds, the outlook for China's passenger vehicle market is expected to improve from 2026 onwards, supported by fundamental shifts in government policy and supply dynamics.

Government policy is shifting decisively from direct subsidy-driven support to a framework of marketisation with long-term institutional support. The clear roadmap for the gradual reduction and eventual phase-out of NEV purchase tax exemptions by 2027 will help temper competitive intensity. This transition is expected to moderate price competition, enabling the market to evolve towards a more rational and stable phase where competition is based on product merit and service quality rather than subsidy advantage alone. The easing of price pressure will be fundamental to restoring healthy gross margins for dealership operations.

Luxury vehicle brands are becoming increasingly aligned with market electrification trends. Brands including BMW and Lexus are accelerating the rollout of electric and plug-in hybrid offerings. For example, BMW has established strategic partnerships with leading domestic battery suppliers, expanded localised electric vehicle and battery production through its joint ventures in China, and deepened cooperation with technology companies on intelligent connectivity and AI-powered in-vehicle systems. The enhanced electrified product range is expected to better cater to evolving consumer preferences in the luxury vehicle segment.

During the 2025 China Automobile Dealers Association ("**CADA**") Annual Conference, CADA outlined its focus on three key areas to drive sustained retail growth in the passenger vehicle market: first, redefining the value of distribution channels to further drive transformation in the automobile industry; second, rebuilding a balanced and collaborative relationship between manufacturers and dealers to enhance the resilience of orderly and sustainable industry development; and third, fostering the development of the used car and automotive finance sectors as key endogenous drivers and growth engines for a thriving automotive market.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2025, the Group delivered a strong operational performance, achieving total sales of 71,498 units. This represented a robust year-on-year increase of 77.6%, significantly outpacing the overall market growth rate and demonstrating the successful implementation of the Group's strategic initiatives. Hong Kong and overseas markets emerged as the primary growth drivers, with sales reaching 40,499 units, accounting for 56.6% of total sales, while domestic sales dropped slightly to 30,999 units, accounting for 43.4% of the total sales.

Mainland China Market

In 2025, China's automotive market entered a critical transition period, with its development focus shifting from scale to quality. Sales of passenger vehicles dropped down, while the NEV penetration rate surpassed the historic threshold of 50%, driving a fundamental reshaping of industry dynamics. In response to multiple challenges, the Group made precise strategic judgments and took action across four core areas, effectively alleviating pressures and achieving stable operations.

(I) Sales: Structural Adjustment, Inventory Management and Reverse Operational Challenges

Facing profitability pressures stemming from the market environment, the Group refined its sales strategy with a focus on enhancing quality and efficiency. First, the Group proactively lowered wholesale and retail targets, concentrated efforts on high-margin, high-demand models, and accelerated the sales pace to secure profitability. Second, the Group proactively exercised strict inventory control by negotiating with manufacturers in the second half of the year, reducing wholesale and retail targets by nearly 15% and 18% respectively, thereby effectively curbing losses and reversing operational difficulties.

(II) After-Sales: Margin Focus and Incremental Growth to Strengthen Profitability

Identifying after-sales services as a core profit driver, the Group advanced a shift in business focus from "pursuing revenue" to "improving profit margins." The Group tightly managed costs for accident repairs and expanded value-added after-sales services. During the year of 2025, the service absorption rate maintained a consistent upward trend. Notably, the BMW brand's service absorption rate exceeded 100% in 2025, providing solid support for stable store operations.

Management Discussion and Analysis

(III) Network: Cost Reduction and Layout Optimization to Boost Quality and Efficiency

Adhering to the principle of “selecting the best, eliminating the weak, enhancing quality, and controlling costs,” the Group optimised its store network. The Group renegotiated rental expenses and controlled costs for existing stores to unlock profit potential, while rigorously evaluating new store openings to avoid unnecessary expansion. For luxury brand stores that have underperformed against expectations, the Group will impose an observation period and, following a comprehensive evaluation, carry out necessary closure actions. Concurrently, the Group will make full use of the properties and associated assets to proactively seek authorisations from NEV brands. Taking this as a strategic opportunity, the Group will explore increasing its exposure to NEV network, focusing primarily on leading first-tier and second-tier NEV brands, in order to achieve a more balanced brand portfolio.

(IV) Operations: Cash Flow Assurance and Risk Control to Safeguard Business Stability

Prioritising cash flow security, the Group reinforced cash flow management awareness across all employees. It reduced capital lockup by optimising inventory turnover and accelerating capital recovery, while strengthening risk prevention and control mechanisms to ensure smooth capital flow and mitigate operational risks.

Looking ahead, the Group anticipates a gradual recovery in the luxury vehicle segment, supported by the easing of industry-wide price competition and the stabilization of consumer demand. The strategic measures implemented during the downturn including network rationalization, cost control, and a shift towards profit-focused sales targets have strengthened the operational resilience of the Mainland China business. These actions are expected to enable the business to deliver improved financial performance as market conditions normalize.

Building on the stable operational foundation established in 2025, the Group will maintain its proven operational management strategies, focusing on enhancing core capabilities across sales optimisation, after-sales profitability, network upgrading, and cash flow management.

The strategic adjustments implemented during the year of 2025 covering sales optimization, inventory control, after-sales focus, and cost discipline have strengthened the operational resilience of the Mainland China luxury vehicle business. As industry-wide price competition shows signs of easing and market conditions gradually stabilize, these measures are expected to support improved financial performance for the business.

Management Discussion and Analysis

Hong Kong and Overseas Market

As of 31 December 2025, the Group's global network expansion achieved significant milestones. The Group's Hong Kong and overseas operations spanned 25 countries and 54 cities worldwide, with 120 stores in operation, comprising 96 in Asia-Pacific, 19 in Europe, and 5 in the Middle East and Africa. Deliveries in Hong Kong and overseas markets totalled 40,499 units, representing a substantial year-on-year increase of 480.7%.

The Group's overseas operations system continued to mature, with total after-sales service visits reaching 71,446 units and after-sales service revenue amounting to RMB128.5 million, representing a significant increase compared with the previous year. These results reflect concurrent improvements in service capabilities and profitability. Prudent cost control measures ensured stable operating efficiency throughout the period.

The Group achieved notable progress in the ancillary business which established a comprehensive full-chain service system encompassing retail finance, insurance, and other value-added services, while integrating one-stop export service resources. Additionally, the Group advanced the development of a zero-carbon industrial park in Malaysia, extended the new energy value chain, and cultivated differentiated competitive advantages.

The year 2026 represents a pivotal year for the Hong Kong and overseas business transition toward scalable, high-quality growth. Building on its established foundation, the Group will execute a strategy focused on "Quality Leadership, Global Deepening, Diversified Development" to facilitate the shift from scale-driven growth to quality-and profit-driven growth. First, the Group will comprehensively enhance operational quality by improving store efficiency and increasing the proportion of sales contributed by fleet customers. Second, it will implement lean operations, leveraging ancillary businesses to improve overall gross profit margins. Third, it will focus on cultivating a second growth curve, leveraging its well-established global presence to optimise resource allocation, proactively advance the new energy used vehicle business, explore business diversification, and foster new growth drivers.

Looking ahead, while consolidating its stronghold in the luxury vehicle market in Mainland China, the Group will accelerate NEV penetration and expansion in Hong Kong and overseas markets. By advancing refined operations and enhancing management efficiency, the Group is committed to achieving high-quality, steady growth and reinforcing its core competitiveness to navigate future market cycles.

Management Discussion and Analysis

FINANCIAL OVERVIEW

Revenue

For the year ended 31 December 2025, the Group recorded a total revenue of RMB20,026.9 million, representing an increase of 28.2% compared to RMB15,617.4 million in the corresponding period of 2024.

Revenue by type of goods or services

- **Sale of automobiles and others:** Revenue increased by 33.8% to RMB17,896.0 million for the year ended 31 December 2025 from RMB13,373.7 million in the corresponding period of 2024, accounting for 89.4% of the total revenue. The growth was mainly attributable to the strategic expansion of the Group's international sales network, which broadened market reach and boosted sales volume across key regions.
- **After-sales services:** Revenue decreased slightly by 4.6% to RMB2,098.8 million for the year ended 31 December 2025 from RMB2,200.7 million in the corresponding period of 2024, accounting for 10.4% of the total revenue.
- **Finance leasing services:** Revenue decreased by 25.5% to RMB32.1 million for the year ended 31 December 2025 from RMB43.1 million in the corresponding period of 2024, accounting for 0.2% of the total revenue.

Revenue by regions

- **Mainland China:** Revenue decreased by 17.2 % to RMB11,452.1 million for the year ended 31 December 2025 from RMB13,829.0 million in the corresponding period of 2024, accounting for 57.2% of the total revenue. This was primarily driven by persistently weak domestic consumer spending, an imbalance in passenger vehicle supply and demand, and intensified price competition.
- **Hong Kong and Overseas:** Revenue increased significantly by 3.8 times to RMB8,574.8 million for the year ended 31 December 2025 from RMB1,788.5 million in the corresponding period of 2024, accounting for 42.8% of the total revenue. This remarkable sales performance highlights the success of the Group's global strategy, especially deeper penetration into Hong Kong and key Southeast Asian markets, as well as the increasing international recognition and acceptance of Chinese NEV brands.

Management Discussion and Analysis

Cost of Sales and Services

For the year ended 31 December 2025, the Group recorded cost of sales and services of RMB18,849.0 million, representing an increase of 26.4% compared to RMB14,917.7 million in the corresponding period of 2024.

- **Sales of automobiles and others:** Cost of sales increased by 29.3% to RMB17,401.3 million for the year ended 31 December 2025 from RMB13,456.0 million in the corresponding period of 2024, which was in line with the increase in revenue from the sale of automobiles and others.
- **After-sales services:** Cost of sales decreased by 1.0% to RMB1,447.7 million for the year ended 31 December 2025 from RMB1,461.7 million in the corresponding period of 2024 due to rise in spare parts and material costs.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, the Group's gross profit increased by 68.3%, reaching RMB1,177.9 million from RMB699.7 million in the corresponding period of 2024, and the gross profit margin increased by 1.4 percentage point to 5.9% from 4.5% in the corresponding period of 2024.

- **Sales of automobiles and others:** Gross profit increased by RMB577.0 million to RMB494.7 million for the year ended 31 December 2025 from gross loss of RMB82.3 million in the corresponding period of 2024. Gross profit margin recorded during the year ended 31 December 2025 was 2.8%.
- **After-sales services:** Gross profit decreased by 11.9% to RMB651.1 million for the year ended 31 December 2025 from RMB739.0 million in the corresponding period of 2024. Gross profit margin decreased slightly by 2.6 percentage point to 31.0% for the year ended 31 December 2025 from 33.6% in the corresponding period of 2024.

Other Income and Gains, Net

For the year ended 31 December 2025, the Group recorded other income and gains, net of RMB274.0 million, indicating a decline of 52.8% compared to RMB580.7 million in the corresponding period of 2024. Other income and gains primarily included commission, advertisement support received from motor vehicle manufacturers, and sales of secondhand automobiles. The decline was primarily attributable to the following:

- (i) a one-off loss on written off of approximately RMB176.9 million on property, plant and equipment due to the store adjustment to improve sales efficiency and profitability in a bid to optimise the existing sales network; and

Management Discussion and Analysis

- (ii) a non-cash fair value loss of approximately RMB42.1 million on convertible notes issued by a subsidiary of the Company. The loss arose from the remeasurement of the financial liability at fair value in accordance with the relevant accounting standards.

Selling and Distribution Expenses and Administrative Expenses

For the year ended 31 December 2025, the Group's selling and distribution expenses totaled RMB1,291.0 million, representing an increase of 42.6% compared to RMB905.3 million in the corresponding period of 2024.

For the year ended 31 December 2025, the Group's administrative expenses amounted to RMB568.4 million, representing an increase of 51.5% from RMB375.1 million in the corresponding period of 2024.

The increases in selling and distribution expenses and administrative expenses were mainly attributable to the increases in staff costs, store lease expenses, and marketing and promotional expenses (including advertising fees) as a result of the expansion of the international distribution network; as well as non-recurring impairment losses of approximately RMB155.5 million on property, plant and equipment and approximately RMB32.7 million on right-of-use assets for certain underperforming cash-generating units, recognised following a prudent impairment assessment.

Operating Loss

For the year ended 31 December 2025, the Group recorded operating loss of RMB464.7 million, representing an increase of RMB325.1 million from RMB139.6 million recorded in the corresponding period in 2024. In addition to the factors mentioned above, the increase in operating loss was also attributable to an expected credit loss ("**ECL**") of approximately RMB57.2 million on the advances to and interest receivable from the Independent Aftersales Company (the "**IAC**"), being Henan Hexie Automobile Aftersales Services Co., Ltd.* (河南和諧汽車維修服務有限公司), arising from its default in repaying the outstanding debts.

Management Discussion and Analysis

The general approach was adopted to measure ECL by using the probability-weighted loss default model. The key parameters and inputs used in the model are set out below:

	As at 31 December 2025
Exposure at default (" EAD ") (note a)	RMB819.2 million
Probability of default (" PD ") (note b)	100%
Loss given default (" LGD ") (note c)	93.9%
ECL allowance (note d)	RMB769.6 million
Less: ECL recognized in the year ended 31 December 2022	(RMB354.6 million)
ECL recognized in the year ended 31 December 2023	(RMB218.2 million)
ECL recognized in the year ended 31 December 2024	(RMB139.6 million)
ECL recognized in the year ended 31 December 2025	RMB57.2 million

Notes:

- a) This is the total value that the Group would be exposed to when IAC defaults, being the sum of the total advances and interest receivable.
- b) Probability of default of 100% (same as the years ended 31 December 2022, 2023 and 2024) was adopted due to the occurrence of default events.
- c) This is the proportion of the EAD that will be lost at events of default of other debtors with similar credit rating to IAC and adjusted for the success rate in recovery over the time of past due. The loss given default increased from 82.4% as at 31 December 2024 to 93.9% as at 31 December 2025 due to the longer overdue period.
- d) The ECL is calculated using the formula: $ECL = EAD \times PD \times LGD$.

The Company has been actively communicating with the IAC and closely monitoring its financial situation and recovery progress throughout 2025. During the year ended 31 December 2025, a principal amount of RMB45.5 million was repaid by the IAC. The Company remains committed to the recovery of the outstanding balance, with the objective of minimising any potential losses to the Group.

Finance Costs

For the year ended 31 December 2025, the Group recorded the finance costs of RMB249.3 million, representing an increase of 42.8% compared to RMB174.6 million in the corresponding period of 2024, which was mainly due to the increase of lease interests resulted from the expansion of international distribution outlets, as well as increased interest expenses on bank loans.

Management Discussion and Analysis

Loss Attributable to Owners of the Company

For the year ended 31 December 2025, the Company recorded a loss of RMB635.0 million attributable to its owners (2024: RMB291.1 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

Cash Flow

The Group primarily uses cash to purchase new automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to establish new dealerships and acquire additional dealerships. The Group satisfies its liquidity requirements mainly through a combination of cash flows generated from its operating activities and bank loans, and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

As of 31 December 2025, the total cash and bank balances of the Group was RMB1,561.8 million (2024: RMB1,108.0 million).

For the year ended 31 December 2025, the net cash generated from operating activities by the Group amounted to RMB263.6 million; the net cash used in investing activities by the Group amounted to RMB252.7 million, consisting primarily of purchases of property, plant and equipment; and the net cash generated from financing activities by the Group amounted to RMB549.4 million.

Considering the Group's existing cash and cash equivalents, net current assets, anticipated cash flow from the operating activities, available bank facilities and other borrowings, the Board believes that the Group's liquidity needs can be satisfied.

Net Current Assets

As of 31 December 2025, the net current assets of the Group was RMB1,117.4 million, representing a decrease of 8.4% from that of RMB1,219.7 million as of 31 December 2024, primarily due to the increase in bank loans and other borrowings (please refer to the paragraph headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES — Bank Loans and Other Borrowings" for details).

Capital Expenditure

The Group's capital expenditure during the Reporting Period amounted to RMB402.9 million (2024: RMB734.5 million), which was primarily used for the purchase of property, plant and equipment in relation to sales outlets.

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

Management Discussion and Analysis

Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As of 31 December 2025, inventories increased by 22.4% to RMB2,351.9 million from RMB1,921.9 million as of 31 December 2024.

The average inventory turnover days of the Group during the Reporting Period were 41.4 days, representing a marginal decrease of 0.2 days as compared to the average inventory turnover days of 41.6 days for the corresponding period in 2024, which was mainly due to the Group's proactive inventory management, including negotiations with manufacturers in the second half of 2025.

Bank Loans and Other Borrowings

As of 31 December 2025, the Group's bank loans and other borrowings amounted to RMB4,039.5 million, representing an increase of 18.1% as compared to RMB3,419.0 million as of 31 December 2024. The increase was mainly attributable to the growth in revenue scale, which required additional funding to support expanded operations, including increased inventory procurement and working capital needs. The Group maintains a prudent approach to debt management, ensuring that borrowing levels remain commensurate with its operational requirements and financial capacity.

As of 31 December 2025, all the bank loans and other borrowings of the Group are repayable on demand or within one year. The breakdown and maturity profile of the bank loans and other borrowings are set out in note 28 to the consolidated financial statements.

As of 31 December 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 60.8%, representing an increase of 3.7 percentage point compared to the 57.1% recorded as of 31 December 2024.

As of 31 December 2025, the Group's certain bank loans and other borrowing were secured by mortgages over the Company's assets which include (i) land use rights situated in Mainland China in the amount of approximately RMB5.3 million (2024: RMB5.5 million); (ii) buildings in the amount of approximately RMB10.8 million (2024: RMB13.6 million); and (iii) inventories in the amount of approximately RMB1,508.7 million (2024: RMB799.4 million).

Interest Rate Risk and Foreign Exchange Risk

The Group's bank deposits, bank loans and other borrowings mainly bear interests at fixed interest rates, therefore the Group's exposure to the risk of interest rate fluctuation is very limited. Until now, the Group has not used any financial derivatives to hedge the Company's interest rate risks.

Management Discussion and Analysis

The Group's subsidiaries operate in the PRC, Asia Pacific, Europe and other regions, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollar, US Dollar, Singapore Dollar, Indonesian Rupiah, Philippine Peso and Thai Baht. Our management considers that the business is not exposed to any major direct foreign exchange risks as the financial assets and liabilities of our Group denominated in currencies other than the respective functional currencies of our operating entities are not significant. The Group did not hedge against any fluctuation in foreign exchange rates during the year ended 31 December 2025.

Capital Structure and Treasury Policies

The Group's business activities are primarily funded through a combination of share capital, cash generated from operating activities, interest-bearing bank loans, and other borrowings.

The Group has adopted a prudent financial management approach towards its treasury policies and will revisit such policies from time to time, taking into account, among other things, the cash flows requirement and expansion of the Group. The Group maintained a healthy liquidity position in 2025.

Employees and Remuneration Policies

As of 31 December 2025, the Group had a total of 7,200 employees (2024: 4,403 employees). During the year ended 31 December 2025, the Group incurred staff costs of RMB722.8 million, reflecting a 40.3% year-over-year increase compared to RMB515.2 million in 2024. The salary package of employees is determined by their respective work experiences, duties and performances. The management will conduct annual review on the salary plan while taking into account employees' general performance and market conditions.

The Company operated a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include employees of the Company and its subsidiaries. The Share Option Scheme became effective on 26 June 2015 and was terminated on 26 June 2025, being the tenth anniversary of its adoption. Following the termination of the Share Option Scheme, no further options could be granted thereunder but the provisions of the Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination. As at 1 January 2025, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.8% of the Company's shares in issue (i.e. 1,523,264,677). As at 26 June 2025, the Company had 20,000,000 share options outstanding under the Share Option Scheme, which represented approximately 1.3% of the Company's shares in issue as at that date. During the period from 1 January 2025 to 26 June 2025, 22,191,000 share options lapsed and no share options were granted, exercised or canceled under the Share Option Scheme.

Save as disclosed above, there was no share option scheme adopted by the Company from 27 June 2025 and up to the date of this report.

Management Discussion and Analysis

On 28 February 2019, the Company adopted a share award scheme (the “**Share Award Scheme**”) under which the Company may grant existing shares to selected participants, being all employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) and officers of the Group but excluding Mr. Feng Changge. The Share Award Scheme was adopted for the purpose of (i) motivating, recognizing and rewarding the contributions of the employees, Directors (executive or non-executive Directors but excluding independent non-executive Directors) and officers of the Group; (ii) attracting and retaining talent for the long-term growth and development of the Group; and (iii) aligning the interests of the grantees of the Company with that of the shareholders of the Company (the “**Shareholders**”) to enhance the long-term financial performance of the Company. The Share Award Scheme expired on 26 June 2025. The maximum aggregate number of shares to be acquired by the trustee under the Share Award Scheme was 60,000,000 shares, representing 3.94% of the shares in issue (i.e. 1,523,264,677) as at 26 June 2025. 30,000,000 shares were granted and vested under the Share Award Scheme. As at 26 June 2025, the trustee appointed by the Company for the Share Award Scheme has purchased 59,987,500 shares under the Share Award Scheme since its adoption. During the period from 1 January 2025 to 26 June 2025, no shares were granted, vested, lapsed or cancelled under the Share Award Scheme.

Save as disclosed above, there was no share award scheme adopted by the Company from 27 June 2025 and up to the date of this report. Details of the Share Award Scheme are set out in the announcement of the Company dated 2 April 2019.

For details, please refer to the section headed “Share Option Scheme” and “Share Award Plan” in the Directors’ Report. The Company will regularly review its remuneration policies and employees’ benefits with reference to market practices and individual performance.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

During the Reporting Period, the Group had entered into the following transactions involving the disposal and deemed disposal of a subsidiary of the Company.

Disposal of 45% Equity Interests in a Subsidiary

Please refer to the transaction set out in the section headed “DIRECTORS’ REPORT - CONNECTED TRANSACTION” in this report for details.

Management Discussion and Analysis

Deemed Disposal of Equity Interests in a Subsidiary

Reference is made to the announcements of the Company dated 1 September 2025, 10 September 2025 and 12 December 2025 (the “**Deemed Disposal Announcements**”) in relation to, among other things, the subscription of 9.9999% of the enlarged issued share capital of iCar Group Limited by Golden Link Worldwide Limited which constitutes a deemed disposal of the Company. Capitalised terms used in this section shall have the same meanings as those defined in the Deemed Disposal Announcements unless the context otherwise requires.

On 1 September 2025, the Target Company (a non-wholly owned subsidiary of the Company), the Company, EGL (a company wholly-owned by Mr. Feng) and the Subscriber entered into the Share Subscription Agreement, pursuant to which, the Subscriber conditionally agreed to subscribe for, and the Target Company conditionally agreed to allot and issue, the Subscription Shares, representing 9.9999% of the enlarged issued share capital of the Target Company, at the Subscription Amount, being US\$40,000,000 (equivalent to approximately RMB285.3 million). The Proposed Subscription and the transactions contemplated thereunder constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

The Proposed Subscription was closed on 10 September 2025 in accordance with the terms and conditions of the Share Subscription Agreement. Upon Closing, the Target Company will be held as to 49.5001% directly by the Company, as to 40.5000% directly by EGL and as to 9.9999% directly by the Subscriber. Pursuant to the Voting Proxy Agreement, the Company will control the exercise of 90.0001% of voting rights in the Target Company, and will continue to consolidate the results of the Target Group after the Proposed Subscription, with the Target Company remained as a non-wholly owned subsidiary of the Company, and their financial results, assets and liabilities will continue to be consolidated into the Group’s consolidated financial statements. For details, please refer to the Deemed Disposal Announcements.

Save as disclosed above, there was no significant investment, acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Reporting Period.

* for identification purpose only

Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. FENG Changge (“Mr. FENG”), aged 55, is an executive Director, the Chairman of the Board, the Chairman of the Nomination Committee, and a director of Eagle Seeker Company Limited, a substantial shareholder of the Company. Mr. FENG was appointed as an executive Director of the Company on 24 September 2012 and is responsible for the overall strategic and business direction of the Group. He is the founder of the Group, and has been in the automobile industry since 2005 when he founded Henan Zhongdebao Automobile Sales & Services Co., Ltd (“**Zhongdebao**”). Zhongdebao is a wholly-owned subsidiary of the Company and the first BMW dealership outlet in Henan Province. Mr. FENG graduated with a bachelor’s degree in economic law from Central South Institute of Law (中南政法學院) (now known as Zhongnan University of Economics and Law (中南財經政法大學)) in 1992 and received a master’s degree in law from the same institution in 2001. After graduation in 1992, Mr. FENG entered the judiciary in Henan Province, serving as assistant judge and judge of the Higher People’s Court of Henan Province (河南省高級人民法院). In 2002, Mr. FENG left the judicial system and established a law firm, while at the same time starting various business enterprises. He became involved in real estate investment through his vehicle, Yuanda Investment, and was also involved in the auction and valuation businesses. Save as disclosed, over the past three years, Mr. FENG has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Mr. FENG is the husband of Ms. MA Lintao and father of Mr. FENG Shaolun. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

Mr. FENG Shaolun, aged 30, was appointed as an executive Director and Deputy Chairman of the Board on 7 December 2021. He graduated from the University of California, Irvine, majoring in Aerospace Engineering. He has won five championships of the National Junior Aerospace Model and the titles of national first class athlete and national sportsman. During his studies overseas, he established what is now California’s largest Chinese integrated car repair center and racing club. Since his joining the Company, Mr. Feng Shaolun has been committed to the expansion and management of all brands of the Company, including but not limited to BMW, Lexus, Ferrari, Bentley, Rolls-Royce, Lotus, Land Rover, Lincoln, etc. Later, he joined Zhengzhou Zhongdebao Automobile Sales & Service Co., Ltd and engaged in the overall management, serving successively as salesman, sales deputy manager, deputy manager of after-sales service, deputy general manager of the store. Save as disclosed, he has not served as a director of any other companies listed on any securities market in Hong Kong or overseas and does not hold any other positions in the Company and other members of the Group for the past three years. He is the son of Mr. Feng Changge, executive director and chairman of the Company and Ms. Ma Lintao, executive director of the Company. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Directors and Senior Management

Mr. LIU Fenglei (“Mr. LIU”), aged 50, was appointed as an executive Director, president and chief executive officer of the Company on 19 October 2015. He is currently a member of the Remuneration Committee of the Company. Mr. LIU is one of the founders of the Group. He has approximately 20 years’ experience in China’s automobile industry. He obtained a Bachelor degree of commercial English from Zhengzhou University (鄭州大學) in 1998. He joined the Group in February 2003 and worked at Henan Zhongdebao Automobile Sales & Service Co., Ltd. (河南中德寶汽車銷售服務有限公司) as the assistant to the chairman of the board of directors. From August 2006 to April 2013, he was the general manager of Zhengzhou Yuanda Lexus Automobile Sales & Services Co., Ltd. (鄭州遠達雷克薩斯汽車銷售服務有限公司). From April 2013 to October 2015, he was the senior vice president of the Company in charge of the Group’s network development and luxury passenger vehicles’ business. Save as disclosed, over the past three years, Mr. LIU has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Ms. MA Lintao (“Ms. MA”), aged 58, was appointed as an executive Director on 31 January 2013 and is currently a vice-president of the Company. Ms. MA graduated from Henan Institute of Finance and Economics (河南財經學院) (now known as Henan University of Economics and Law (河南財經政法大學)) with a bachelor’s degree in national economic planning and statistics in June 1992. From July 1992 to December 2003, Ms. MA worked in China Construction Bank Henan branch (中國建設銀行河南分行) in various positions such as director of the credit approval committee of the Zhengzhou branch office and vice-president of the Zhengzhou futures branch office, where she was responsible for matters such as credit assessment and approval and public and retail sales. Ms. MA joined our Group in September 2006 as the chairlady of Yuanda Lexus, our wholly-owned subsidiary. Save as disclosed, over the past three years, Ms. MA has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Ms. MA is the wife of Mr. FENG Changge and the mother of Mr. FENG Shaolun. Save as disclosed, she has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Mr. CHENG Junqiang (“Mr. CHENG”), aged 46, was appointed as an executive Director on 5 January 2022 and is currently the vice-president and chief operating officer of the Company. He majored in automotive application engineering, has nearly 24 years of experience in the automotive industry since graduation. Mr. CHENG joined the Company in 2007 and served as the general manager of Zhengzhou Yuanda Lexus Automobile Sales & Services Co., Ltd. (鄭州遠達雷克薩斯汽車銷售服務有限公司) and the brand director of Lexus under Harmony Auto. Prior to his appointment as an executive director, Mr. CHENG served as the chief operating officer of the Company and managed all 4S stores of luxury and ultra-luxury brands under Harmony Auto. Mr. CHENG is responsible for the overall operation of the brand. He adheres to the concept of refined management, devotes himself to improving the execution capability and detailed operation level of the stores he managed, continues to deepen the development of automobile industry, and creates a 4S store operation system with the “harmony” characteristic. Save as disclosed, over the past three years, he has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Save as disclosed,

Directors and Senior Management

he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Independent Non-executive Directors

Mr. WANG Nengguang (“Mr. WANG”), aged 67, was appointed as an independent non-executive Director, chairman of the Audit Committee and a member of the Nomination Committee of the Company on 4 February 2019. Mr. WANG graduated from Party School of the Central Committee of C.P.C. (中共中央黨校) with a master’s degree in economic management in July 2001. He is qualified as a senior accountant and a certified public accountant. From August 1991 to July 1992, he served as financial manager of China Record (Shenzhen) Co., Ltd. of Ministry of Broadcasting and Television (廣電部中唱深圳公司). From April 1994 to March 2001, he served as general manager of the financial department of Lenovo Group Limited (聯想集團), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**Hong Kong Stock Exchange**”) (stock code: 992). From April 2001 to December 2003, he served as managing director and chief financial officer of Legend Capital Limited (聯想投資有限公司). From January 2004 to February 2012, he served as managing director and chief financial officer of Beijing Legend Investment Advisor Co., Ltd. (北京聯想投資顧問有限公司). From September 2012 to November 2015, he served as a non-executive Director of the Company. From April 2001 to March 2018, he served as managing director and chief financial officer of Beijing Legend Capital Management Co., Ltd. (北京君聯資本管理有限公司). From April 2018, he served as a director of Beijing Legend Capital Management Co., Ltd. (北京君聯資本管理有限公司). From May 2014 to May 2020, he served as an independent director of Digital China Information Service Company Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000555.SZ). Since September 2021, he served as an independent director of Guangdong Guanhao High-Tech Co., Ltd. (listed on the Shanghai Stock Exchange (stock code: 600433)). Since February 2022, he served as an independent director of Digital China Group Co., Ltd. (listed on the Shenzhen Stock Exchange (stock code: 000034)). Save as disclosed, over the past three years, he has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Mr. LAU Kwok Fan (“Mr. LAU”), aged 45, was appointed as an independent non-executive Director on 14 June 2019 and is currently as the members of each of the Audit Committee and Remuneration Committee of the Company. Mr. LAU was awarded a Bachelor of Arts degree in Public Administration and Management from De Montfort University in June 2006 and a Master of Arts degree in Sociology from the Chinese University of Hong Kong in December 2010. He was appointed as a member of the board of directors of Hong Kong Cyberport Management Company Limited commencing on 1 April 2021. From 2008 to 2019, he was an elected member of North District Council and from November 2016 to December 2025, he was elected by the members of the Legislative Council to serve as a member of the university council of the Chinese University of Hong Kong. Mr. LAU is also a member of the Beijing Committee of the Chinese People’s Political Consultative Conference (“**CPPCC**”). Mr. LAU served as an independent non-executive director of KNT Holdings Limited (stock code: 1025.HK), a company listed on the Main Board of the Stock Exchange from 31 January 2019 to 18 November 2024. Mr. LAU

Directors and Senior Management

served as an independent non-executive director and the member of the audit committee of Zhou Liu Fu Jewellery Co., Ltd. (stock code: 6168), a company listed on the Main Board of the Stock Exchange from 26 June 2025. Save as disclosed, over the past three years, he has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Mr. SUNG Ka Woon (“Mr. SUNG”), previously known as Song Li, aged 53, was appointed as an independent non-executive Director on 13 June 2023 and is currently as the Chairman of the Remuneration Committee and the members of each of the Audit Committee and the Nomination Committee of the Company since 3 June 2024. Currently, Mr. SUNG is an independent non-executive director of Simcere Pharmaceutical Group Limited (stock code: 2096.HK) since 18 January 2023, an independent non-executive director of Rongzun International Holdings Group Limited (formerly known as B & D Strategic Holdings Limited) (stock code: 1780.HK) since 4 December 2023 and an independent non-executive director of Energy International Investments Holdings Limited (stock code: 353.HK) since 23 July 2024, all of which are listed on the Main Board of the Stock Exchange. Mr. SUNG has extensive experience of social services and corporate management. He is currently the chairman of the board of directors of Century Glow (Hong Kong) Information Technology Company Limited and Oudun Industrial Group Co., Ltd. (歐鈍實業集團有限公司). Mr. SUNG has served at various social positions including a president of Hong Kong Industrial and Commercial Association Limited (香港工商總會) from February 2021 to June 2022, a member of Heung Yee Kuk New Territories of Hong Kong since May 2020, a member of the Election Committee of Hong Kong since September 2021, a member of the 12th and 13th CPPCC of Zhanjiang City, Guangdong Province from February 2014 to December 2017, and a member of the 12th CPPCC of Shandong Province from January 2018. Currently, Mr. SUNG also serves as the honorary chairman of the Guangdong Zhanjiang Overseas Friendship Association, the deputy secretary general of the Shandong Overseas Friendship Association and the honorary president of the Guangdong Zhanjiang Political Consultative Conference Association (廣東省湛江市歷屆政協聯誼會). Mr. SUNG was also appointed as non-official Justice of the Peace by the Government of Hong Kong in July 2021. Mr. SUNG obtained an executive master of business and administration degree from Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the People’s Republic of China (the “**PRC**”) in December 2011, completed the part-time postgraduate studies majoring in economic management from Party School of the Central Committee of CPC (中共中央黨校) in the PRC in January 1996 and obtained a bachelor’s degree of machinery design and automation from Northeastern University (東北大學) (previously known as Northeastern Institute of Technology (東北工學院)) in the PRC in July 1993. Save as disclosed, over the past three years, he has not been a director of any other listed companies and does not hold any other positions in the Company and other members of the Group. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

The remuneration of the Directors is set out in note 9 to the consolidated financial statements.

Directors and Senior Management

Senior Management

Mr. ZHANG Lei (“Mr. ZHANG”), aged 46, graduated from Henan University of Finance and Economics majoring in financial accounting in June 2000, obtained a bachelor’s degree in management from Zhongnan University of Economics and Law in December 2009, and obtained an executive master’s degree in business administration from Zhengzhou University in July 2017. Mr. ZHANG has more than 21 years of experience in financial affairs in the automobile industry, and has been engaging in financial related works in the Company for 21 years. Mr. ZHANG served for Henan Zhongdebao Automobile Sales & Services Co., Ltd. from March 2005 to May 2011 as the head of accounting affairs and financial manager and the chief accountant of the Group since May 2011 and was appointed as the Chief Financial Officer of the Company since 31 August 2017. Mr. ZHANG is a qualified senior accountant. Save as disclosed, he has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling shareholders (as defined in the Listing Rules).

Company Secretary

Ms. WONG Wai Yee Ella (“Ms. WONG”), aged 50, is a Director of Corporate Services of Tricor Services Limited. Ms. WONG has over 24 years of experience in the corporate secretarial and compliance services field. Her practice focuses on business development and professional corporate services for multinational, private, listed and offshore companies. Ms. WONG is currently the company secretary/joint company secretary for a number of listed companies on Hong Kong Stock Exchange.

Ms. WONG is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both the The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. WONG holds a Bachelor of Economics from The University of Hong Kong and a Postgraduate Diploma in Corporate Administration from the City University of Hong Kong.

Directors' Report

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

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated in the Cayman Islands with limited liability where its registered office is located in the Cayman Islands. Its principal place of business and headquarter in PRC is located in Zhengzhou, Henan Province.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the major subsidiaries of the Company are set out in note 43 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis of this report. In addition, discussions on the Group's environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are also included in the Management Discussion and Analysis, Corporate Governance Report and Environmental, Social and Governance Report of this annual report. The business review forms part of this Directors' Report.

RESULTS AND DIVIDEND

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

As disclosed in the annual results announcement of the Company dated 31 March 2026, the Board does not recommend the payment of any dividends for the year ended 31 December 2025 (2024: nil).

The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

Directors' Report

USE OF PROCEEDS FROM THE ALLOTMENT OF NEW SHARES

- (1) On 22 December 2014, the Company entered into a subscription agreement with Foxconn (Far East) Limited ("**Foxconn**"), a wholly-owned subsidiary of Hon Hai Precision Industry Co. Ltd., pursuant to which Foxconn conditionally agreed to subscribe for an aggregate of 128,734,000 Shares with a nominal value of HK\$0.01 each at the subscription price of HK\$4.73 per Share. The net issue price per Share of the aforesaid subscription was approximately HK\$4.67. On 22 December 2014, the closing price of the Shares of the Company was HK\$5.31 per Share as quoted on the Stock Exchange. The allotment of the said Shares was completed on 2 March 2015.
- (2) On 9 January 2015, the Company and Eagle Seeker Company Limited ("**Eagle Seeker**") entered into separate placing agreements with each of First Shanghai Securities Limited ("**First Shanghai**") and Haitong International Securities Company Limited ("**Haitong Securities**"), respectively, pursuant to which First Shanghai and Haitong Securities as the placing agents have agreed to severally, as agents of Eagle Seeker, procure placees to purchase a total of up to 90,113,000 Shares owned by Eagle Seeker at the placing price of HK\$6.08 per Share. The net issue price per the new Share was approximately HK\$5.90 per Share. On 9 January 2015, the closing price of the Shares was HK\$6.15 per Share as quoted on the Stock Exchange. The placing and subscription were completed on 13 January 2015 and 21 January 2015, respectively. The Company used the net proceeds for investment in the manufacturing of new energy electric vehicles.
- (3) On 22 May 2015, the Company, Mr. FENG Changge and Eagle Seeker entered into a placing agreement with Credit Suisse (Hong Kong) Limited and Haitong (collectively, the "**Joint Placing Agents**"), pursuant to which the Joint Placing Agents have agreed to, as agents of Eagle Seeker, procure placees to purchase a total of up to 262,616,779 Shares owned by Eagle Seeker at the placing price of HK\$8.18 per Share. The net issue price per the new Share was approximately HK\$8.04 per Share. On 22 May 2015, the closing price of the Shares was HK\$8.91 per Share as quoted on the Stock Exchange. The completion of the placing agreements of 22 May 2015 is subject to the entering into of the subscription agreement between the Company and Eagle Seeker which conditionally agrees to subscribe from the Company for an aggregate of up to 262,616,779 new Shares at the subscription price of HK\$8.18 per subscription share. The placing and the subscription were completed on 27 May 2015 and 3 June 2015, respectively. The Company used the proceeds as follows: (1) approximately 15% in supplement working capital; (2) approximately 20% in invest in GFMC and Aiche Company; (3) approximately 35% in invest in business opportunities in the field of new energy vehicles; (4) approximately 10% in the after-sales services center of Tesla Motors, Inc.; (5) approximately 20% in online and offline after-sales service.

Directors' Report

- (4) On 20 November 2019, the Company entered into the placing agreement with RaffAello Securities (HK) Limited, pursuant to which the Company conditionally agreed to place, through RaffAello Securities (HK) Limited on a best efforts basis, up to 52,000,000 placing shares to Successful Lotus Limited at a price of HK\$3.00 per placing share. The placing price of HK\$3.00 per share represents (i) a premium of 9.09% over the closing price of HK\$2.75 per share as quoted on the Stock Exchange on the trading date immediately preceding the last trading day; and (ii) a premium of 8.77% over the average of the closing prices per share of HK\$2.758 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the last trading day. The maximum gross proceeds from the placing was approximately HK\$156 million. The net proceeds, after the deduction of the placing commission and other related expenses, was approximately HK\$150 million, representing a net issue price of approximately HK\$2.88 per placing share. The Company intended to use the net proceeds from the placing for establishing long term partnerships with the Company's strategic partners and for the general working capital of the Company to meet running expenses. The Company considered that the placing represents a good opportunity to raise additional funds to strengthen the Company's financial position and to meet its financial obligations. It will also widen the Company's shareholder base and improve the liquidity of the shares. The placing of shares was completed on 2 December 2019. For further details, please refer to the announcement of the Company dated 20 November 2019.

As of 31 December 2019, approximately 65% of the net proceeds had been used for the general working capital. The unused portion (approximately 35%) has been used in 2020 for the general working capital.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Detail of the movement in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, subject to the Cayman Companies Act and the Articles of Association of the Company, amounted to RMB2,138.9 million (2024: RMB2,163.6 million).

Directors' Report

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

MAJOR RISKS AND UNCERTAINTIES

(1) Macro policies

As a pillar industry of the national economy, the auto mobile sector is considerably correlated to the volatile cycles of the macro-economy in terms of timing and extent. Being a dealer of luxury and ultra-luxury vehicles, the Group's operating conditions are more associated with the macro economic environment as compared to the industry. Currently, China's auto mobile market continues to hold out strong potential for development. However, if significant fluctuations occur in the auto industry in future as a result of cyclical developments in the macro-economy, the sales of whole-vehicle will be inevitably affected. As such, the Group is required to monitor any changes in the economic landscape in a timely manner and adjust its overall business planning, network development plans and marketing plans under different market conditions.

(2) Industry policies

The Group must comply with policies and regulations in respect of auto mobile industry promulgated by the PRC government in its business operation. The alterations in the finance system of China, for instance, the introduction of new tax and increase in tax rate, may affect the profit of the Group. The acceleration in promotion and application of new energy automobiles by the Chinese government may also exert impact on the automobile industry. On the other hand, the limits or other measures imposed by local governments may have an influence on the sales of passenger vehicle, which in turn controls the number of the passenger vehicles in the cities where the network of the Group are located. As a result, the Group will monitor closely any developments in government policies on our industry, while enhancing our service standards on an ongoing basis to address any risks arising from changes in industry policies.

(3) Automobile manufacturers' policies

As an automobile dealership Group, the Group maintains sound cooperation with branded automobile manufacturers. The Group generates the majority of the revenue from operation of dealership outlets, which relies on the authorization from manufacturers on operating our existing dealership outlets and establishing new outlets. Changes in the policies of such manufacturers might result in changes in the sales strategies for their brands, sales incentives and business policy support for us, and such changes might lead to a decrease in products sales and revenue. Hence, the Group will actively enhance communication with the manufacturers and continue to adopt a development strategy that covers a diverse range of brands.

(4) Market competition

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

(5) Market risks

The Group exposes to various types of market risks, including credit risks, liquidity risks, interest rate risks and exchange risks, the details of which are set out in note 47 to the consolidated financial statements in this report. The Group has exercised effective control over market risks through continuous monitoring of risks and changes, timely risk warnings, appropriate application of hedge instruments and other methods.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the aggregate purchases from our top five suppliers and our largest supplier accounted for approximately 79.6% and 36.4% (2024: 78.2% and 52.3%) of our total purchases, respectively.

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year ended 31 December 2025, no major customer information is presented in accordance with HKFRS 8 "Operating Segments". During the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers was less than 30% (being the Listing Rule disclosure threshold) of total turnover of the Group.

As far as the Directors are aware, neither the Directors, their close associates, nor shareholders who own more than 5% of the Company's number of issued shares as at 31 December 2025 had any interest in any of the five largest suppliers and customers disclosed above.

Directors' Report

RELATIONSHIP WITH CUSTOMERS

In respect of customer service, the Group listened to various demands of consumers on motor use carefully and provided them with high-quality services to constantly raise customer satisfaction. The Group proactively conducted customer satisfaction surveys, scored evaluation on sales team and customer service to fully understand the Company's shortcomings in terms of service so as to pursue improvement. In the provision of maintenance services, the Group's stores are established taking the customer's consumption experience into full consideration, which provide customers with barrier-free communication, and offers them with catering, entertainment, leisure and other activities to render services of the finest quality. At the same time, the Group places emphasis on securing customer privacy, confidentiality and filing of customer information to protect information security of customers. During the Reporting Period, no leakage of customer information has been occurred.

The Group has established a complete motor recall service system and actively took the initiative of liaising and negotiating with customers on motor quality issues to minimize the potential safety threats to motor owners caused by product quality. For recalled vehicles, recall solutions were carried out in the Group's stores according to the "Recall Emergency Plan" to ensure that the recall indicators of motor manufacturers are reached after sales, increase the contribution from warranty to output value of aftersales, and enhance smooth experience of the recall process. During the Reporting Period, the Group has not experienced any incident and complaint of motor recall due to safety and health. In response to complaints, the customer service department first classifies the complaints according to the types of complaints, and then hands over to professional technicians or account managers to offer system solutions in order to fully satisfy various demands of customers.

RELATIONSHIP WITH SUPPLIERS

The Group maintains long-term and stable cooperation with major automobile suppliers, being luxury and ultra-luxury brands such as BMW, Lexus, Land Rover, Ferrari and Lotus, and new energy vehicle brands such as BYD and DENZA, ensuring the sound development of the sales business of vehicles. The Group provides tendering opportunities for various kinds of projects on an open, fair, transparent and fair basis in order to select the most excellence. Furthermore, the Group conducts regular assessment and rating on the performance of existing suppliers to realize the performance of suppliers, promote their improvement of the supply level, while continuously cooperating with outstanding suppliers and terminating partnered suppliers with unsatisfactory performance. The Group attaches great emphasis on maintaining the relationship with suppliers and establishes long-term cooperation based on the concept of "equality and mutual benefit".

RELATIONSHIP WITH EMPLOYEES

The Group lays much stress on maintaining sound relationship with employees. The Group regards employees as the most essential asset of the Group and the very foundation of the sustainable development of the Group. Providing employees with competitive salaries and premier working environment and benefits are conducive to establish good relationship with our staff and retain our staff. The remuneration policies of the Group are determined and reviewed regularly based on the performance of employees. Discretionary bonus is granted to employees to encourage their contribution to the Group and promotion is offered to excellent employees by the Group depending on the Group's profitability and employees' performance. The Group also offers trainings to new employees and existing employees to enhance their technical knowledge. These initiatives are beneficial to the improvement of the production capacity and efficiency of the Group. Staff is recruited and treated equally by the Group regardless of gender, race and age. The Group provides staff with healthy, safe, enjoyable and harmonious working environment and pays attention to and satisfies various needs of staff, endeavoring to build the Group as a big family which is harmonious, united, healthy and pleasant.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. FENG Changge (*Chairman*)

Mr. FENG Shaolun (*Deputy Chairman*)

Mr. LIU Fenglei (*President and Chief Executive Officer*)

Ms. MA Lintao (*Vice-president*)

Mr. CHENG Junqiang (*Vice-president and Chief Operating Officer*)

Independent Non-executive Directors

Mr. WANG Nengguang

Mr. LAU Kwok Fan

Mr. SUNG Ka Woon

Directors' Report

Pursuant to Article 84 of the Company's Articles of Association, Mr. LIU Fenglei, Ms. MA Lintao and Mr. WANG Nengguang will retire by rotation at the forthcoming annual general meeting of the Company. Biographical details of the Directors and the senior management of the Group are set out in the "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service agreement with the Company for an initial fixed period of three years commencing from their respective date of appointment unless terminated earlier. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association of the Company.

Each of our independent non-executive Directors has signed a letter of appointment with the Company for an initial fixed period of three years commencing from their respective date of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed director's fee of HK\$300,000 per annum. The appointments of the independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Associations of the Company.

None of the Directors proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Except for the service contracts detailed above and the connected transaction set out in the section headed "DIRECTORS' REPORT — CONNECTED TRANSACTION" in this report, no Director nor an entity connected with him/her had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025.

DIRECTORS' COMPETING INTERESTS

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

MANAGEMENT CONTRACT

No contracts concerning the management and distribution of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

CONTRACTS WITH CONTROLLING SHAREHOLDER

Save as disclosed in this report, no contract of significance has been entered into among the Company or any of its subsidiaries and Eagle Seeker (the controlling shareholder of the Company) or any of its associates during the year ended 31 December 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

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

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and Share Award Plan as set out in this report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025. For details of these schemes, please refer to the sections headed "Share Option Scheme" and "Share Award Plan" in this Directors' Report.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 26 June 2015, which is made pursuant to Chapter 17 of the Listing Rules, in relation to grant of share options to certain employees of the Company or its subsidiaries to subscribe for shares (the "**Shares**") of HK\$0.01 each of the Company, for the purpose of attracting, retaining and motivating talented employees to strive towards long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme was terminated on 26 June 2025, being the tenth anniversary of its adoption. Following the termination of the Share Option Scheme, no further options could be granted thereunder but the provisions of the Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination.

Eligible participants of the Share Option Scheme are any director(s) of the Group (including any Director(s)) or any employee(s) or officer(s) of any member of the Group(s) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The number of share options available for grant under the scheme mandate under the Share Option Scheme on 1 January 2025 is 80,379,067. Following the termination of the Share Option Scheme on 26 June 2025, no further options could be granted thereunder. As such, no share option is available for grant under the scheme mandate under the Share Option Scheme on 31 December 2025.

Directors' Report

The maximum number of Shares issuable under share options to each eligible participant (save for the substantial shareholders or an independent non-executive Director, or any of their respective associates) in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue. On the other hand, the maximum number of shares issuable under share options to the substantial shareholders or an independent non-executive Director, or any of their respective associates in the Share Option Scheme within any 12-month period is limited to 0.1% of the shares of the Company in issue and an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of such grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange). Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

An share option may be exercised during a period to be notified by the Board to each grantee ("**Grantee**") which shall not be more than 10 years commencing on the date on which an offer(s) of the grant of share option(s) is/are made to the participant(s) ("**Offer Date**") and expiring on the last day of such period. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period and ends on the expiry date of the Scheme. Details of the exercise period can be found in the table below.

Subject to such terms and conditions as the Board may determine, no performance target need to be achieved by the proposed Grantee before the share options can be exercised. Details of the vesting period can be found in the table below.

An offer shall be made to the proposed Grantee by letter in such form as the Board may from time to time determine requiring the proposed Grantee to undertake to hold the share option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the proposed Grantee to whom an offer is made for a period of 28 days from the offer date, provided that no such offer shall be open for acceptance after the tenth anniversary of the adoption date or after the Share Option Scheme has been terminated in accordance with its provisions.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the proposed Grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the proposed Grantee) by way of consideration for the grant thereof, is received by the Company.

The exercise price is determined taking into account the highest of (i) the closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of HK\$0.01 per Share.

Directors' Report

On 9 May 2017, the Board resolved to grant up to 70,000,000 new share options to the then existing grantees and certain new grantees (collectively, the “**Grantees**”, each a “**Grantee**”) to replace the outstanding options granted on 29 June 2015 and 2 July 2015 respectively (“**Outstanding Options**”), subject to the acceptance of each of the then existing grantees. No compensation shall be payable to them for cancellation of the Outstanding Options. New grantees are mainly senior management of the subsidiaries of the Company and general managers of its outlets.

On 17 December 2019, the Company offered to grant share options (the “**2019 Share Options**”) to certain eligible employees of the Group (the “**2019 Grantees**”) under the Share Option Scheme, entitling them to subscribe for a total of 20,000,000 ordinary shares of HK\$0.01 each of the Company. The grant of the Share Options will be subject to the acceptance of the 2019 Grantees. Each 2019 Grantee is not a Director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them.

The Company also offered to grant share options to certain grantees under the Share Option Scheme on 29 June 2015, 2 July 2015 and 15 December 2017, and there were no outstanding share options from these grants for the year ended 31 December 2025. For details, please refer to the Company’s announcements dated 29 June 2015, 2 July 2015, 9 May 2017 and 15 December 2017.

Summary of the Share Option Scheme has been set out in note 39 to the consolidated financial statements.

Details of the movements of the share options granted to subscribe for ordinary shares by the Directors, former directors and other eligible employees of the Company pursuant to the Share Option Scheme for the year ended 31 December 2025 were as follows:

Name of Grantees	Date granted	Vesting period	Exercise period	Exercise price per Share	Number of Share Options					Outstanding as at 31 December 2025
					Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	
<i>Directors</i>										
Mr. FENG Changge — Executive Director and Chairman of the Board	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	2,500,000	—	—	—	2,500,000	0
Mr. LIU Fenglei — Executive Director and President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	2,500,000	—	—	—	2,500,000	0
<i>Former Director</i>										
Mr. HAN Yang — Former Executive Director and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	800,000	—	—	—	800,000	0
<i>Former Director</i>										
Ms. FENG Guo — Former Executive Director and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	400,000	—	—	—	400,000	0

Directors' Report

Name of Grantees	Date granted	Vesting period	Exercise period	Exercise price per Share	Number of Share Options					Outstanding as at 31 December 2025	
					Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year		
<i>Former Director</i>											
Mr. YANG Lei											
— Former Executive Director, Chief Operating Officer and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	1,125,000	—	—	—	1,125,000	0	
Other eligible employees	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK\$3.00	14,866,000	—	—	—	14,866,000	0	
	17 December 2019	16/2/2020 to 16/2/2021	16/2/2020 to 17/12/2025	HK\$4.00	20,000,000	—	—	—	20,000,000	0	
Total					42,191,000	—	—	—	42,191,000	0	

Notes:

- The validity period of the 70,000,000 share options is from 9 May 2017 (i.e. date of grant) till the earlier of (i) the day on which the relevant Grantee ceases to be an employee or a director of the Company and its subsidiaries on one or more of the grounds of termination of employment, appointment or directorship specified in paragraph 8(vi) of the Share Option Scheme, and (ii) 28 June 2025. 20% of these share options were vested on 1 July 2017, 30% were vested on 1 July 2018, 30% were vested on 1 July 2019 and 20% were vested on 1 July 2020. The cessation of directorship of the former Directors Mr. Yang Lei, Mr. Han Yang and Ms. Feng Guo did not involve the grounds of termination as specified in the above (i), and their share options have lapsed as at 31 December 2025.
- The validity period of the 20,000,000 share options is from 17 December 2019 (i.e. date of grant) till the earlier of (i) the day on which the relevant 2019 Grantee ceases to be an employee of the Group, and (ii) 17 December 2025. 50% of these share options were vested on 16 February 2020 and 50% were vested on 16 February 2021. All such share options have lapsed as at 31 December 2025.
- The closing price of the Shares immediately before the date of grant is not applicable and no review or approval on the grant of share options were required by the remuneration committee of the Company as no share options were granted during the year ended 31 December 2025.
- The weighted closing price immediately before the exercise date is not applicable because no share options were exercised during the year ended 31 December 2025.

As at 1 January 2025, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.76% of the Company's shares in issue (i.e. 1,523,264,677). During the year ended 31 December 2025, 42,191,000 share options were lapsed and no share options were granted, exercised and cancelled under the Share Option Scheme. As at 31 December 2025 and up to the date of this annual report, the Company has no share options outstanding and no shares are available for issue under the Share Option Scheme.

Save as disclosed above, there was no share option scheme adopted by the Company as at 31 December 2025 and up to the date of this annual report. Details of the Share Option Scheme are set out in the circular of the Company dated 10 June 2015.

Save as disclosed above, none of the grantees were (i) Directors, chief executive or substantial shareholders of the Company, or any of their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options granted and to be granted in any 12-month period prior to the termination date of the Share Option Scheme exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

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

As at 31 December 2025, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Ordinary Shares			Underlying Shares under Share Options ⁽⁴⁾	Total Interests	Approximate % of Shareholding Interest
		Personal Interests ⁽⁵⁾	Family Interests ⁽⁶⁾	Other interests	Personal Interests		
		Capacity/Nature of Interest					
Mr. FENG Changge	Director	—	—	708,364,660 (L) ⁽¹⁾	—	708,364,660 (L)	46.50%
Mr. FENG Shaolun	Director	—	—	708,364,660 (L) ⁽³⁾	—	708,364,660 (L)	46.50%
Ms. MA Lintao	Director	—	708,364,660 (L) ⁽²⁾	—	—	708,364,660 (L)	46.50%
Mr. LIU Fenglei	Director	778,587 (L)	—	—	—	3,278,587 (L)	0.21%
Mr. WANG Nengguang	Director	40,000(L)	—	—	—	40,000 (L)	0.00%

Notes:

- (1) These 708,364,660 shares in the Company are held by Eagle Seeker. Mr. FENG Changge is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by JTC Private Trust (Cayman) Limited (previously known as Cititrust Private Trust (Cayman) Limited) through Eagle Pioneer Company Limited, whereas Mr. Feng Changge is the founder of the trust.
- (2) Ms. MA Lintao is Mr. FENG Changge's spouse and is therefore deemed to be interested in all the shares of the Company in which Mr. FENG Changge is interested in.
- (3) These 708,364,660 shares in the Company are held by Eagle Seeker. Mr. FENG Shaolun is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by JTC Private Trust (Cayman) Limited through Eagle Pioneer Company Limited, whereas Mr. Feng Shaolun is one of the beneficiaries.
- (4) These interests represent options to subscribe for shares in accordance with the Share Option Scheme granted to the relevant Directors. As at 31 December 2025, all share options have lapsed and the Company has no share options outstanding. For further details, please refer to the section headed "Share Option Scheme".
- (5) "Personal Interests" represents interests directly beneficially owned.
- (6) "Family Interests" represents interests of spouse or child under 18.
- (7) The letter "L" denotes the long position in the shares of the Company.

Directors' Report

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE AWARD PLAN

On 28 February 2019, the Company adopted the Share Award Plan, pursuant to which the Company may grant existing Shares to selected participants (namely all employees, directors (whether executive or non-executive, but excluding independent non-executive Directors and Mr. FENG Changge) and officers of the Group). The purpose for adopting the Share Award Plan is to (i) incentivize, recognize and reward employees, directors (whether executive or non-executive Directors, but excluding independent non-executive Directors) and officers of the Group for their contribution to the Group; (ii) attract and retain personnel to promote the long-term growth and development of the Group; and (iii) align the interests of the selected grantees with that of the shareholders to promote the long-term financial performance of the Company. Subject to early termination by the Board, the Share Award Plan shall be valid and effective from the date of adoption of the Share Award Plan, being 28 February 2019, and ending on 26 June 2025 (both days inclusive). The Share Award Plan expired on 26 June 2025. No new Shares will be granted under the Share Award Plan during the Reporting Period. Details of the Share Award Plan are set out in the Company's announcement dated 2 April 2019.

The maximum aggregate number of Shares to be acquired by the trustee under the Share Award Plan is 60,000,000 Shares, representing approximately 3.94% of the Shares in issue (i.e. 1,523,264,677) as at the date of this annual report. As at 31 December 2025, the trustee appointed by the Company for the purpose of the Share Award Plan has purchased 59,987,500 Shares according to the Share Award Plan since its adoption among of 30,000,000 Shares have been granted and vested under the Share Award Plan.

As at both 1 January 2025 and 31 December 2025, there were no outstanding options and unvested Share Awards and therefore no grantees with outstanding and unvested share awards. As at 1 January 2025, 29,987,500 Share Awards were available for grant, and as at 31 December 2025, no share awards were available for grant under the Share Award Plan since the Share Award Plan expired on 26 June 2025. During the Reporting Period, no Share Award has been granted, vested, lapsed or cancelled under the Share Award Plan. The closing price of the Shares immediately before the date of grant is not applicable and no review or approval on the grant of share awards were required by the remuneration committee of the Company as no share awards were granted during the period from 1 January 2025 to 31 December 2025. The weighted closing price of the Shares immediately before the vesting date is not applicable because no Share Awards were vested during the year ended 31 December 2025.

Save as disclosed above, there was no share award plan adopted by the Company as at 31 December 2025 and up to the date of this annual report. Details of the Share Award Plan are set out in the announcement of the Company dated 2 April 2019.

Directors' Report

Where any offer of award is proposed to be made to any connected person of the Company, it shall not be made where the aggregate interest of the connected persons in the Share Award Plan reaches 30% or above, and in any case such offer shall be subject to all the applicable requirements under the Listing Rules. No further Shares will be awarded to a selected participants if the aggregate number of awarded shares underlying all awards (whether vested or not) granted to such selected participant under the Share Award Plan will exceed 0.5% of the Shares in issue from time to time. Save as disclosed, there is no maximum entitlement for each eligible participant under the rules of the Share Award Plan and as at the date of this directors' report, no selected grantee has been granted award shares exceeding 1% of the issued share capital of the Company.

Awarded shares and the related income shall be vested in an award holder in accordance with the vesting date(s) specified in the award upon satisfaction of the vesting criteria and conditions (if any) specified by the Board in the offer of grant of the relevant award. At any time prior to a vesting date: (a) in the event of (i) the death of an award holder; (ii) the retirement of an award holder at his normal retirement date; or (iii) the retirement of an award holder at an earlier retirement date with prior written agreement given by any member of the Group, then unless the Board otherwise determines, all the awarded shares and related income of such award holder (to the extent not already vested) shall be deemed to be vested on the day immediately prior to his death or his retirement; and (b) in the event of a general or partial offer, share repurchase offer or scheme of arrangement or other transaction in like manner which may result in a change in control of the company, unless the board determines otherwise, all unvested awarded shares and related income will immediately become vested on the date on which the offer or arrangement becomes or is declared unconditional in all respects. There is no purchase price of the shares awarded.

The trustee shall hold the awarded shares and related income on trust for the award holders until the awarded shares and related income are vested in the relevant award holders according to the rules of the Share Award Plan. Upon vesting, the trustee shall transfer the vested awarded shares and related income at no cost to such award holders. The purchase price for the awarded shares is nil.

No person shall exercise any voting rights in respect of any Shares held by the trustee under the Share Award Plan. The trustee holding unvested shares of the Share Award Plan, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given pursuant to Rule 17.05A of the Listing Rules.

The fair value of the share awards is measured based on the closing price of the Shares on the date of grant.

The Share Option Scheme and the Share Award Plan both were terminated on 26 June 2025, there were no number of shares that may be issued in respect of the share options and share awards granted under all schemes of the Company during the Reporting Period divided by the weighted average of the Shares in issue for the Reporting Period is nil.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons (other than the Directors and chief executive of the Company) had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as follows:

Name	Capacity/Nature of Interest	Number of Shares Directly or Indirectly Held ⁽⁴⁾	Approximate % of Shareholding Interest
Eagle Seeker	Beneficial owner	708,364,660 (L)	46.50%
Eagle Pioneer Company Limited ⁽¹⁾	Interest of controlled corporation	708,364,660 (L)	46.50%
JTC Private Trust (Cayman) Limited (previously known as Cititrust Private Trust (Cayman) Limited) ⁽²⁾	Trustee	708,364,660 (L)	46.50%
Foxconn (Far East) Limited ⁽³⁾	Beneficial owner	128,734,000 (L)	8.45%
Hon Hai Precision Industry Co. Ltd ⁽³⁾	Interest of controlled corporation	128,734,000 (L)	8.45%

Notes:

- (1) Eagle Seeker is wholly owned by Eagle Pioneer Company Limited. Accordingly, Eagle Pioneer Company Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker.
- (2) Eagle Pioneer Company Limited is wholly owned by JTC Private Trust (Cayman) Limited. Accordingly, JTC Private Trust (Cayman) Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker (the controlling shareholder of the Company), indirectly via Eagle Pioneer Company Limited. Mr. Feng Changge, Executive Director and Chairman of the Company, is the founder of the trust of JTC Private Trust (Cayman) Limited.
- (3) Foxconn (Far East) Limited ("**Foxconn**") is wholly owned by Hon Hai Precision Industry Co. Ltd. ("**Hon Hai**"), a company listed on the Taiwan Stock Exchange. Accordingly, Hon Hai is deemed to have interest in the 128,734,000 Shares held by Foxconn.
- (4) The letter "L" denotes long position in such Shares.

Save as disclosed above, as at 31 December 2025, no persons (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Share Option Scheme and the Share Award Plan, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate. For details of these schemes, please refer to the sections headed "Share Option Scheme" and "Share Award Plan" in this Directors' Report.

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

The Company has received annual confirmations from the controlling shareholders, Mr. FENG Changge and Eagle Seeker, in respect of their compliance with the terms of the non-competition undertaking as described in the prospectus of the Company dated 31 May 2013 and that they have not engaged, nor interested, in any business which directly or indirectly, competes or may compete with the business of the Group during the year of 2025.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2025 are set out in note 28 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the general staff of the Company is set up by the management of the Group on the basis of their merit, qualifications and competence. The Company operates two incentive schemes, including (1) a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, and (2) a share award plan, which is a replacement alternative incentive scheme to the RSU Scheme. For details, please refer to the sections headed "Share Option Scheme" and "Share Award Plan" in this report. The emoluments of the Directors and senior management of the Company are proposed by the Remuneration Committee of the Company to the Board, having regard to the Company's operating results, individual performance and comparable market statistics, subject to the final decision by the Board. The remuneration of the Directors and chief executive are set out in note 9 to the consolidated financial statements and the remuneration of the Directors by band for the year ended 31 December 2025 is set out below:

Remuneration bands	Number of person
Nil to HK\$1,000,000	5
HK\$1,000,001 to HK\$2,000,000	3

Directors' Report

During the year ended 31 December 2025, none of the Directors and the chief executive officer of the Company waived or agreed to waive his/her emoluments, and no emoluments were paid by the Group to any of the Directors or the chief executive officer of the Company as inducement to join or upon joining the Group, or as compensation of loss of office.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands	Number of person
Nil to HK\$1,000,000	1

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the year are disclosed in note 42 to the consolidated financial statements. In relation to those material related party transactions that also constituted connected transactions of the Company as defined in the Listing Rules, the Company has complied with the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review, and the details of which are set out in the section headed "Connected Transactions" below.

CONNECTED TRANSACTION

Reference is made to (i) the announcements of the Company dated 23 May 2025, 22 July 2025 and 18 August 2025 (the "**Disposal Announcements**"); and (ii) the circular of the Company dated 23 July 2025 (the "**Circular**"), in relation to, among other things, the Company's disposal of the 45% of the Restructured Capital of iCar Group Limited and 45% of the Convertible Notes issued by iCar Group Limited. Capitalised terms used in this section shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 23 May 2025 and 22 July 2025, the Company (as vendor), EGL (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the Agreement, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the Sale Shares, representing 45% of the Restructured Capital of the Disposal Company, at the Sale Shares Consideration of RMB250,000,000; and (ii) the Sale Loan, representing 45% of the Convertible Notes issued by the Disposal Company, at the Sale Loan Consideration of RMB80,000,000. The aggregate amount of the Consideration of RMB330,000,000 shall be fully set off against the outstanding principal amount of the CS Loans of RMB330,000,000 owing by the Company to EGL as at Disposal Completion on a dollar-for-dollar basis.

Directors' Report

As of 23 May 2025 and 22 July 2025, EGL is wholly-owned by Mr. Feng, who is the Chairman of the Board, an executive Director and a controlling Shareholder of the Company. Accordingly, EGL is a connected person of the Company pursuant to the Listing Rules. Following Disposal Completion, the Disposal Company will be owned as to 45% by EGL and is thus a connected subsidiary of the Company. Accordingly, the transactions contemplated under the Agreement shall constitute connected transactions for the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

On 18 August 2025, all the Conditions had been satisfied and the Disposal Completion took place on 18 August 2025 in accordance with the terms and conditions of the Agreement. Following the Disposal Completion, (i) the Company continues to hold 55% equity interests in the Disposal Company and members of the Disposal Group remain as subsidiaries of the Company, and their financial results, assets and liabilities will continue to be consolidated into the Group's consolidated financial statements; and (ii) the Company and EGL shall each hold 55% and 45% of the Convertible Notes respectively.

The aggregate principal amount of the Convertible Notes is RMB177,777,777 with principal amount of RMB97,777,777 held by the Group and principal amount of RMB80,000,000 held by EGL. The Convertible Notes have a two-year maturity period with 4.0% interest rate per annum.

The Company and EGL have the right to convert all or part of the outstanding principal amount together with accrued but unpaid interest into ordinary shares of the Disposal Company at any time after six months from its issue date up to its maturity date. The conversion price for the Convertible Notes is US\$1 per conversion share. The number of shares to be issued by the Disposal Company upon conversion is determined based on the amount of the principal and accrued interest being converted divided by the applicable conversion price. Upon full conversion of the Convertible Notes, 24,691,357 new ordinary shares of the Disposal Company shall be issued and allotted, representing approximately 24.2% of the enlarged issued share capital of the Disposal Company.

The Company and EGL have also undertaken that any exercise of conversion rights shall be made proportionately such that their respective equity interests in the Disposal Company remain unchanged. As at 31 December 2025, none of the Convertible Notes had been converted into shares of the Disposal Company.

For details, please refer to the Disposal Announcements, the Circular and note 32 to the consolidated financial statements.

CORPORATE GOVERNANCE

For the year ended 31 December 2025, the Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

Directors' Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code throughout the year ended 31 December 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors as at the date of this annual report, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the Reporting Period.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

For the year ended 31 December 2025, there was no pledge of Shares by the controlling shareholders of the Company which is subject to disclosure under Rule 13.21 of the Listing Rules.

ADVANCE TO AN ENTITY

For the year ended 31 December 2025, the Company does not have any advance to an entity which is subject to the disclosure under Rule 13.20 of the Listing Rules.

COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

For the year ended 31 December 2025, there was no loan agreement of the Company with covenants relating to specific performance of the controlling shareholders of the Company which is subject to disclosure under Rule 13.21 of the Listing Rules.

BREACH OF LOAN AGREEMENTS

For the year ended 31 December 2025, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company and subject to disclosure under Rule 13.21 of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the year ended 31 December 2025, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rule 13.22 of the Listing Rules.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period and up to the date of this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares (as defined under the Listing Rules)) listed on the Stock Exchange. As at 31 December 2025, there was no treasury share held by the Company.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Group during the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 34 to the consolidated financial statements.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events which had material effect on the Group subsequent to 31 December 2025 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

Directors' Report

DONATIONS

Donations made by the Group during the year ended 31 December 2025 amounted to RMB5,404,000 (2024:RMB1,600,000).

AUDITOR

ZHONGHUI ANDA CPA LIMITED resigned as the auditor of the Company on 12 September 2024, and Beijing Xinghua Caplegend CPA Limited ("**Beijing Xinghua**") was appointed as the auditor of the Company on 12 September 2024 to fill up the casual vacancy so arising. For details, please refer to the announcement of the Company dated 12 September 2024. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Beijing Xinghua, who shall retire at the forthcoming annual general meeting of the Company and, being eligible to offer themselves for re-appointment. A resolution for the re-appointment of Beijing Xinghua as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this announcement, the Group did not have specific plan for material investments and capital assets with a value of 5% or more of the Group's total assets. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Listing Rules as and when appropriate.

By Order of the Board
CHINA HARMONY AUTO HOLDING LIMITED

FENG Changge
Chairman and Executive Director

31 March 2026

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. During the year ended 31 December 2025, the Company has adopted and complied with the applicable code provisions of the CG Code as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**Hong Kong Stock Exchange**").

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders.

The Group is committed to developing a positive and progressive culture that is built on its culture which focuses on simplicity, efficiency and happiness. More information about its culture is available on the Company's website. The Company believes that such culture can enable the Company to deliver long-term sustainable performance to the Shareholders. For details of the discussion and analysis of the Group's performance, please refer to the section headed "Management Discussion and Analysis Financial Overview" in this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

As at the date of this annual report, the Board of the Company comprises the following Directors:

Executive Directors

Mr. FENG Changge (*Chairman*)

Mr. FENG Shaolun (*Deputy Chairman*)

Mr. LIU Fenglei (*President and Chief Executive Officer*)

Ms. MA Lintao (*Vice President*)

Mr. CHENG Junqiang (*Vice President and Chief Operating Officer*)

Independent Non-executive Directors

Mr. WANG Nengguang

Mr. LAU Kwok Fan

Mr. SUNG Ka Woon

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” of this annual report. The relationships between the members of the Board are also disclosed under that section.

Save as disclosed, each of the Directors has no other relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Chairman and Chief Executive

The position of Chairman is held by Mr. FENG Changge and that of Chief Executive Officer is held by Mr. LIU Fenglei. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company’s business development and daily management and operations generally.

Independent Non-executive Directors

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

The Company has received written annual confirmation from each of the independent non-executive directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Corporate Governance Report

Board Independence Evaluation

The Board seeks the development of an effective working environment for the executive and independent non-executive Directors so as to improve the quality of the decisions made by the Board without constraining the independent views of the independent non-executive Directors. The Group has established a mechanism to ensure independent views and inputs are available to the Board by allowing the independent non-executive Directors to directly contact the Chairman of the Board or (in case of any conflict of interest) the Deputy Chairman of the Board for their views.

The Board also has reviewed the implementation and effectiveness of such mechanism(s) on an annual basis to ensure independent views and inputs are available to the Board.

Directors' Appointment and Re-election

Each of the Directors of the Company has entered into either a service agreement or a letter of appointment with the Company for a term of three years subject to retirement by rotation in accordance with the articles of association (the "**Articles of Association**") of the Company.

In accordance with the Articles of Association, at every annual general meeting (the "**AGM**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, all Directors are subject to retirement by rotation and re-election at the AGM at least once every three years and any Director appointed to fill a casual vacancy shall hold office until the first general meeting and any Director appointed as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election at that meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board shall take decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company the details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his or her responsibilities to the Company.

Corporate Governance Report

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management. The Board also reviewed its performance regularly.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of their responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and appropriate.

The Company had from time to time provided relevant reading materials including industry updates and corporate governance to all Directors for their reference and studying. This is to ensure that all the Directors are sufficiently aware of their responsibilities under the Listing Rules and other relevant regulatory requirements.

During the year ended 31 December 2025, all the Directors of the Company had participated in various trainings and/or read materials of relevant topics, including:

- Corporate strategic management/corporate operational management
- Financial strategic management
- Investment strategies
- Research on audit development strategies
- Risk management and internal controls
- Environmental, social and governance management

Corporate Governance Report

The training records of the Directors for the year ended 31 December 2025 are summarized as follows:

Directors	Type of Training <small>(Note)</small>
Executive Directors	A&B
Mr. FENG Changge <i>(Chairman)</i>	A&B
Mr. FENG Shaolun <i>(Deputy Chairman)</i>	A&B
Mr. LIU Fenglei <i>(President and Chief Executive Officer)</i>	A&B
Ms. MA Lintao <i>(Vice President)</i>	A&B
Mr. CHENG Junqiang <i>(Vice President and Chief Operating Officer)</i>	A&B
Independent Non-executive Directors	
Mr. WANG Nengguang	A&B
Mr. LAU Kwok Fan	A&B
Mr. SUNG Ka Woon	A&B

Note:

Type of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers journals, magazines and relevant publications

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed period of three years commencing from their respective date of appointment unless terminated earlier. Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial fixed period of three years commencing from their respective date of appointment. For details, please refer to the section headed "Directors' Report — Directors' service Contracts" in this annual report.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Corporate Governance Report

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under “Corporate Information” on page 2.

Audit Committee

The Company established the Audit Committee on 20 May 2013 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and the paragraph D.3 of the CG Code and terms of reference amended on 31 August 2016 and 29 March 2019 respectively.

The Audit Committee consists of three members, namely Mr. WANG Nengguang (Chairman of Audit Committee), Mr. LAU Kwok Fan and Mr. SUNG Ka Woon, all of whom are independent non-executive Directors (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company’s existing external auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2025, the Audit Committee held three meetings to review interim and annual financial results and reports, the significant issues on changes related to the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the internal audit function, scope of work and engagement of external auditors.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee on 20 May 2013 with written terms of reference in compliance with Rules 3.25 and 3.26 of the Listing Rules and the paragraph E.1 of the CG Code.

The Remuneration Committee consists of three members, namely Mr. SUNG Ka Woon (Chairman of Remuneration Committee) and Mr. LAU Kwok Fan, both are independent non-executive Directors; and Mr. LIU Fenglei, an executive Director.

Corporate Governance Report

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; assessing performance of executive directors and approving the terms of executive directors' service contracts; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. The remuneration of the Directors and senior management by band for the year ended 31 December 2025 is set out in the section headed "Directors' Report — Emolument Policy" and note 9 to the consolidated financial statements in this annual report. For details of the remuneration policy of the Directors and senior management, please refer to the section headed "Management Discussion and Analysis — Employees and remuneration policies" in this annual report.

The Remuneration Committee held a meeting during the year ended 31 December 2025. During the meeting, the Remuneration Committee reviewed and advised on the remuneration policy and remuneration packages of the executive Directors and senior management, assessed performance of executive Directors and made recommendations to the Board.

Nomination Committee

The Company established the Nomination Committee on 20 May 2013 with written terms of reference in compliance with Rules 3.27A and 3.27B of the Listing Rules and the paragraph B.3 of the CG Code.

The Nomination Committee consists of three members, namely Mr. FENG Changge (Chairman of Nomination Committee), an executive Director, and Mr. WANG Nengguang and Mr. SUNG Ka Woon, both are independent non-executive Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the polices of the board diversity and the board nomination, and assessing the independence of independent non-executive Directors.

The Nomination Committee held a meeting during the year ended 31 December 2025. During the meeting, the Nomination Committee reviewed the board composition and the polices of the board diversity and the board nomination, the relevant procedures on developing and formulating on the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The Company firmly believes that the increasing diversity at the board level is one of essential elements in supporting the attainment of its strategic objectives and its sustainable development. Therefore, the Company has adopted a Board Diversity Policy in accordance with the requirement set out in the CG Code.

Corporate Governance Report

The Company seeks to achieve Board diversity through the consideration of various factors in relation to diversity of the members of the Board in the Directors selection process, including but not limited to, gender, age, culture and education background, professional experience, skills, knowledge and industry and region experience and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity. The Board is currently composed of 7 male and 1 female Directors. After the review and assessment, the Nomination Committee will make recommendation to the Board. As reviewed and suggested by the Nomination Committee, the Board was of the view that the Board has achieved gender diversity, and considers the Board Diversity Policy to be effective during the year ended 31 December 2025. The Nomination Committee also discusses and makes decision (if required) to attain the measurable targets of diversity of the members of the Board, and propose relevant recommendations to the Board. The Board will maintain at least 1 female at all times. The Nomination Committee at all times strives for identifying suitable female candidate(s) for appointment to the Board on merit against objective criteria. In order to achieve and/or maintain gender diversity, the Nomination Committee will try and propose a pipeline of potential successors to the Board to achieve gender diversity. A pipeline of potential successors can be developed by continuous accessing the existing employees of various departments and providing various trainings to equip them with the requisite management skills from time to time, where appropriate.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2025:

	Female	Male
Board	1 12.5%	7 87.5%
Senior management	0 0.0%	1 100.0%
Other employees	2,849 39.6%	4,342 60.4%
Overall workforce	2,850 39.6%	4,350 60.4%

The Board had targeted to achieve and had achieved at least 38% (2,736) of female employees of the Group and considers that the above current gender diversity is satisfactory.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of this annual report.

Corporate Governance Report

During the year ended 31 December 2025, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

The Company also adopted a nomination policy setting out the procedure for selection, appointment and re-appointment of directors.

In evaluating and selecting any candidates for directorship, the Nomination Committee and/or the Board shall consider the following criteria, including, but not limited to, character and integrity, qualifications including professional qualifications, skills, knowledge and experience relevant to the Company's business and strategy, and diversity elements mentioned in the Board Diversity Policy, any measurable targets adopted for attaining diversity of the members of the Board and willingness and ability to devote adequate time to discharge duties as a member of the Board and committees under the Board. The Board also reviewed the implementation and effectiveness of the Board Diversity Policy annually.

Nomination process of directors is as follows:

- (a) Appointment of new directors
 - (i) The Nomination Committee and/or the Board may select candidates for directors from various channels, including but not limited to internal promotion, re-designation, referral by other members of the management and external recruitment agents.
 - (ii) The Nomination Committee and/or the Board shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
 - (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
 - (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
 - (v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of directors at the general meeting of the Company.

Corporate Governance Report

(b) Re-election of director at general meeting

- (i) The Nomination Committee and/or the Board shall review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting of the Company.

The Nomination Committee held a meeting during the year ended 31 December 2025 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the nomination policy, to consider the qualification of the retiring Directors standing for re-election at the AGM, and recommended the retiring Directors and the appointment of a new director to the Board.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board (i) reviewed and developed the Company's corporate governance policies and practices and made recommendations; (ii) reviewed and monitored training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developed, reviewed and monitored the compliance of the Model Code and Written Employee Guidelines; and (v) reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Corporate Governance Report

Attendance Records of Directors and Board Committee Members

The attendance records of each Director at the Board meetings, Board committee meetings and general meetings of the Company held during the year ended 31 December 2025, are set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	(Note 1)	(Notes 2 & 3)	Meeting between Chairman of the Board and independent non-executive Directors
					Annual General Meeting	Extra-ordinary General Meeting	
Mr. FENG Changge	5/5	—	—	1/1	1/1	1/1	1/1
Mr. FENG Shaolun	5/5	—	—	—	1/1	1/1	—
Mr. LIU Fenglei	5/5	—	1/1	—	1/1	1/1	—
Ms. MA Lintao	5/5	—	—	—	1/1	1/1	—
Mr. CHENG Junqiang	5/5	—	—	—	1/1	1/1	—
Mr. WANG Nengguang	5/5	3/3	—	1/1	1/1	1/1	1/1
Mr. LAU Kwok Fan	5/5	3/3	1/1	—	1/1	—	1/1
Mr. SUNG Ka Woon	5/5	3/3	1/1	1/1	1/1	1/1	1/1
Total	5	3	1	1	1	1	1

The Directors have attended the meetings via video or telephone conference, or in person.

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2025.

Notes:

- (1) The AGM of the Company held on 18 June 2025.
- (2) The extraordinary general meeting of the Company held on 8 August 2025.
- (3) Mr. Lau Kwok Fan was unable to attend the extraordinary general meeting due to his other business commitments.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/ Payable <i>RMB'000</i>
<i>Beijing Xinghua Caplegend CPA Limited</i>	
Audit services	
— Current year	6,500
Non-audit services (<i>note</i>)	300
Total	6,800

Note: Non-audit services include other consultation services provided to the Company.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the year under review, the Board oversaw its risk management and internal control systems on an ongoing basis and, through the Audit Committee, conducted an annual review of the effectiveness of the risk management and internal control systems of the Company, covering all material controls (including financial, operational and compliance controls), the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board took into account the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and its ability to respond to changes in its business and the external environment; the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers; the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) when assessing its internal control systems and the effectiveness of risk management.

Save as disclosed, no significant control failings or weaknesses have been identified during the year ended 31 December 2025. Also, while there may be some unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition (for details, please refer to the section headed "Directors' Report — Major Risks and Uncertainties" of this annual report), the Company received a confirmation from management on the effectiveness of the issuer's risk management and internal control systems and the Directors consider that the Group's existing risk management and internal control systems are overall effective and adequate, and they also accepted the improvement suggestions put forward by the Internal Control Consultant.

The Group's internal audit department plays an important role in monitoring the internal governance of the Company. The major duties of internal audit department are to regulate and review the internal control and compliance related matters of the Company and conduct comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The Group's internal audit department performs regular evaluation on the effectiveness of risk control measures taken by each operating department and issues an appraisal report which shall be submitted to our Audit Committee for approval.

Corporate Governance Report

The Company has established a risk management process, pursuant to which each operating department is required to identify any significant risks associated with their work and corporate strategies of the Company. The Company also strives to adopt the opinions of stakeholders (including shareholders, customers, employees, suppliers, regulators and the public) and protect their rights and interests through constructive communication, so as to determine the long-term development direction of the Company and maintain a close relationship with the stakeholders. For details of the concerns, please refer to the section headed "IV. Stakeholders Engagement and Materiality Assessment" in the Environmental, Social and Governance Report. Through communications with stakeholders, the Company can understand the risks they are facing in the industries, which may also be the risks the Company is facing in the same industries. Based on the assessment of the identified risks in terms of their likelihood and potential impact, the Company prioritizes and pairs each risk with a mitigation plan. Furthermore, any emergencies are required to be reported, evaluated and managed in time to mitigate the impact.

The Group has established a three-tier risk control corporate structure in implementing our internal control and risk management policies and procedures. First, the Board and the senior management oversee and manage the overall risks associated with our business operations. Second, the Audit Committee provides the Directors with an independent review of the effectiveness of the financial reporting process, internal controls, and risk management system of the Group with an aim to resolve material internal control defects. Third, the Group's internal audit department supervises the implementation of our risk management policy at the corporate level and organizes an annual audit progress for regularly evaluating the effectiveness of the risk management and internal control measures taken by each operating department and issues an appraisal report which shall be submitted to the Audit Committee for approval.

The Board is responsible for the management of inside information. The Group regulates the handling and dissemination of inside information according to internal procedures and policies so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his/her division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company. Without the approval of the Board, the Company prohibits any inside information from being disclosed to the public.

Corporate Governance Report

COMPANY SECRETARY

Ms. WONG Wai Yee, Ella of Tricor Services Limited, an external service provider, was engaged by the Company as its company secretary on 24 January 2018. She has taken not less than 15 hours of relevant professional training to update her knowledge and skills during the year ended 31 December 2025 in compliance with the relevant requirements on training of Rule 3.29 of the Listing Rules.

The primary contact person of the Company is Ms. Rachel Jiang, the Board Secretary of the Company. She reports to the Board chairman and/or the chief executive officer of the Company. All Directors can have access to her advice and services to ensure that Board procedures, and all applicable laws, rules and regulations, are followed.

WHISTLE-BLOWING AND ANTI-CORRUPTION POLICIES

The Company has in place the whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity. The Company has also in place the anti-corruption policy to safeguard against corruption and bribery within the Company. The Group regularly issues “integrity and self-discipline commitment” circulars to the staff, requiring that the staff must select suppliers, contractors or partners objectively and openly, in order to eliminate all inappropriate behaviors in the workplace, such as soliciting bribes, accepting bribes, using power to solicit business for relatives and friends at the price of damaging the Company’s interests, etc. In terms of internal policies, the Group has established a legal supervision department to supervise the integrity and self-discipline of all employees. For details, please refer to the section headed “VII. Our Business — Aspect B7: Anticorruption” in the Environmental, Social and Governance Report.

SHAREHOLDERS’ RIGHTS

To safeguard shareholders’ interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules, unless otherwise required by the Listing Rules and poll voting results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Corporate Governance Report

Convening an Extraordinary General Meeting and Proposing Resolutions at Extraordinary General Meetings by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board and/or add resolutions to the agenda of a meeting for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders should follow the requirements and procedures as set out above for proposing resolutions at extraordinary general meetings of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company normally does not deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Suites 1001–1004 on Level 10, One Pacific Place, 88 Queensway, Admiralty, Hong Kong
Tel: (852) 2251 1830
Fax: (852) 2251 1823
Email: hk@hexieauto.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and confirmation documents in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through the AGM and other general meetings.

Corporate Governance Report

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee (or their delegates) will make themselves available at the AGM to meet shareholders and answer their enquiries.

The notice of the AGM will be despatched to shareholders at least 21 clear days before the AGM in accordance with the Articles of Association of the Company and the Listing Rules.

To promote effective communication, the Company maintains a website at www.hexieauto.com where up-to-date information and updates on the Company's financial information, corporate governance and other information are posted. Shareholders can also communicate their views with the contact details provided above.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy from time to time. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the shareholders' communication policy has been properly implemented during the year ended 31 December 2025 and is effective.

Amendments to Constitutional Documents

During the year ended 31 December 2025, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the websites of the Company and the HKEXnews of Stock Exchange.

Dividend Policy

The Company has adopted a dividend policy for the payment of dividends. The Company does not preset dividend payment ratio. Based on the financial situation of the Group and other conditions and factors stipulated in the dividend policy, the Directors may propose and/or declare dividends during the financial year, but the final dividend of the year must be approved by the shareholders in the Company's general meeting.

Corporate Governance Report

SHAREHOLDERS ENGAGEMENT

Directors' shareholding Interests

Directors' interests in the Company's securities as at 31 December 2025 are disclosed in the Directors' Report. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2025 they have complied with the required standard set out in the Model Code set out in Appendix C3 of the Listing Rules.

Shareholding as at 31 December 2025

Size of Registered Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1–500	36	48.6486	5,185	0.0003
501–1,000	14	18.9189	14,000	0.0009
1,001–10,000	17	22.9729	70,500	0.0046
10,001–100,000	1	1.3513	14,000	0.0009
100,001–500,000	0	0.0000	0	0.0000
Above 500,001	6	8.1081	1,523,160,992	99.9931

The Listing Rules required a 25% public float, which was maintained throughout the Reporting Period and up to the date of this annual report.

Important Shareholders' Dates in 2026

The following are the key shareholder-related dates and events:

Date	Event
Tuesday, 31 March 2026	Publication of the annual results announcement for the year ended 31 December 2025
Thursday, 16 April 2026	Publication of the 2025 annual report
Thursday, 16 April 2026	Publication of the 2025 Environmental, Social and Governance Report
4:30 p.m. on Friday, 12 June 2026	Last time to lodge all duly completed and signed share transfer forms accompanied by the relevant share certificates to qualify for the right to attend and vote at the 2026 AGM
Monday, 15 June 2026 to Thursday, 18 June 2026 (both days inclusive)	Closure of register of members for ascertaining Shareholders' right to attend and vote at the 2026 AGM
Thursday, 18 June 2026	Date of the 2026 AGM

Environmental, Social and Governance Report

BOARD'S STATEMENT

The Board of Directors of the Company (the “**Board**”) is the supreme decision-making and regulatory organization for environmental, social and governance (“**ESG**”) issues. It has the ultimate responsibility for the Group’s ESG strategy and information disclosure, and monitors ESG-related issues that may affect the Group’s business or operations and that may affect the judgment and decision-making of Shareholders and other stakeholders¹. The ESG Committee under the Board is responsible for identifying and assessing the ESG risks relating to the Group and ensuring that the Group has in place and maintain an appropriate and effective ESG risk management and internal control system, and reporting and proposing review suggestions to the Board the progress made in achieving the relevant ESG objectives. For details, please refer to “OUR COMMITMENT AND APPROACH TO ESG”.

The Company attaches importance to the suggestions and opinions of each stakeholder and keeps close communication with key stakeholders through adequate communication channels to discuss and identify material ESG-related issues and possible ESG risks faced by the Group, and to continue to improve the ESG-related strategies and policies and systems. The Board has considered the major ESG-related issues for the year to ensure that the material issue matrix is closely aligned with the Group’s actual operations and provides sufficiently referential value. For details, please refer to the section headed “STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT”.

The Company has established a management system for ESG objectives relating to carbon emissions, pollutant emissions, energy consumption, water resources management and other indicators. The Board reviews the progress of the objectives on an annual basis and examines any necessary adjustment and optimization to ensure that the Group continues to make progress in achieving its established ESG objectives. Please refer to the section headed “OUR ENVIRONMENT” for details.

The Board and all Directors warrant that the contents of this environmental, social and governance report (“**this report**”/“**ESG Report**”) do not contain any false or misleading statements or material omissions, and they accept responsibility for the truthfulness, accuracy and completeness of the content hereof. This report discloses in detail the progress and effectiveness of the Group’s ESG efforts for the year 2025 and undertakes to make every effort to ensure that all data presented in this report are accurate and reliable and are managed through the establishment of internal controls and a formal review process. This report has been confirmed and approved by the Board on 31 March 2026.

¹ “Stakeholder”, also known as “interested party” or “beneficial owner”, refers to a group or an individual who has a significant influence on, or is affected by, the business of an enterprise, including internally, the Board, the management, executive staff and general staff, and externally, Shareholders, business partners, customers, governmental and regulatory bodies, banks and investors, and small community groups.

Environmental, Social and Governance Report

I. REPORTING STANDARD, PERIOD AND SCOPE

The environmental, social and governance report is prepared by China Harmony Auto Holding Limited (the “**Company**”, “**Harmony Auto**” or “**We**”) and its subsidiaries (collectively the “**Group**”) in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”), as set out in Appendix C2 to the Listing Rules, with an aim to provide stakeholders with the Company’s ESG policies, initiatives and performance.

This report describes information related to the Group’s ESG management policies and strategies for the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”). The scope of this ESG Report covers the Group’s headquarters and its major distribution outlets. The total number of distribution outlets as of 31 December 2025 was 193, of which 110 (2024: 73) are included in the ESG Report.

The Company adheres to the following four reporting principles for the preparation of the ESG Report:

Materiality	The Company’s ESG management approach is designed around areas of focus that have a significant impact on the Company. These areas of focus are detailed in the “Materiality Assessment” section.
Quantitative	Where applicable, the Company’s ESG performance is presented in a measurable format, and disclosures of key performance indicators are accompanied by an explanation of the method of calculation and the source of the conversion factors used.
Balance	This ESG Report presents the Company’s performance during the Reporting Period in an impartial manner, avoiding any potential influence on the reader’s decision-making or judgment that could be inappropriate due to the selection, omission, or reporting format.
Consistency	The Company uses a consistent ESG reporting framework and key performance indicator calculation methodology as in previous years and discloses in this report the ESG key performance for the prior and current year to enable meaningful comparisons.

Environmental, Social and Governance Report

II. ABOUT HARMONY AUTO

Harmony Auto is a leading global automotive service group. In Mainland China, it represents luxury and ultra-luxury automotive brands, such as BMW (including MINI), Audi, Lexus, and DENZA, as well as five ultra-luxury brands, i.e. Rolls-Royce, Bentley, Ferrari, Lamborghini and Lotus. Its sales network covers 34 cities across Mainland China. Since 2023, Harmony Auto has been actively expanding its overseas new energy vehicle distribution business and established iCar Group Limited and its subsidiaries (collectively, “**ICAR Group**”), specialising in distributing new energy vehicles of BYD and DENZA brands. With a sales network spanning 25 countries and regions (excluding Mainland China), the Group is committed to advancing intelligent and green mobility worldwide, powering a sustainable future.

The Group will continue to focus on the development of the main business, focus on its dominant brands, and continuously enhance customer retention and satisfaction through self-construction and mergers and acquisitions, so as to further improve the Group’s operational efficiency and service quality. The Group specializes in the provision of high-quality mobility services that are highly efficient, convenient and harmonious between people and vehicles to its customers. Meanwhile, the Group will actively improve the operating efficiency of stores, strengthen the assessment indicators and management models of stores, and build excellent operating stores for major brands. We use the scientific inventory management system to achieve reasonable allocation and optimization of resources, so as to comprehensively improve overall operational efficiency.

In 2025, the Group launched the “ICAR Official” WeChat Official Account and Video Channel, as well as the “Harmony Auto” and “ICAR” Facebook accounts. These serve as the official information platforms for Harmony Auto and the ICAR Group, targeting users in Mainland China and overseas, and are dedicated to showcasing the Group’s latest strategic initiatives and development updates in the global new energy vehicle sector. Leveraging Harmony Auto’s channel advantages in global markets, ICAR Official comprehensively presents information on overseas store openings, regional marketing activities, and the latest product launches and service offerings from BYD and Denza, chronicling the brands’ ongoing expansion on the international stage. On this platform, users can stay up to date with key information regarding ICAR Group’s overseas network expansion, market performance, brand initiatives, and customer service enhancements. With a professional and open-minded perspective, we connect with users around the world to share innovative achievements in green mobility and witness together the power of China’s new energy vehicles as they take the world by storm.

We will, based on the core values of “simplicity, efficiency, happiness, all-out=All in”, create long-term benefits for all stakeholders in a responsible way. In our business operations, we not only consider economic benefits but also incorporate social and environmental factors into our decision-making and management processes to ensure that the Group achieves sustainable development while pursuing business growth.

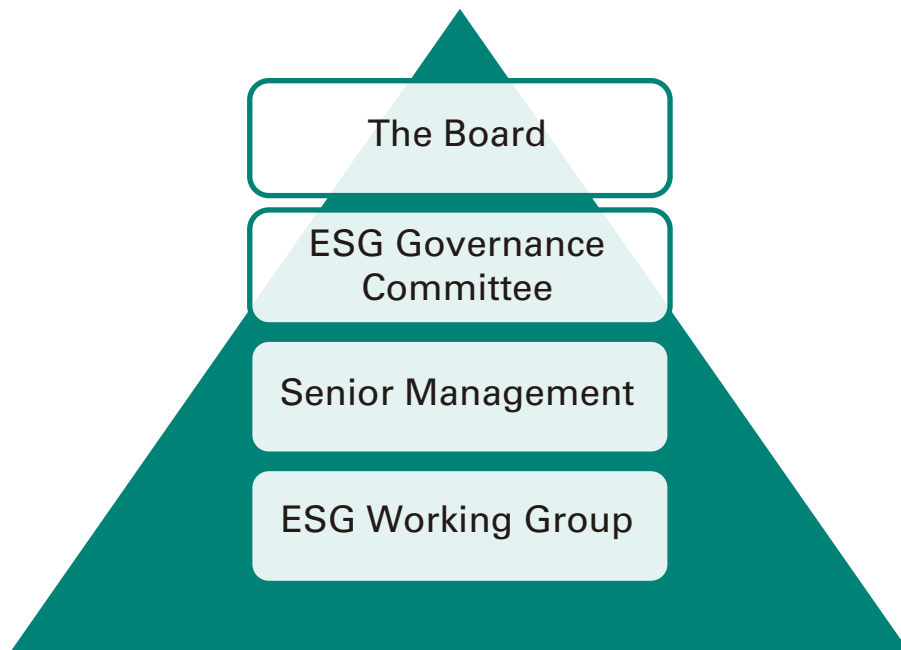
Environmental, Social and Governance Report

During the Reporting Period, the Group was awarded the “2025 Most Promising Potential Company of Zhitong Finance”, which demonstrated the recognition by the industry and partners of the Group’s comprehensive strength and potential for sustainable development.

III. OUR COMMITMENT AND APPROACH TO ESG

Harmony Auto’s overall ESG strategy is led by the Board, which has set up the ESG Governance Committee and ESG Working Group to assist the Board in the implementation and supervision of ESG issues, so as to ensure that the Group’s ESG strategy covers all material aspects of our business and operations and reflect the Group’s core values. Under the leadership of the Board, we effectively assess and identify the risks and opportunities related to ESG issues, prioritize the importance of ESG-related issues, formulate ESG strategies and management measures in a targeted manner, rationally deploy resources and regularly review the results of our efforts to ensure that ESG-related risks and the Group’s internal control system are properly and effectively operated. At the same time, through the formulation and implementation of relevant measures, we consciously convey the ESG concepts to our employees, enable them to actively participate in sustainable development and ensure the effective implementation of the Group’s ESG strategy.

The Group’s regulatory structure and functions for ESG issues are set out as follows:



Environmental, Social and Governance Report

Regulating functions

Regulating contents

The Board	<ul style="list-style-type: none">• Overall responsibility for assessing and determining the nature and extent of risks, including ESG risks, that the Group is willing to accept in achieving its strategic objectives, and establishing and maintaining appropriate and effective risk management systems and internal control systems to ensure the soundness and compliance of the Group's operations;• Approval and confirmation of ESG-related strategies, major ESG issues and management directions, so as to ensure the effective operation and continuous improvement of the ESG management framework.
ESG Governance Committee	<ul style="list-style-type: none">• Develop and review ESG-related strategies and management approaches, ensuring that they align with the Group's long-term development goals;• Monitor significant risks related to ESG issues and ensure the establishment of effective mechanisms for risk identification, assessment, and management;• Communicate regularly with other committees to ensure that the relevant committees are updated on the latest ESG development and issues affecting the Group;• Oversee and coordinate the implementation of the Group's ESG initiatives and drive departments to implement relevant measures at the operational level;• Regularly approve and review the ESG objectives and key initiatives to ensure that progress is on track, and continue to optimize the process.
ESG Working Group	<ul style="list-style-type: none">• Develop and implement ESG-related policies and procedures, ensuring that all measures are effectively implemented;• Continuously monitor and track progress against established ESG goals and related initiatives to ensure they are advancing as planned and make timely improvements;• Provide reports and recommendations to the ESG Governance Committee regarding the progress of ESG initiatives and related observations, in order to support decision-making and strategic optimization.

Environmental, Social and Governance Report

The Group is also committed to integrating sustainability into its daily operations while providing high-quality services to customers. We continuously strive to drive synergistic progress across environmental, social, and governance dimensions, advocating for the seamless integration of “simplicity, efficiency, happiness, all-out=All in”. Through this approach, we aim to embed sustainability deeply within the organization, making it a shared guiding principle for all employees.

- Integration of “Simplicity”-Promoting Resource Conservation and Low-Carbon Operations

The Group advocates a simple and pragmatic approach to business operations, actively promoting energy conservation, emissions reduction, low-carbon operations, and the efficient use of resources. By minimizing waste and optimizing processes, we fulfill our environmental responsibilities and establish a streamlined and sustainable business model.

- Integration of “Efficiency”-Enhancing Governance Effectiveness and Risk Management

The Group places a high priority on efficient management processes, using data-driven, standardized, and transparent management mechanisms to enhance operational quality. At the same time, we strengthen risk management, compliance, and corporate governance to ensure that the Company operates in a sound and transparent manner.

- Integration of “Happiness”-Creating a Warm and Welcoming Work Environment

The Group respects its employees and safeguards their legitimate rights and interests. We are committed to the physical and mental well-being of our employees and workplace safety, and strive to create a positive, open, and cohesive work environment. We actively fulfill our social responsibilities and embody a people-oriented philosophy.

- Integration of “All in”-Implementing sustainable development with unwavering determination

The Group is fully committed to advancing ESG initiatives, translating principles into action to continuously improve our overall performance in environmental protection, social responsibility, and corporate governance, ensuring that ESG and the Company’s long-term development go hand in hand.

Environmental, Social and Governance Report

IV. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement

Harmony Auto recognizes the importance of stakeholders' opinions to the stable operation and chronically sustainable development of the Group. We provide various smooth communication channels for our stakeholders and endeavor to collect expectations, suggestions and comments on the Group from different stakeholders (including shareholders, customers, employees, suppliers, regulatory bodies and the public) as far as possible under the premise of safeguarding their rights and interests, so as to ascertain the Group's direction of long-term development and improve our operational performance. During the Reporting Period, Harmony Auto continued to maintain close and effective engagement with its key stakeholders. The communication channels and primary concerns of each stakeholder group are summarized in the table below:

Stakeholders	Major concern	Communication channels	Measures of the Group
Shareholders/ investors	Operation strategies Sustainable and steady investment return Open and transparent information disclosure Good corporate image Compliant business operation	General meeting Information disclosure of listed company Roadshow/teleconference/meeting Media communication mechanism Telephone/email inquiries Investor visits Information disclosure on website	To issue notice and proposals of AGM as required To fairly disclose the Group information on time To release public announcements and issue regular reports as required To provide smooth communication channels
Employees	Training and career development Remuneration and benefits Working environment Health and safety assurance	Direct communication Health check Staff activities Staff feedback Staff training	To provide a healthy and safe working environment To establish a fair promotion mechanism To provide a staff communication platform To organize staff activities
Consumers	Product quality Service quality Customer information protection	Customer satisfaction survey After-sales service and complaint	To carry out customer surveys After-sales service management To handle complaints promptly

Environmental, Social and Governance Report

Stakeholders	Major concern	Communication channels	Measures of the Group
Suppliers	Timely performance of contracts Long-term and stable cooperation Corporate reputation	Business conference Daily communication	To perform contracts according to the agreed terms To maintain long-term cooperation
Governmental and regulatory authorities	Compliant operation Tax payment in accordance with law Transparent governance Information disclosure and declaration materials	Compliance with laws and regulations Daily work report Information disclosure	To strictly comply with laws and regulations To accurately disclose information To pay tax in accordance with law To accept government supervision
Communities	Employment opportunities Ecological environment Community development Public welfare	Community activities Recruitment	Local staff are preferred To protect ecological environment To organize community activities
Media	Information disclosure Good media relations	Information disclosure	To maintain good communication To disclose information in time Corporate website and social media (including WeChat and Facebook) communications

Environmental, Social and Governance Report

Materiality Assessment

During the Reporting Period, the Group continued to communicate closely with stakeholders through the above means, and at the same time collected valuable opinions from various stakeholders on the Group's ESG-related issues. We categorized ESG-related issues into the major areas covered by the ESG Reporting Guide in order to define the Group's ESG material issues, and designed a targeted questionnaire to collect stakeholders' materiality ranking information on ESG issues. We coordinated and analyzed the results of the questionnaire to estimate the impact of these ESG issues on the Group and comprehensively assessed their importance, taking into account the updates of laws and regulations, market trends, ESG performance of the companies of the same kind and the actual situation of the Group. The results of the materiality assessment obtained after consideration and approval by the Board and the management are set out below:

ESG Scope and Aspect	Material ESG issues related to our business
(A) Environment	
Aspect A1: Emissions	Utilization of gasoline and diesel
Aspect A2: Use of energy and resources	Gasoline, diesel, refrigerant, and electricity consumption
Aspect A3: Environment and natural resources	Promotion of new energy
(B) Society	
Aspect B1: Employment	Employment standards, workplace equality
Aspect B2: Health and safety	Employees, and safety of working place
Aspect B3: Development and training	Employee development and training
Aspect B4: Labor standards	Avoid child labor and forced labor
Aspect B5: Supply chain management	Supplier management
Aspect B6: Product responsibility	Service quality
Aspect B7: Anti-corruption	Integrity and self-discipline
Aspect B8: Social investment	Giving back to the society

Based on these results, the Group will continue to improve its ESG performance. At the same time, the Group will widely collect and solicit the opinions of stakeholders to ensure that the Group's business and sustainable development will meet the expectations of stakeholders, and at the same time proactively address the Group's exposure to ESG risks, and identify and capture ESG-related opportunities.

Environmental, Social and Governance Report

V. OUR ENVIRONMENT

In the course of our operations, we have always paid close attention to the latest developments in national environmental policies. We strictly abide by the requirements contained in the applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Environmental Protection Tax Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Energy Conservation Law of the People's Republic of China. We are committed to promoting green business practices based on compliance, striving to improve resource efficiency and minimize the environmental impact of our operations, and fully supporting the national sustainable development goals.

The Group's key performance indicators in emissions and waste management, as well as energy and resource utilization during the Reporting Period will be presented in the following paragraphs.

Aspect A1: Emissions

Air emissions

During the Reporting Period, the air emissions of the Group were mainly generated from the combustion of gasoline and diesel used in vehicles during sales activities and business travel, as well as a small amount of natural gas combustion generated by cafeterias in certain stores. There is the fuel consumption from the engine of a vehicle when it is idling and driving and when it is moving. The exhaust gas emissions included nitrogen oxides (NO_x), sulfur oxides (SO_x) and particulate matter (PM).

During the Reporting Period, the Company continued to advance its efforts to reduce pollutant emissions. Through measures such as optimizing logistics scheduling, advancing the plan to replace transport vehicles with new energy vehicles, and strengthening operational energy efficiency management, nitrogen oxide (NO_x) emissions have continued to decline, effectively improving the level of pollutant emission control. The Group's business has grown steadily, with an increase in services such as test drives and vehicle sales and deliveries; as a result, sulfur oxide emissions for the current year have risen compared to the previous year. Due to the inconsistency of test-driving models, which affected the use of coefficients in the calculation of air emissions, the emission of PM decreased as compared to the previous year.

Environmental, Social and Governance Report

(Unit: in kg)

Type of air emission	Emission source	2025		2024	
		Emission amount	Density (Note 1)	Emission amount	Density (Note 1)
Nitrogen oxides (NO _x)	Cars	2,488.22	0.35	3,705.97	0.84
Sulfur oxides (SO _x)	Cars	4.09	<0.01	3.35	<0.01
Particulate matter (PM)	Cars	237.17	0.03	248.87	0.06

Note 1: Density is calculated by dividing the total emission amount by the number of employees at the end of the year.

The Group ensures that all vehicles use fuel complying with national standards and joins hands with authorized suppliers to ensure good fuel quality. Further, we ensure that vehicle emissions comply with national laws and regulations and environmental protection standards by periodically commissioning professional testing institutions to conduct tests on vehicle emissions. In addition, the Group has established a vehicle inspection ledgers system to systematically record and manage all inspection results and related corrective actions, ensuring comprehensive coverage of inspections and clear, traceable data, thereby continuously improving emissions management and compliance performance. The Group proactively takes corresponding measures to reduce vehicle fuel consumption and emissions during our daily operations. To better manage vehicle use, the Group has introduced a stringent vehicle use and management system to standardize vehicle allocation and business travel arrangements.

For business travel, we prioritize the low-emission models or new energy vehicles, and increase the proportion of new energy vehicles in the Group's fleet in stages, so as to continuously reduce carbon emissions from our operations. At the same time, we regularly maintain and service vehicles to ensure they remain in optimal operating condition, so as to improve fuel efficiency and reduces emissions.

We advocate rational carpooling during business travel to enhance vehicle utilization efficiency and lower trip frequency. In vehicle transportation operations, we proactively optimize transportation routes to minimize empty-load mileage and maximize transportation efficiency, so as to reduce unnecessary fuel consumption. In terms of employee management, we encourage our employees to use public transportation and low-carbon commuting methods, raise the awareness of environmental protection, and reduce air pollutant emissions by regularly offering them environmental protection training sessions.

Environmental, Social and Governance Report

Aligning with market development trends, the Group has actively promoted the expansion and growth of our new energy vehicle business, and established close partnerships with several leading new energy vehicle brands. To further expand our market presence, we have established dedicated new energy vehicle exclusive stores in China and beyond. We are committed to promoting the widespread adoption and development of green mobility, thereby contributing to the transition toward low-carbon transportation.

For the test-driving vehicles at the stores of the Group, we will continue the following emission reduction measures:

1. During the vehicle operation, drivers are required to maintain a steady speed as much as possible and accelerate smoothly against rapid starts and abrupt stops, and eliminate unnecessary acceleration, deceleration, and stopping, so as to reduce fuel consumption;
2. To regularly replace the air filter and engine oil, and check the fuel system;
3. To conduct precision calibration and meticulous maintenance of the engine to prevent engine fuel consumption; and
4. To check the tire pressure frequently to eliminate increased fuel consumption caused by under-inflated tires.

Greenhouse gas emissions

The Group's direct emission of greenhouse gases (Scope 1) was mainly generated from the lead-free gasoline and diesel consumption of vehicles in operational and business purposes, as well as the refrigerant consumption arising from maintenance and replacement for air-conditioning and refrigeration equipment. Except for a small amount of natural gas used in the cafeteria, our operations do not involve any stationary fuel-burning facilities, nor directly generate any air or greenhouse gas emissions from burning stationary fuels.

The primary reason for the increase in direct greenhouse gas emissions (Scope 1) compared to the previous year was the steady growth of the Group's business, which has led to an increase in test drives, vehicle sales, and the increase of accident-damaged vehicles from external sources, resulting in higher fuel consumption. During the Reporting Period, the consumption of refrigerant decreased significantly, which was mainly attributable to the optimized utilization of air conditioning systems in offices and stores, coupled with the effective implementation of energy conservation and emission reduction initiatives.

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The indirect emissions of greenhouse gases (Scope 2) this year were generated mainly from electricity used in daily operation. The Group's total emissions of Scope 2 increased compared to last year, primarily due to increased operating stores during the Reporting Period; Scope 2 emission intensity decreased compared to last year, primarily because energy-saving measures implemented have begun to yield initial results during the Reporting Period, leading to a reduction in electricity consumption per employee. The Group will continue to implement energy-saving and emissions-reduction measures, including strengthening electricity conservation management in office premises, improving the energy efficiency of equipment, and enhancing daily electricity consumption monitoring, committed to further reducing energy consumption and indirect greenhouse gas emissions.

(Unit: Tonne of CO₂e) ^(Note 1)

Greenhouse gas emission scope	Emission source	2025		2024	
		Emission amount	Density (Note 2)	Emission amount	Density (Note 2)
Scope 1 Direct emission	Consumption of lead-free gasoline, diesel and refrigerant	997.07	0.14	976.44	0.22
Scope 2 Indirect emission	Electricity consumption	15,429.13	2.14	14,600.32	3.32
Total		16,426.20	2.28	15,576.76	3.54

Note 1: Carbon dioxide equivalent (tonnes) is a measure based on the greenhouse effect of each ton of carbon dioxide, which is used to measure and compare the greenhouse effect of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and other greenhouse gases.

Note 2: Density is calculated by dividing the total emission amount by the number of employees at the end of the year.

For the store design and implementation, the Group not only gave full consideration to lighting, energy saving, energy efficiency and other factors, but also actively adopted environmentally friendly materials and green construction technologies to minimize the energy consumption throughout the entire lifecycle of buildings. For example, the exterior walls of buildings were coated with thermal insulation and high-performing heat-protecting glass to improve the thermal insulation performance of buildings, and high-performing and energy-efficient LED lighting facilities were installed and replaced, which are designed to automatically regulate the luminance according to the indoor light and personnel activities, so as to further improve the energy efficiency. In addition, we have installed solar panels at some of our stores to power in-store equipment, and we use renewable energy systems and energy-efficient facilities wherever possible. This helps reduce our reliance on traditional energy sources and promotes the transition of our store operations toward a low-carbon, green model.

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For all offices and stores in operation, we have installed automatic sensor-activated power switches to improve the energy efficiency and require employees to turn off power sources daily after work. Relevant departments are required to promptly turn off corresponding main power switches after completing operations to avoid unnecessary energy consumption; During summer and winter air conditioning periods, we strictly control temperature settings to reduce energy consumption. In addition, we implement zoned management of air conditioning usage across our stores based on actual temperature conditions in each area, in order to improve the precision of our energy management and effectively reduce overall energy consumption.

The Group has also established a sound and strict energy management system where the administrative department carries out the monitoring and management of the energy consumption data for each store every month. By continuously monitoring energy consumption data, such as electricity usage, we can promptly identify anomalies or excessive consumption. We will implement corrective measures and disciplinary actions in accordance with internal policies to ensure the effectiveness of our energy management and the continuous improvement of the Group's overall energy-saving performance.

Waste

In conducting after-sales and vehicle repair services, the stores of the Group generated various hazardous wastes, such as used mineral oil, used lead batteries, used oil drums and used auto parts. To ensure that such waste is disposed of properly and in compliance with regulations, the Group has established the Waste Management System to standardize the process for sorting, storage, collection, and disposal of hazardous and non-hazardous wastes, and prevent any potential harm to the environment or society resulting from improper discharge.

The Group strictly abides by national and regional standards to eliminate the non-compliant dumping of any hazardous waste. As for hazardous waste generated in our business operations, we strictly classify hazardous waste according to their characteristics, temporarily package and transport hazardous waste in special buckets and bags. Each store has designated personnel responsible for the management, storage, and delivery of hazardous waste. We regularly engage qualified third-party contractors and specialized agencies to ensure compliant recycling and disposal, thereby guaranteeing the safety of waste management and compliance with regulatory requirements.

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During the Reporting Period, used mineral oil and other hazardous waste generated by the Group's stores decreased compared with the previous year. The primary reason was that demand for traditional oil changes declined, driven by optimized post-sales maintenance processes and an increased share of new energy vehicle models. As the number of vehicles in circulation has increased and certain models have reached the end of their battery lifespans, the volume of used lead-acid batteries has risen slightly compared to last year. The Group's business continued to develop steadily during the Reporting Period, while the volume of business at each store fluctuated in response to customer demand, resulting in differences compared to the previous year and a corresponding decrease in the generation of related hazardous waste.

(Unit: in tonne)

Hazardous waste types	2025		2024	
	Amount	Density (Note 1)	Amount	Density (Note 1)
Used mineral oil ^(Note 2)	598.84	0.08	685.24	0.16
Used lead batteries	22.35	<0.01	21.34	<0.01
Others ^(Note 3)	36.04	0.01	48.74	0.01

Note 1: Density is calculated by dividing the amount by the number of employees at the end of the year.

Note 2: Used mineral oil includes used oil.

Note 3: Others include waste paint drums, oil-containing waste, waste paint sludge, waste filter cartridges, filter cotton, electric batteries and waste activated carbon.

In order to reduce the amount and harm of hazardous waste, the Group's stores take the following measures, including:

1. Continuously providing safety training to production staff to enhance their safety awareness and operational skills, and strengthening cleaning management to ensure that the work environment remains clean, orderly, and compliant with safety requirements;
2. Appointing dedicated personnel to manage hazardous waste, ensuring that waste is sorted, packaged, labeled and transferred in accordance with relevant regulations and transported in a timely manner, thereby ensuring compliance throughout the disposal process and minimizing environmental risks; and
3. Strengthening on-site supervision and inspection, standardizing the management system for hazardous waste temporary storage areas, and implementing measures for the sorting, storage, labeling, and leak prevention of hazardous waste to ensure that temporary storage is safe and complies with regulatory standards.

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The work activities in daily operations of the Group will also produce certain non-hazardous wastes such as food packaging, beverage cans and bottles, waste paper products and office stationery. To ensure proper waste management, the Group strictly adheres to the Waste Management System and the municipal solid waste sorting requirements of the cities where its stores are located. For recyclable, non-hazardous waste, we require all stores to clean the items first, and then place them in designated areas for sorted collection to promote resource recovery, recycling and reuse, further achieving waste reduction at the source and improving the efficiency of waste management.

During the Reporting Period, the Group's use of waste cartons, packaging boxes and paper products and domestic waste dumping significantly decreased as compared to the previous year. This was mainly due to the steady development of the Group's business, the waste reduction measures actively implemented by the Group and the Group's conscious effort to reduce the use of waste cartons, packaging boxes and paper products. Meanwhile, the Group proactively managed the domestic waste and advocated our employees to reduce the use of single-use products, which has achieved preliminary results. The Group also actively encouraged employees at its headquarters and across all its stores to use electronic signature technology for document signing. By replacing traditional paper-based processes with digital methods, the Group effectively reduced paper consumption and lowers operating costs, thereby putting green and eco-friendly principles into practice and promoting sustainable development.

(Unit: in tonne)

Non-hazardous waste types	2025		2024	
	Amount	Density (Note 1)	Amount	Density (Note 1)
Waste cartons, packaging boxes and paper products	93.89	0.01	152.24	0.03
Domestic waste	137.80	0.02	187.79	0.04

Note 1: Density is calculated by dividing the amount by the number of employees at the end of the year.

In daily business operations, the Group has been following the waste reduction measures and has established a sound waste classification management system. We implement waste classification and collection mechanism, separately disposing of recyclables, kitchen waste, and other waste to designated containers to improve waste treatment efficiency and recycling rates. Meanwhile, we encourage employees to bring their own utensils and reduce the use of single-use items to cut down on waste generation at the source. In addition, the Group strictly requires all departments to recycle as much paper as possible and promote paper conservation and reuse to reduce paper wastage in order to reduce the generation of non-hazardous waste.

There were no significant cases of non-compliance with environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste for the Group during the Reporting Period (2024: nil).

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Aspect A2: Use of energy and resources

The Group always attaches great importance to energy conservation, complies with the relevant provisions of the Energy Conservation Law of the People's Republic of China, we are committed to improving energy efficiency in our business operations. We actively implement energy-saving measures and reuse resources to minimize our environmental impact, enhance operational efficiency, and achieve sustainable corporate development.

The energy used by the Group is mainly gasoline, diesel and electricity, and the resources used by the Group mainly include water. We will continue to monitor our energy and resource consumption and implement improvement measures to further reduce energy use and our environmental impact.

Energy

The Group is committed to the philosophy of green energy by prioritizing procurement from clean energy suppliers in business operations, so as to minimize the environmental impact of our business operations. Also, for unavoidable conventional energy consumption, we have established stringent energy consumption standards and implemented lean monitoring and control mechanisms for energy usage across all departmental and regional store operations. In addition, the Group regularly inspects and maintains all types of energy-using equipment to ensure their efficient operation, and prevent energy wastage and mitigate high consumption caused by equipment obsolescence. Through these measures, we are committed to effectively improving energy efficiency in our daily operations and continuously promoting energy conservation and emissions reduction.

Electricity is the main energy consumption of the Group. The increase during the year was mainly due to the steady development of the Group's business, and the increase in the power consumption of new energy vehicle test-driving charging and pre-delivery charging, as well as store number and daily operation. Consumption of gasoline mainly arose from providing test drive services and off-site delivery services for customers as our business operations have expanded further this year, the volume of services provided has also increased steadily, resulting in a rise in gasoline consumption.

Type of energy	Unit	2025		2024	
		Consumption	Density ^(Note 1)	Consumption	Density ^(Note 1)
Electricity	MWh	29,078.65	4.04	26,236.82	8.63
Gasoline ^(Note 2)	Liter	274,778.29	38.16	222,366.49	50.50
Diesel ^(Note 2)	Liter	3,433.07	0.48	4,872.00	1.11

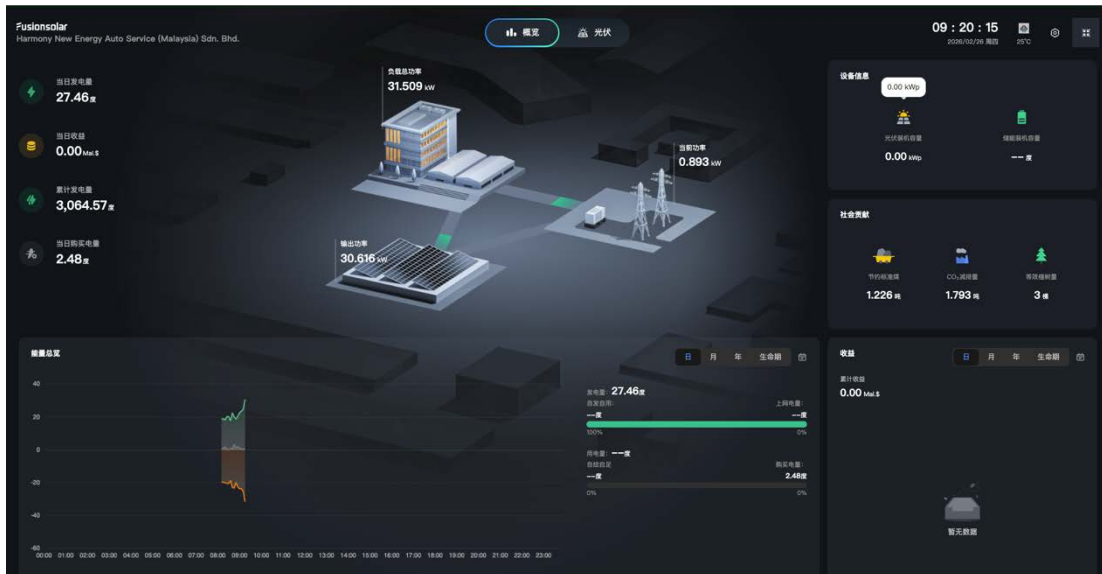
Note 1: Density is calculated by dividing the total emission amount by the number of employees at the end of the year on average.

Note 2: Classified as direct non-renewable fuel.

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To further reduce the adverse impact of the business on the environment, the Group has also formulated a specific energy use policy, including vehicle management regulations and air conditioning regulations to further regulate the energy use behavior of staff, in order to achieve the reasonable and efficient use of energy and resources and reduce waste. On top of that, we are advancing energy-efficient technologies and a culture of responsible energy use, encouraging through advocacy and daily management on our employees to develop good habits for energy conservation including turning off lights when leaving and reasonably setting air conditioning temperatures. We aim to continuously improve energy efficiency and reduce our environmental footprint through a two-pronged approach combining management systems and behavioral guidance.

Case Study 1: Zero-Carbon Industrial Park Demonstration Project



The Group has launched a zero-carbon park demonstration project in Johor Bahru, Johor, Malaysia. The site, located at 3A, JLN PERSIARAN DANGA, KAMPUNG SKUDAI KIRI, will serve as a Group-operated dual-brand 4S dealership for BYD and Denza.

The project centers on an integrated “solar + energy storage” system, featuring a 270 kWp rooftop solar array and a 464 kWh battery storage system, with the aim of increasing the park’s energy self-sufficiency and improving the stability of its power supply. The photovoltaic system primarily utilizes the rooftops within the park and employs high-efficiency modules for distributed power generation; the average daily power generation can meet a portion of the daily operational electricity needs. The energy storage system can provide emergency backup power and dynamic capacity expansion, effectively addressing issues such as insufficient grid supply capacity and local load constraints, thereby significantly enhancing the energy resilience and power quality of the industrial park.

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This model can not only reduce the reliance on the traditional power grid but also help the park achieve low-carbon operations and improve cost-efficiency through the integration of renewable energy and demand-side response, thereby providing a replicable and scalable model for Malaysia's regional transition to net-zero emissions. In addition, the Group plans to promote the program in other countries overseas.

Water resources

The Group's business does not have a significant demand for water resources and therefore no problems have been identified in sourcing suitable water supplies and water that is fit for purpose. The water consumption of the stores of the Group is mainly for daily use and comes from the municipal tap water network. Domestic waste water generated from all stores is discharged into municipal drainage pipes and treated by municipal waste water treatment plants, and no direct discharge to natural water and land will be made. Through compliant emissions management, the Group ensures that its operations do not adversely affect water resources or the surrounding environment.

During the Reporting Period, the total consumption and density of water resources of the Group increased significantly as compared with the previous year, mainly due to the significant increase in the number of car washes and car beauty projects in Asia-Pacific for the year. The Group continuously implemented the water-saving measures with initial results yielded and will gradually improve the efficiency of water resource utilization in the future.

<i>(Unit: in tonne)</i>	2025	2024
Total water consumption	1,436,420.90	180,627.51
Density ^(Note 1)	199.50	41.02

Note 1: Density is calculated by dividing the total emission amount by the number of employees at the end of the year.

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In order to ensure that the consumption of water resources will be more streamlined in the future, the Group has established a stringent management system for the use of water resources, formulating management measures based on the principles of “Preservation (of resources), Purification (of effluents), and Prospecting (through science)”. Through a combination of institutional frameworks, technological solutions, and behavioral management, the Group has committed itself to comprehensively improving water use efficiency. Specific measures include:

1. Implementing water-saving technologies and equipment management:

Installing water-saving devices, implementing water recycling measures, posting water-saving reminders at water supply points, and conducting daily inspections and meter readings to detect abnormal water usage early and analyze and address the issues; strengthening the daily maintenance and management of water-using equipment, regularly checking and repairing the aging water supply pipelines, installing or replacing water-saving faucets and sanitaryware to avoid long running water, strictly investigating water running, popping, dripping, and leaking phenomena, and eliminating faults in time.

2. Promoting the recycling of water resources:

We have actively implemented water recycling initiatives, including rainwater recycling infrastructure for reclaimed water utilization in landscaping irrigation, landscape water replenishment, and pavement flushing to improve the water reuse rate. Concurrently, we have upgraded and optimized cooling systems by adopting closed-loop cooling technology to eliminate single-pass water usage.

3. Strengthening employee education and fostering a culture of water conservation:

The Group keeps educating its employees on the importance of water conservation, fostering a corporate culture that values, cherishes, and conserves water. We strive to raise employees’ awareness of water conservation, reduce unnecessary waste, and ensure that water-saving principles are implemented in our daily operations.

The Group does not manufacture or produce any finished products directly, and the cars sold are manufactured and provided by suppliers. Therefore, we do not use any packaging materials.

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Aspect A3: Environment and natural resources

Although our operating business does not have a significant impact on the environment and natural resources, we are committed to building a harmonious and sustainable environment-friendly enterprise. We constantly pursue the coordinated development between our business and the ecological environment, and include the protection of the environment and natural resources in the enterprise strategic planning and policy implementation for consideration, to ensure that environmental responsibility is integrated into our day-to-day operations and long-term strategic direction. Meanwhile, the Group is committed to vigorously promoting the development of new energy vehicle business, in order to transmit the environmental awareness to the consumers at the product and service level and promote the widespread adoption of green transportation. By promoting environmentally friendly technologies and green products, the Group is actively fulfilling its environmental responsibilities and contributing to carbon reduction and the conservation of natural resources.

As the Group expands its operations, for newly opened stores and those planned for future operation, we give full consideration to environmental protection factors during the design and renovation phases and actively select new, eco-friendly building materials to minimize the environmental impact of construction and renovation work. In material selection standards, we prioritize national-certified, low-VOC, and recyclable materials, including low-emission latex paint for wall finishes with formaldehyde levels much lower than national limits, significantly reducing indoor air pollutants; and recycled-content flooring that combines aesthetic appeal and practical needs while increasing resource utilization efficiency. In our interior design specifications, we conducted comprehensive evaluations of eco-friendly materials based on cost-performance ratios, durability, and other critical factors. This ensures maximum achievement of green building standards within budget constraints, implementing the Group's sustainable development framework.

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The Group regularly implements a series of measures to achieve environmental protection and energy conservation during the operation process, including:

1. Installing a new filter monitoring system for the paint room to reduce exhaust gas and greenhouse gas emissions in the stores and improve environmental management level;
2. Encouraging employees to travel green and commute on foot or by taking public transport, in order to reduce the direct greenhouse gas equivalent emissions due to the use of private vehicles;
3. The administrative department shall supervise the use of air conditioners and refrigerant stocks in each store regularly to ensure the reasonable use of refrigeration equipment and avoid unnecessary energy consumption;
4. Encouraging employees to reasonably control the air-conditioning operation period according to the temperature conditions, so as to improve the energy efficiency;
5. Implementing zoning of electricity consumption to reduce unnecessary lighting use and power consumption;
6. From Monday to Friday, the elevators are turned off, and they are turned on only when there are customers on weekends, so as to reduce the power consumption;
7. Arranging designated personnel to check and shut down the water dispenser, computer, printer, air conditioner and other electrical equipment after work every day. Prohibiting the use of office computers for recreational activities, in order to reduce unnecessary power consumption;
8. Continuing to optimize the OA system, and promoting online intelligent examination and approval, so as to reduce paper consumption and document delivery, improve office efficiency and reduce waste of resources; and
9. Applying for office supplies in the right amount according to the departmental and personal use to avoid surplus or shortage, and promote the rational allocation and recycling of resources.

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Addressing Climate Change

Harmony Auto attaches great importance to the potential impact of climate change on its business ecosystem. In strict accordance with the requirements of Part D “Climate-related Disclosures” of the ESG Reporting Code of the Hong Kong Stock Exchange, we have, by drawing upon the International Financial Reporting Standard on Sustainability Disclosures No. 2-Climate-related Disclosures of the International Sustainability Standards Board (ISSB), systematically established a climate risk management framework centered on four core dimensions: governance, strategy, risk management, and metrics and targets.

Governance

We have incorporated ESG and climate-related issues into our Group’s major decision-making processes. As the Group’s highest decision-making body, the Board of Directors bears ultimate responsibility for matters related to climate change. To ensure the effective implementation of ESG management, the Board of Directors has authorized the ESG Governance Committee to assume full responsibility for overseeing and guiding the strategy. Key areas of focus include, but are not limited to: identifying and assessing climate-related risks; establishing a management framework; and continuously monitoring and reviewing the formulation and achievement of climate-related targets. The Company arranges at least one annual briefing and training session for the Board of Directors on ESG-related topics, including climate change, to help them develop professional understanding and competence in ESG and climate change matters.

The senior management and the ESG working group consist of leaders from various functional areas. They regularly conduct internal workshops and risk assessments focused on climate change, thoroughly examining climate-related strategic issues, policy trends, and industry best practices. They comprehensively evaluate climate-related risks and opportunities, and regularly communicate and report the results of these assessments to the ESG Governance Committee. As part of our day-to-day operations, the senior management and the working group have established a climate risk assessment framework to facilitate the ongoing monitoring and evaluation of climate-related risks, ensuring that all climate action plans are effectively implemented and comply with regulations. During the reporting period, we implemented a compensation and performance evaluation scheme linked to ESG metrics for members of governance and management who are responsible for overseeing and managing ESG matters.

For detailed responsibilities regarding the Company’s climate governance framework, please refer to the “ESG Strategy and Policies” section.

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Strategy

Harmony Auto continuously monitors changes in the external environment and dynamically reviews and updates its climate strategy. We have identified a range of climate-related risks and opportunities with significant financial implications and have developed targeted measures to mitigate their negative effects. We have conducted an in-depth assessment of the direct and indirect impacts on the Company's finances from three perspectives: short-term (within 3 years), medium-term (3–5 years), and long-term (5 years or more). To date, we have identified a total of six climate risks (including four transition risks and two physical risks) and four climate opportunities, with the aim of actively seizing the opportunities presented by the green transition and helping to build more climate-resilient communities and societies.

In light of the Stock Exchange's exemption arrangements (including the reasonable data exemption, capability exemption, and financial impact exemption), this report does not disclose detailed information regarding financial impact and climate-related scenario analysis, but instead focuses primarily on qualitative descriptions. In addition, we have not yet implemented a climate-related transition plan. The Group is committed to continuously improving its capabilities in this area and will gradually refine its reporting in future reports.

Climate-related risks	Potential financial impact	Impact duration	Degree of financial impact	Countermeasures
Transition risks				
Policy and legal risks	— As the market increasingly recognizes the risks posed by climate change, climate policies and regulations become stricter both domestically and internationally, which may affect the Group's response efficiency and business model to government and regulatory authorities, and increase compliance costs and information disclosure pressure.	Medium to long-term	Medium	<ul style="list-style-type: none"> — Closely monitor the latest policy developments related to climate change, enhance the level of ESG information disclosure, and ensure that operations remain compliant with the most up-to-date regulatory requirements. — Integrate climate change mitigation measures into the Company's long-term development plan, giving full consideration to the potential impact of relevant policy requirements on the Company's business development and financial costs.

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Climate-related risks	Potential financial impact	Impact duration	Degree of financial impact	Countermeasures
Market risks	— Changes in consumer behavior regarding the purchase of eco-friendly products may affect the Group's market competitiveness, business model, strategy, and target customer base, resulting in increased operating and transition costs.	Long-term	Low	— Enhance product quality and customer service, increase customer satisfaction, and actively promote and disseminate the concept of low-carbon, eco-friendly consumption.
Technical risks	— With the acceleration of adoption of low-carbon technology in the industry and the upgrade of new energy technologies in the automotive market, the Group's products may be completely replaced by new-technology products. The Group's brand value, competitiveness, business scale, and supply chain may be affected, resulting in increased procurement costs and technological investment.	Medium to long-term	Medium	— The Company will closely monitor market trends and cutting-edge technological developments, and actively advance its strategic shift toward the new energy vehicle sector. By expanding our presence in domestic and international new energy markets, we will drive the research, development, application, and widespread adoption of new energy vehicles, thereby further promoting the development of green mobility and supporting the industry's transition to low-carbon operations.

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Climate-related risks	Potential financial impact	Impact duration	Degree of financial impact	Countermeasures
Reputational risks	— Failure to take proactive and effective climate action and to disclose information in a timely manner to address the needs of external stakeholders could result in damage to the Group’s reputation, affecting the public recognition and trust in the Group and its brand, with increased information disclosure costs and social investment.	Long-term	Low	<ul style="list-style-type: none"> — Strictly adhere to policies and requirements related to sustainable development, continuously strengthen our sense of social responsibility, and consistently improve the quality of our products and services. — Provide transparent and effective channels for stakeholder communication, and actively showcase the Company’s commitment to and progress in environmental protection.

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Climate-related risks	Potential financial impact	Impact duration	Degree of financial impact	Countermeasures
Physical risks				
Acute risks	— The occurrence of extreme weather, such as floods, heavy rains and typhoons, may pose risks of asset damage, personnel loss and production disruption to the Group, increasing the operating costs, maintenance costs and insurance investment.	Short-term	Low	— Based on the frequency and severity of extreme weather events (such as typhoons, floods, and severe storms) in the office area, develop an “Environmental Emergency Response Plan” that includes emergency measures for sudden extreme weather, environmental pollution, and pollutant leaks, and file it with the local environmental protection bureau.
Chronic risks	<p>— The Group’s normal operations disrupted by the rising temperature may give rise to more operating costs and employee subsidies.</p> <p>— Resource price fluctuations affects the procurement activities of the Group, which may lead to an increase in related costs.</p>	Long-term	Low	<p>— Continuously monitor the trends in chronic risks.</p> <p>— Alleviate cost pressures by optimizing resource utilization and improving efficiency, while continuously enhancing operational effectiveness.</p>

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Climate-related risks	Potential financial impact	Impact duration	Degree of financial impact	Countermeasures
Opportunities				
Resource efficiency	The adoption of new energy-saving technologies and high-efficiency equipment can help businesses achieve green, efficient, and low-carbon development.	Medium to long-term	Medium	— Phase out energy-intensive equipment and prioritize the use of energy-efficient motors, air conditioners, compressors, and other equipment, while actively adopting new energy-saving technologies.
Energy source	Reducing the use of fuels such as gasoline and diesel and increasing the share of renewable energy will help businesses transition toward a low-carbon, environmentally friendly model.	Medium to long-term	Medium	— Minimize energy consumption at the store, improve energy efficiency, and reduce waste caused by idling equipment.
Product and service	Vigorously promoting eco-friendly and new energy vehicles can help companies effectively adapt to changing consumer preferences, tap into new markets, and lead the way in shaping new consumer trends.	Medium to long-term	High	— Increase the share of new energy vehicle sales and introduce more smart and eco-friendly models.
Adaptability	We can strengthen climate resilience through enhanced management and cooperation with new energy vehicle manufacturers.	Medium to long-term	Medium	— Prioritize partnerships with manufacturers of new energy and hybrid vehicles, strengthen collaboration and communication, and promote the development of a more environmentally friendly supply chain.

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Risk Management

Risk Identification

Each store and the back-office functional teams regularly or as needed gather risk information from internal and external sources, conduct preliminary risk identification, and carry out risk identification as needed based on actual business conditions. The Audit Department and the Legal Department provide methodological guidance and professional risk management consulting support tailored to the needs of individual stores and functional teams.

Risk Assessment

Each store and functional teams conduct a comprehensive assessment of the likelihood of occurrence and the severity of potential impact from multiple perspectives, including probability and impact, to determine an overall risk rating. Then, they will, after combining this with existing risk control measures or other risk management measures, evaluate residual risks and determine whether they fall within the risk manager's acceptable range.

Risk Response

In response to the significant risks identified, the Company has developed targeted response strategies and action plans to effectively manage these risks through elimination, mitigation, or transfer, while also capitalizing on related climate-related opportunities.

Risk Monitoring

The Audit Department regularly monitors and evaluates whether each store and business unit is conducting risk management in accordance with relevant regulations, as well as the effectiveness of such efforts. The monitoring and evaluation reports are submitted directly to the Audit Committee of the Board of Directors to drive the continuous improvement and refinement of the risk management system.

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Indicators and targets

Against the backdrop of increasingly severe global climate change challenges, establishing clear climate goals and performance metrics has become a critical measure for companies to effectively address climate risks. Scientific and reasonable climate goals not only demonstrate a company's commitment to low-carbon development in the future, but also provide a clear roadmap for achieving a green transition. By establishing quantifiable and traceable climate metrics, the Company can define clear pathways for emissions reductions and assign responsibilities, ensuring that the effectiveness of relevant measures can be effectively evaluated and continuously improved.

The Group measures its greenhouse gas emissions in accordance with the "Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)" and sets targets for greenhouse gas scope 1 and 2 in compliance with the Paris Agreement. Taking 2020 as the baseline year, we aim to reduce greenhouse gas emissions per employee by 1% by 2030 compared to the base year. In 2020, the emission density of greenhouse gases in scope 1 and 2 of our group was 4.65 tonnes of CO₂e per employee. During the Reporting Period, the emission density of greenhouse gases in Scope 1 and Scope 2 of our group was 2.28 tonnes of CO₂e per employee, a decrease of approximately 51% compared to the baseline year, representing the achievement of targets.

In light of the Stock Exchange's exemption arrangements (including the reasonable information exemption, the capability exemption, and the commercially sensitive information exemption), this report does not disclose cross-industry indicators, industry indicators, and other relevant information. In addition, we have issued a disclaimer regarding internal carbon pricing and compensation. The Group is committed to continuously improving its capabilities in this area and will gradually refine its reporting in future reports.

VI. OUR EMPLOYEES

Aspect B1: Employment

The Group believes that employees are an important strategic asset for its sustainable development. During the Reporting Period, the Group strictly complied with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Civil Code of the People's Republic of China and other relevant laws and regulations in Hong Kong, Macau and Taiwan, as well as relevant laws and regulations in overseas operating regions, such as Japan's Labor Standards Act, Korea's Labor Standards Act, Cambodia's Labor Law, Vietnam's Labor Code, the Philippines' Labor Code, Indonesia's Manpower Act, Malaysia's Employment Act 1955, Singapore's Employment Act, the United Kingdom's Equality Act, Australia's Fair Work Act, and France's Labor Code, and effectively protected the lawful rights and interests of employees. At the same time, the Group continued to refine its employee benefits program, constantly enhancing the level of care and support provided to employees, thereby further strengthening their sense of belonging and satisfaction.

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The Group has developed and improved related human resources policies in accordance with legal requirements and its own operations circumstances to ensure that employees enjoy their due employment rights. The policy covers employee compensation, termination, hiring and promotion, working hours and leave management, equal opportunity, diversity, anti-discrimination, and other employee benefits. The relevant human resources policies have been clearly communicated to all employees to ensure that measures to protect their rights and interests are fully and effectively implemented.

In addition to protecting employees' statutory employment rights and benefits, subject to prevailing business conditions, the Group also continuously optimizes its employees' benefits. For example, for employees who do not meet the conditions for purchasing social insurance, the Group will purchase commercial insurance for them to ensure their rights and interests are protected; the Group will provide holiday benefits to employees; and the Group will distribute meal allowance and assignment allowance to employees and those working in other places, further enhancing our commitment to employee well-being. In addition, the Group will organize a variety of activities to enhance the cohesion of the staff and enrich their spiritual life, such as team building, tours, and fitness activities. At present, the Group has set up a comprehensive and effective staff feedback and grievance mechanism, providing a smooth channel for employees to appeal and make suggestions, ensuring that relevant requests are addressed in a timely manner.

We provide equal opportunities in employment, position reassignment and salary adjustments, promotions, training and development to employees of different races, origins, regions and genders. We respect and safeguard legal rights of all employees, and do not tolerate any discrimination in our operations.

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Employment

Details of the Group's employees during the Reporting Period are set out below:

<i>(Unit: in person)</i>	2025	2024
Total	7,200	4,403
The number of employees by gender		
Male	4,350	2,720
Female	2,850	1,683
The number of employees by age		
30 and below	2,394	1,214
31–50	4,573	3,065
50 and above	233	124
The number of employees by rank		
Management	352	165
Middle-level employees	465	334
Junior employees	6,383	3,904
The number of employees by employment type		
Full-time	7,200	4,403
Part-time	0	0
The number of employees by region		
Mainland China	2,963	3,312
Hong Kong and Overseas	4,237	1,091

Note 1: The number of employees by region is disclosed on a combined basis for Hong Kong, China and overseas.

The Group offers its employees competitive compensation and benefits and is committed to establishing a fair and transparent compensation structure. The Group adjusts salaries in a timely manner based on annual business performance, market conditions, and individual employee performance. At the same time, it continuously refines its compensation management system and comprehensive performance evaluation mechanisms to enhance the fairness and effectiveness of compensation incentives, thereby reducing employee turnover and organizational workforce fluctuations.

There were no significant cases of non-compliance concerning labor practices relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in the Group during the Reporting Period (2024: nil).

Environmental, Social and Governance Report

Employee turnover

The Group has established comprehensive human resources policies to regulate procedures related to employee resignation, termination, and retirement, ensuring that employees' legal rights and interests are fully protected. In recent years, the Group's stores have continued to optimize their workforce structure by consolidating roles and streamlining processes to improve staffing efficiency, thereby better adapting to the impact of market changes on the Group's operations.

During the Reporting Period, the overall employee turnover rate is 50% (Note 1), and the number and rate (Note 2) of employee turnover were as follows:

	2025	2024
Total	2,884	2,040
The number and rate of employee turnover by gender		
Male	1,699 (48%)	1,181(12%)
Female	1,185 (52%)	859(14%)
The number and rate of employee turnover by age		
30 and below	1,441 (80%)	948(20%)
31–50	1,403 (37%)	1,052(10%)
50 and above	40 (22%)	40(13%)
The number and rate of employee turnover by region		
Mainland China	1,479 (47%)	1,537(11%)
Hong Kong and Overseas	1,405 (62%)	503(41%)

Note 1: Overall employee turnover rate is calculated by dividing the turnover number of employees by the average number of employees at the beginning and the end of the year.

Note 2: The employee turnover rate is calculated by dividing the number of turnover employees in that category by the average number of employees at the beginning and the end of the year in that category.

Note 3: The number of employee turnover by region is disclosed on a combined basis for Hong Kong, China and overseas.

Environmental, Social and Governance Report

Aspect B2: Health and safety

The Group attaches great importance to protecting employee rights and ensuring a safe and healthy work environment, and is committed to creating a comfortable and safe workplace for its employees. The Group continues to refine and enhance employee benefits and strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Labor Dispute Mediation and Arbitration Law, and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, as well as relevant occupational safety and workplace health laws and regulations in Hong Kong, Macau, Taiwan and other overseas regions, such as Japan's Occupational Safety and Health Act, South Korea's Enforcement Decree of the National Health Insurance Act, Singapore's Occupational Safety and Health Act, Australia's Model Act on Occupational Health and Safety, the United Kingdom's Trade Union Act, and France's Social Security Code, to ensure compliant operation.

The Group attaches great importance to the management of occupational health of employees. The Group has provided an efficient and suitable working environment for employees, and continuously strengthened fire safety and security management at our office premises. In response to potential safety hazards, the Group has established comprehensive preventive and inspection measures to ensure the safety and well-being of its employees. Some specific daily measures related to workplace safety are as follows:

Physical and mental health of employees

1. We cooperate with professional medical health examination institutions to provide regular health examinations for all employees every year, paying attention to employees' physical and mental well-being;
2. For positions with a relatively high risk of occupational diseases, occupational disease medical examinations are conducted for employees at the time of entry, every year of employment and before leaving;
3. We actively cooperate with local environmental protection authorities and occupational disease prevention agencies in their annual inspections and spot checks, ensuring that relevant management measures comply with regulatory requirements; and
4. We provide protective tools and operation clothing for employees in key positions to reduce occupational exposure risks and improve workplace safety.

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Fire safety

1. We include the fire safety education and training in the annual fire protection work plan to systematically promote safety management;
2. We provide funds for the fire safety education, training and drills, and organize various forms of fire safety advocacy and education;
3. Designated personnel are assigned to conduct daily fire prevention inspections to ensure that the evacuation passageways and safety exits are unblocked, and the fire control facilities for evacuation, such as fire doors, evacuation signs and fire accident lighting, are unimpaired and usable. Once any fire control facilities are found to be damaged or lost, they are repaired and replaced in time; and
4. We actively receive the annual fire training organized by the local fire department and the exercise organized by the property management company, so as to continuously improve employees' ability to respond to emergencies such as fires.

Investigation of potential safety hazards

1. We formulate the Management System for the Avoidance of Major Accidents, with an aim to strengthen the identification and management of major potential accidents and prevent the occurrence of major accidents at the source;
2. The manager of the administration department and the general manager of the subsidiary companies are responsible for strengthening the management, monitoring and control of the potential major issues in the region under their jurisdiction, get a grip on where they are and how they change dynamically, establish and improve the emergency rescue plan of emergency rescue organizations, strictly implement the safety operation procedures and safety management rules and regulations, and earnestly fulfill the safety responsibilities to prevent the potential danger; and
3. We require the subsidiary companies to conduct a risk analysis and evaluation of major accident hazards once a year, make quantitative or qualitative analysis and evaluation according to their hazard characteristics, the possibility of accidents and their severity and consequences, and submit the evaluation report to the Group's administration department. Moreover, the subsidiary company where the major accident hazards are located must formulate an accident emergency rescue plan, equip the necessary emergency equipment and tools, and conduct at least one emergency rescue drill each year to test the effectiveness and timeliness of the emergency response, and make timely modifications and additions according to the effect of the drill.

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During the Reporting Period, some of the Group's stores conducted the relevant tests according to the Workplace Occupational Disease Hazard Factor Testing Report, regularly tested workplaces for occupational disease hazards factors and conducted operational health checks for workers engaged in occupational disease hazard exposure operations. These measures have further strengthened the Group's management efforts in the field of occupational health and safety, effectively safeguarding the occupational health and safety of our employees.

During the Reporting Period, the work-related injuries of the Group were 21 (2024: 63 and 2023: 8), the total number of lost days due to work injury of the Group was 450 (2024: 615 and 2023: 306) days, the average number of lost days per capita due to work injury (calculated based on the total number of employees as at 31 December 2025) was 0.08 (2024: 0.20 and 2023: 0.09) days. There were no material incidents of work-related fatalities in the past 3 years including the Reporting Period, and the Group did not have any material non-compliance incident relating to laws and regulations on health and safety.

Aspect B3: Development and training

The Group attaches great importance to employee development and career advancement, and to this end has established a "Training Management System" to create a comprehensive and systematic training framework. Through knowledge sharing, the transfer of expertise, skill development, and innovative practices, we continuously provide employees with multi-level, specialized development programs to enhance their business capabilities and professional skills. We believe that talent is a vital foundation for the Company's sustainable development. Through systematic training programs, we help employees enhance their professional skills, accelerate their growth, and adapt to the evolving needs of our business. We are committed to cultivating talent that embodies professional integrity and a sense of responsibility, thereby realizing the Company's positive social impact.

According to the training content, the Group's training activities can be divided into:

- **New employee orientation training:** In order to help new employees integrate into the team faster and better, we provide systematic training activities for each new employee, including basic training on corporate culture, policies, and procedures, as well as role-specific skills training tailored to job requirements, to enhance their adaptability and work efficiency.
- **Competency training:** To continuously enhance employees' professional capabilities and job proficiency, the Group regularly organizes competency-based training covering topics such as product knowledge, sales negotiation techniques, and maintenance skills. These initiatives are designed to broaden employees' knowledge, strengthen their core competencies, and support their long-term career development.

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- **External training:** For specialized fields that cannot yet be supported by internal resources, the Group allows employees to participate in professional training offered by external organizations, including courses hosted by industry associations, vendors, and other professional institutions, upon approval. By leveraging external resources, we can help employees enhance their professional skills and stay abreast of the latest industry trends.
- **Advanced study in spare time:** The Group encourages employees to take part in professional learning activities in their spare time to improve their functional skills and professional quality. We encourage employees to continuously enhance their long-term competitiveness through self-directed learning, fostering mutual benefits for both personal growth and corporate development.
- **Anti-money laundering and anti-corruption training:** To strengthen employees' compliance awareness and enhance corporate governance, the Group regularly conducts training sessions on anti-money laundering, anti-graft, and anti-corruption for management and staff. Through case studies and policy communication, we will enhance our employees' ability to identify compliance risks and ensure the effective operation of the Group's integrity culture and internal control system.

Details of the training are shown in the chart below:

	2025		2024	
	Number of Employees trained	Percentage (Note 1)	Number of Employees trained	Percentage (Note 1)
Total	2,843	49%	1,727	11%
Number of employees trained by gender				
Male	1,866	53%	1,151	12%
Female	1,107	49%	577	9%
Number of employees trained by rank				
Management	199	77%	100	12%
Middle-level employees	465	100%	232	16%
Junior employees	2,063	40%	1,395	10%

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	2025		2024	
	Hours of training	Average training hours (Note 2)	Hours of training	Average training hours (Note 2)
Total	37,732.68	6.50	27,812	1.76
Number of employees trained by gender				
Male	16,329.04	4.62	20,199	2.08
Female	5,693.64	2.51	7,613	1.24
Number of employees trained by rank				
Management	2,318.98	8.97	2,084	2.59
Middle-level employees	2,958.07	7.40	4,847	3.39
Junior employees	16,594.63	3.23	20,890	1.54

Note 1: This percentage is calculated by dividing the total number of employees who participated in training by the average number of employees at the beginning and the end of the year.

Note 2: The average training hours are calculated by dividing the total training hours by the average number of employees at the beginning and the end of the year.

To continue fostering a positive corporate culture and recognize employees' outstanding performance in various fields, the Group launches the "Star of Harmony" selection program at the beginning of each year. The awards consist of three categories: "Star of Dedication," "Star of Customer Care" and "Star of Innovation", and are designed to recognize employees who have demonstrated exceptional competence and professionalism in their core duties, customer service, and innovative achievements.

The "Star of Harmony" is one of the highest honors bestowed upon Harmony employees for embodying the Company's spirit. In addition to receiving public recognition from the Company, award recipients will be presented with a specially customized "Star of Harmony" medal to honor their outstanding contributions and encourage more employees to strive for excellence and continuously improve. This initiative not only helps boost employee cohesion and engagement, but also further strengthens the implementation and preservation of corporate culture, thereby fostering the development of soft power to support the Company's sustainable growth.

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Aspect B4: Labor standards

The Group strictly complies with the Labor Law of the People's Republic of China, the Provisions on the Prohibition of the Use of Child Labor, the Provisions on the Special Protection of Juvenile Workers, the Civil Code of the People's Republic of China, as well as the applicable laws and regulations in Hong Kong, Macao, Taiwan and overseas regions, such as Japan's Occupational Safety and Health Act, Cambodia's Labor Law, Singapore's Youth Employment Act, Australia's Fair Work Act, the United Kingdom's Factories Act 1833, and Spain's EU Directive on the Prohibition of Forced Labor. We strictly prohibit forced labor and the employment of child labor, and are committed to maintaining a legally compliant working environment throughout our entire operations. The full-time employees recruited by the Group and in service are above 18 years old, and the interns and apprentices are above 16 years old. During the recruitment and onboarding process, the Group conducts rigorous verification of applicants' identification documents to ensure they meet the legal age requirements and to effectively prevent child labor. In the recruitment notice, during interview phase and when signing the labor contract, we clearly inform the job seekers of the nature of the relevant work, time, content and other terms, in strict accordance with the provisions of the labor law and labor contract law, ensuring that all employment relationships are established on the basis of voluntary, equal, and fully informed consent, and eliminating all forms of forced labor. If any instances of forced labor, child labor, or other illegal or non-compliant employment practices are discovered, the Group will take disciplinary action against and hold the relevant responsible parties accountable in accordance with national laws and internal policies, and will promptly implement corrective measures to ensure compliance in the Group's employment management and adherence to high standards of governance.

The Group strictly adheres to relevant national laws and regulations when scheduling employee work hours, establishing reasonable work schedules within the statutory standard working hours to ensure that employees receive adequate rest and that their working hours are properly safeguarded. The Group provides employees with paid annual leave, sick leave, maternity leave, and other leave benefits in accordance with law, to ensure they receive the rest and family-care rights they are entitled to. At the same time, the Group strictly prohibits any form of forced labor and safeguards employees' rights through institutional measures. With regard to employment management, all of the Group's recruitment, promotion, leave arrangements, compensation and benefits, termination procedures, and anti-discrimination policies fully comply with applicable local labor laws and anti-discrimination regulations, ensuring that all employees are provided with fair, transparent, and equal employment opportunities. In addition, the Group has implemented a regular performance evaluation system to scientifically assess employees' job responsibilities and output, and uses performance monitoring to ensure that workloads and stress levels remain within reasonable limits. The Group also remains vigilant regarding potential risks such as excessive overtime and work overload, implementing management processes to prevent any situations that could lead to forced labor, and is committed to fostering a safe and healthy work environment that respects employees' rights.

Environmental, Social and Governance Report

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labor and was not aware of any incidents of child labor or forced labor in any form (2024: nil).

VII. OUR BUSINESS

Aspect B5: Supply chain management

The Group has formulated the Bidding and Tendering Management Measures in accordance with the Bidding and Tendering Law of the People's Republic of China to regulate the bidding and tendering behavior for projects such as project construction and material procurement. By strengthening process oversight and institutionalizing controls, the Group has effectively enhanced the transparency and compliance of its bidding and tendering processes, while achieving its goals of reasonably controlling project costs and capital expenditures to ensure project quality. Based on the Management Measures, the Group has formulated the Measures for Supplier Evaluation and Management, establishing institutional frameworks to regulate supplier onboarding, evaluation, and oversight mechanisms. Through rigorous screening and ongoing oversight, the Group is able to ensure that product quality meets standards and maintain the stability and reliability of its supply chain operations.

The Group maintains a long-term and stable partnership with major automotive suppliers to ensure the steady development of the automotive sales business. The major automotive suppliers include luxury and ultra-luxury brands such as BMW, Rolls-Royce, Lexus, Bentley, Ferrari, etc., as well as BYD and DENZA, the Chinese new energy vehicle brands. Currently, Harmony Auto is the largest BMW dealer in central and western China and ranks among the top tier of dealers nationwide. It is also the largest Bentley dealer in central China and the core dealer with the widest coverage for Ferrari in Greater China. Additionally, it is the sole BYD dealer in Hong Kong, China. For many consecutive years, the Company has ranked among the top in the "Top 100 Dealer Groups in Automotive Distribution Industry in China" list. In the future, Harmony Auto will continue to operate its domestic business in a steady and prudent manner, actively optimize its brand portfolio and sales channel layout, enhance operational efficiency, and drive sustainable and high-quality development. The Company will also accelerate its expansion into international markets, helping Chinese new energy vehicle brands go global and opening a new chapter in green and smart mobility worldwide.

Environmental, Social and Governance Report

When selecting suppliers of replacement parts, the Group not only requires them to have the essential operating qualifications and product quality, but also fully considers the environmental and social risk factors of these suppliers, such as whether the materials used in the supplier's products meet the environmental standards, the market reputation of the supplier's brand and other factors. Meanwhile, the Group will provide open, equal, transparent and fair bidding opportunities for various projects, so as to ensure the compliance of the procurement procedures and select the best partners. In addition, the Group will regularly evaluate the performance of existing suppliers, assess their performance across multiple dimensions, including quality, delivery, and service and promote them to improve their supply capacity. We will continue to work with excellent suppliers, but eliminate those with poor performance, so as to maintain the overall stability and reliability of the supply chain.

Aspect B6: Product responsibility

Quality management

The Group supplies the world-famous luxury and super luxury brand cars to the consumers, including BMW, Lexus, and Bentley, and maintains long-term stable partnerships with these manufacturers to ensure the quality of the vehicle supply and the reliability of the supply chain. As a car dealership, the Group has established a comprehensive product quality management system, which covers the entire process from release from factory, transportation, and warehouse management to final sales and after-sales service. Through rigorous supply chain management and service monitoring, the Group is committed to ensuring that every product delivered to consumers is of high quality and reliable performance. The automobiles have obtained the manufacturer's qualification certificate when leaving the factory, and conform to the international and national production quality standards for the nation and the industry. In addition, the quality inspection department of the Group will also conduct thorough inspections of all quality metrics prior to vehicle storage and delivery to ensure that vehicle quality meets the Group's internal sales standards, thereby providing consumers with a safe and reliable product experience.

Environmental, Social and Governance Report

Customer service

In terms of customer service, the Group values and carefully listens to the demands of consumers on cars, and provides them with high-quality services, in order to continuously improve customer satisfaction. The Group will actively carry out customer satisfaction surveys and evaluate the sales team and customer service, in order to find out the deficiencies in service and make corresponding improvements. We take into consideration the customer experience during the provision of maintenance services in the design and operations of our stores, providing them with a welcoming and accessible service environment, complete with dining, entertainment, and recreational facilities, to ensure a comfortable and convenient experience for our customers. In addition, to further enhance the service awareness and professional capacity of the staff, the Group has provided courses related to customer service to the staff in the course of daily work and training activities, so as to strengthen employees' service mindset and skills and ensure that we provide consumers with more professional and attentive service.

Product recall

The Group has established a comprehensive vehicle recall service system to address potential quality issues with its automotive products and maintains an active and proactive communication and coordination mechanism with customers. Based on recall information released by vehicle manufacturers, the Group will immediately initiate the relevant procedures and promptly implement recall measures to minimize the potential safety risks to customers caused by product quality issues. All of our stores will implement specific recall plans in accordance with the "Recall Emergency Response Plan" to ensure that recall operations are conducted in a standardized and efficient manner and that the vehicle manufacturer's recall requirements are effectively met. At the same time, stores will enhance their service contributions through a comprehensive after-sales warranty process, thereby further improving the efficiency and effectiveness of recall operations. During the Reporting Period, the Group did not experience any product recall incidents.

Complaint handling

In response to complaints, the Group has established the Regulations on Customer Complaint Resolution Management to learn about specific problems in the service based on customer feedback, and implement improvements and preventions to increase customer satisfaction and maintain continuous improvement in service quality. The Regulations stipulate that the customer service department shall first classify the complaints according to the category of incidents and take detailed records, and then the professional and technical staff or customer managers shall provide systematic solutions to meet the needs of customers and protect the interest of consumers as much as possible. The customer manager shall pay a return visit to the customer who complained within three days, communicate with the customers by telephone, solicit opinions and understand their satisfaction degree, and ensure continuous improvement and tracking of service quality. During the Reporting Period, the Group received a total of 629 complaints, all of which were properly handled and effectively resolved in accordance with the aforementioned provisions.

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Protection of privacy

The Group places a high priority on the protection of customers' personal information. In addition to protecting consumers' personal information in strict accordance with the Law on the Protection of the Rights and Interests of Consumers and other relevant laws and regulations, we have established comprehensive consumer data protection and privacy policies for our customers, stressing that employees shall not disclose or abuse any information or trade secrets related to the Group's transactions or operations for their own personal gains. Employees shall not disclose, misappropriate, or misuse any confidential information relating to suppliers, contractors, or customers for personal gain. We employ authorized personnel to take charge of the safekeeping and management of relevant data to ensure the security and integrity of customer information. The Group has also maintained a Confidentiality and Non-Competition Agreement with all employees to ensure that employees keep confidential information and undertake non-competition obligations during their services and after the termination of their employment. Employees are required to use confidential information properly and not to use such confidential information outside of their duties or assist any third party who is not under a duty of confidentiality in accessing or using the Group's trade secrets. If any employees discover that a trade secret may be disclosed, has been disclosed, or has been disclosed due to their own negligence, they must immediately take effective measures to prevent further damage and promptly report the matter to the Group to ensure that information security risks are addressed swiftly. No customer information leakage occurred during the Reporting Period.

Intellectual property protection

The Group's operation does not involve self-production and research and development of products. Therefore, the Group's intellectual property protection focuses on cooperation with brand owners. The Group strictly complies with the relevant laws and regulations, does not infringe, misappropriate or otherwise violate the valid and enforceable intellectual property rights of third-party manufacturers. In the daily operation, sales, provision of repair services and other business, the Group strictly controls all brand vehicles and products used for vehicle maintenance and repair, uses only brand-certified original or qualified products, resists any fake and uncertified components, and is responsible to partners and customers. The Group attaches great importance to the protection of intellectual property rights, and integrates the concept of respecting intellectual property and supporting genuine versions into daily operations. Employees are encouraged to actively protect intellectual property rights, enhance the learning of the brand's operating specifications, product details and core brand values in daily training, and apply them in sales and service activities to enhance customers' trust, favorability and loyalty to the brand. During the Reporting Period, there was no material infringement of intellectual property rights that had or might have a material adverse effect on the Group's business. The Group has complied with all applicable intellectual property laws and regulations in all material respects.

Environmental, Social and Governance Report

Aspect B7: Anti-corruption

The Group strictly complies with the Anti-Unfair Competition Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery, and other relevant laws and regulations in China, and expressly prohibits any form of illegal or improper conduct, including bribery, extortion, fraud, and money laundering. The Group regularly issues "integrity and self-discipline commitment" circulars to the staff, requiring that the staff should select suppliers, contractors or partners objectively, fairly and openly, in order to eliminate all inappropriate behaviors in the workplace, such as soliciting bribes, accepting bribes, power rent-seeking, using power to solicit business for relatives and friends, and earnestly protect the legitimate rights and interests of the Company and its stakeholders. In terms of internal policies, the Group has established a legal supervision department to supervise the integrity and self-discipline of all employees. For accounting, cashier, information system operation and other positions prone to fraud, as well as the recruitment of middle and senior managers, we will conduct background checks to identify any adverse records, such as criminal convictions, administrative penalties, or instances of commercial fraud, in order to prevent corruption risks at the source. In addition, the Group has continuously reinforced anti-corruption education in its day-to-day management and training programs to enhance employees' ability to identify and prevent corrupt practices, and reminded managers at all levels and ordinary employees to be vigilant and lead by example, so as to jointly foster a corporate culture of integrity and compliance. During the Reporting Period, the Group's headquarters and stores held anti-corruption sessions, covering employees at all levels of the Group, and explained in detail the Group's "Ten Prohibitions for Anti-corruption" to employees to promote the actual implementation of policies and comprehensively improve the Group's governance standards. In terms of external policies, the human resources department, financial department and audit department of the Group have set up public complaint and report e-mails, and their contact information is open to the public. Any employee of the Group or the public who finds bribery, extortion, fraud, money laundering and other illegal and criminal acts can directly report them through a variety of communication channels, which will be submitted to the relevant departments for handling according to law after verification. Those reported persons who are suspected of serious violations of laws, regulations or disciplines will be punished by the Group and compensate for the economic losses caused to the Group. Those who violate the law will be subject to legal repercussions.

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, and there was no legal litigation case regarding corruption brought against the issuer or employees of the Group (2024: nil).

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VIII. OUR COMMUNITY

Aspect B8: Community investment

While committed to creating economic benefits for shareholders, investors and the society, the Group also shoulders the corporate social responsibility of building a harmonious society and promoting the construction and development of the community. During the Reporting Period, the Group actively participated in the livelihood of the community to understand the actual community needs. Each subsidiary of the Group vigorously carried out various public welfare activities to support the community construction through practical actions. Through ongoing participation and commitment, the Group works with local communities to foster a positive relationship of mutual support, inclusion, and shared prosperity, thereby driving the common progress of both the Company and the community.

Public welfare activities

During the Reporting Period, the Group successively carried out a number of social and charitable activities, as detailed below:

Case Study 1: Management Trainee Program for College Graduates

Through management trainee programs for graduates of top universities such as the University of Hong Kong and the Hong Kong University of Science and Technology, the Group has strengthened the development of young talent and deepened the cultivation of human capital, continuously supplying innovative talent to the industry and society.

The Group places great emphasis on the long-term development of young talent and regards talent development as a key pillar of the Company's sustainable growth. During the Reporting Period, the Group welcomed 20 outstanding graduates from prestigious universities such as the University of Hong Kong and the Hong Kong University of Science and Technology to join its Management Trainee Program, and conducted a four-day systematic onboarding training session in August. Through visits to BYD's headquarters in Shenzhen, the Di Space showroom in Zhengzhou, and BYD's manufacturing facilities, participants gained an in-depth understanding of the new energy vehicle supply chain and innovative technologies, enhancing their awareness of industry trends and corporate strategies.

During the training program, the Group's Chairman, Vice Chairman, President, and several senior executives personally led the sessions, providing the management trainees with comprehensive guidance on topics ranging from corporate culture and institutional frameworks to business development, thereby helping them build a solid professional foundation. At the same time, the trainees visited luxury and ultra-luxury brand stores for immersive learning experiences, gaining first-hand exposure to the Group's diversified business portfolio and deepening their understanding of the "customer-first" service philosophy.

Environmental, Social and Governance Report

The Group will, based on the core values of “simplicity, efficiency, happiness, all-out=All in”, further refine its talent development system, provide ample opportunities for growth to young professionals, and cultivate a new generation of talent equipped with professional expertise and innovative thinking. This will inject sustained momentum into the Company’s long-term, steady development and drive the global transformation toward green mobility.



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Case Study 2: Supporting Fire Rescue Operations in Tai Po, Hong Kong

The Group donated HK\$5 million to support relief efforts following the fire in Tai Po, Hong Kong, and deployed 20 BYD electric vehicles to provide transportation and charging services.

During this charitable initiative, Harmony Auto actively fulfilled its corporate social responsibility by quickly mobilizing its team to participate in rescue and community support efforts. We not only provided emergency supplies and basic necessities to affected families, but also dispatched staff to the front lines of the community to assist with critical tasks such as evacuation, temporary housing, and the distribution of supplies. By coordinating green transportation, volunteer services, and targeted donations, the Company has served as a stabilizing force during the emergency, demonstrating its care for vulnerable groups and its long-term commitment to social welfare. We will continue to promote the regularization of our philanthropic initiatives, putting our corporate ESG principles into practice through concrete actions, and working hand in hand with the community to build a more resilient and sustainable development environment.



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	A1.3	Total hazardous waste produced (in tonnes) and (if applicable) density (e.g., per unit of output or per facility).	Aspect A1: Emissions
	A1.4	Total non-hazardous waste produced (in tonnes) and (if applicable) density (e.g., per unit of output or per facility).	Aspect A1: Emissions
	A1.5	Description of emission target(s) set, and steps taken to achieve them.	Aspect A1: Emissions
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	A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Aspect A2: Use of energy and resources

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Scope and Aspect	Description	Section	
	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.	Aspect A2: Use of energy and resources
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Aspect A2: Use of energy and resources
Aspect A3: Environment and natural resources			
General Disclosure	A3	Policies on minimizing the significant impacts on the environment and natural resources.	Aspect A3: Environment and natural resources
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B. Social			
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KPI	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Aspect B1: Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Aspect B1: Employment

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Scope and Aspect		Description	Section
Aspect B2: Health and safety			
General Disclosure	B2	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.	Aspect B2: Health and safety
KPI	B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	Aspect B2: Health and safety
	B2.2	Lost days due to work injury.	Aspect B2: Health and safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Aspect B2: Health and safety
Aspect B3: Development and training			
General Disclosure	B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Aspect B3: Development and training
KPI	B3.1	The percentage of employees trained by gender and employee category.	Aspect B3: Development and training
	B3.2	The average training hours completed per employee by gender and employee category.	Aspect B3: Development and training
Aspect B4: Labor standards			
General Disclosure	B4	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 labor.	Aspect B4: Labor standards
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Aspect B4: Labor standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	Aspect B4: Labor standards

Environmental, Social and Governance Report

Scope and Aspect	Description	Section
Aspect B5: Supply chain management		
General Disclosure	B5 Policies on managing environmental and social risks of the supply chain.	Aspect B5: Supply chain management
KPI	B5.1 Number of suppliers by geographical region.	Aspect B5: Supply chain management
	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.	Aspect B5: Supply chain management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Aspect B5: Supply chain management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Aspect B5: Supply chain management
Aspect B6: Product responsibility		
General Disclosure	B6 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, labeling and privacy matters relating to products and services provided and methods of redress.	Aspect B6: Product responsibility
KPI	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Aspect B6: Product responsibility
	B6.2 Number of products and service-related complaints received and how they are dealt with.	Aspect B6: Product responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Aspect B6: Product responsibility
	B6.4 Description of quality assurance process and recall procedures.	Aspect B6: Product responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Aspect B6: Product responsibility

Environmental, Social and Governance Report

Scope and Aspect	Description	Section
Aspect B7: Anti-corruption		
General Disclosure	B7 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.	Aspect B7: Anti-corruption
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.	Aspect B7: Anti-corruption
	B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Aspect B7: Anti-corruption
	B7.3 Description of anti-corruption training provided to directors and staff.	Aspect B7: Anti-corruption
Aspect B8: Community investment		
General Disclosure	B8 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.	Aspect B8: Community investment
KPI	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture and sport).	Aspect B8: Community investment
	B8.2 Resources contributed (e.g. money or time) to the focus areas.	Aspect B8: Community investment

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

Governance	<p>19(a) Information on the governance body (which may include the board of directors, a committee, or another equivalent governance body) or individual responsible for overseeing climate-related risks and opportunities. Specifically, the issuer must identify the relevant entity or individual and disclose the following information:</p> <ul style="list-style-type: none">i. How does the entity or individual determine whether it currently possesses or will possess in the future the appropriate skills and competencies to oversee strategies for addressing climate-related risks and opportunities;ii. The manner and frequency with which the entity or individual becomes aware of climate-related risks and opportunities;iii. How does the entity or individual take climate-related risks and opportunities into account when overseeing the issuer's strategies, major transaction decisions, risk management procedures, and related policies, including whether the entity or individual has considered the trade-offs associated with such climate-related risks and opportunities; andiv. How does the entity or individual oversee the setting of targets related to climate-related risks and opportunities and monitor progress toward achieving them, including whether and how relevant performance indicators are incorporated into compensation policies.	Addressing Climate Change
	<p>19(b) The role of the management in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities, including the following information:</p> <ul style="list-style-type: none">i. Whether the role has been assigned to a specific member of management or a management committee, and how that individual or committee is supervised; andii. Does the management use controls and procedures to help monitor climate-related risks and opportunities? If so, how are these controls and procedures integrated with other internal functions?	Addressing Climate Change

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

Strategy	20	<p>The issuer must disclose information that enables an understanding of the climate-related risks and opportunities that are reasonably expected to affect its cash flows, access to financing, or cost of capital in the short, medium, or long term. Specifically, the issuer must:</p> <ul style="list-style-type: none"> a. Describe climate-related risks and opportunities that are reasonably expected to affect the issuer’s cash flows, access to financing, or cost of capital in the short, medium, or long term; b. For each climate-related risk identified by the issuer, explain whether the issuer considers that risk to be a climate-related physical risk or a climate-related transition risk; c. For each climate-related risk and opportunity identified by the issuer, specify the time horizon (short-term, medium-term, or long-term) within which it is reasonably expected to affect the issuer; and d. Explain how the issuer defines short-term, medium-term, and long-term, and how these definitions relate to the scope of its strategic planning. 	Addressing Climate Change
	21	<p>The issuer must disclose information that enables stakeholders to understand the current and anticipated impacts of climate-related risks and opportunities on its business models and value chains. Specifically, the issuer must make the following disclosures:</p> <ul style="list-style-type: none"> a. Description of the current and anticipated impacts of climate-related risks and opportunities on the issuer’s business model and value chain; b. Description of where climate-related risks and opportunities are concentrated within the issuer’s business model and value chain (e.g., geographic regions, facilities, and asset types). 	Addressing Climate Change

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

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| 22(a) | The issuer must disclose information that enables stakeholders to understand the impact of climate-related risks and opportunities on its strategies and decisions. Specifically, issuers must disclose information regarding how they have addressed and plan to address climate-related risks and opportunities in their strategies and decision-making, including how they intend to achieve any climate-related targets they have set, as well as any targets required by law or regulation. Specifically, issuers must disclose the following information: | Addressing Climate Change |
| | i. Changes made to the issuer’s business model (including resource allocation) in response to climate-related risks and opportunities, both currently and in the foreseeable future; | |
| | ii. Any adaptation or mitigation measures that have been or are expected to be implemented (directly or indirectly); | |
| | iii. Any climate-related transition plan of the issuer (including information on the key assumptions used in developing the transition plan and the factors on which the plan relies), or, if the issuer does not have such a plan, an appropriate statement to that effect; | |
| | iv. How the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; | |
| 22(b) | The issuer must disclose how it currently plans and intends to fund the actions disclosed under paragraph 22(a). | Addressing Climate Change |
| 23. | The issuer must disclose the progress of the plans disclosed in accordance with paragraph 22(a) during each prior reporting period. | Addressing Climate Change |
| 24. | The issuer must disclose the following qualitative and quantitative information: | Qualitative information: |
| | a. How climate-related risks and opportunities affect the issuer’s financial position, financial performance, and cash flows during the reporting period; and | Addressing Climate Change
Quantitative information: |
| | b. Information regarding the climate-related risks and opportunities identified in paragraph 24(a) where there is a significant risk that they will result in material adjustments to the carrying amounts of assets and liabilities in the financial statements for the next reporting period. | Implementation of financial impact waivers |

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

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| <p>25(a) The issuer must disclose the following qualitative and quantitative information: based on its strategies for managing climate-related risks and opportunities, and taking into account the following factors, how the issuer expects its financial performance to evolve in the short, medium, and long term:</p> <ul style="list-style-type: none"> i. Its investment and disposal plans; and ii. The planned sources of funding required to implement the strategy. | <p>Qualitative information:
Addressing Climate Change
Quantitative information:
Implementation of financial impact waivers</p> |
| <p>25(b) The issuer must disclose the following qualitative and quantitative information: based on the issuer's strategy for managing climate-related risks and opportunities, its expected changes in financial performance and cash flows over the short, medium, and long term.</p> | <p>Implementation of financial impact waivers</p> |
| <p>26(a) After considering the identified climate-related risks and opportunities of the issuer, the issuer shall disclose the information that enables others to understand the resilience of the issuer's strategy and business model to climate-related changes, developments, or uncertainties. The issuer must use climate-related scenario analysis to assess its climate resilience in a manner appropriate to its circumstances. When providing quantitative information, the issuer may disclose a single figure or a range. Specifically, the issuer must disclose the assessment of its climate resilience as of the reporting date, which helps to understand:</p> <ul style="list-style-type: none"> i. The impact of the issuer's analysis on its strategies and business model (if any), including how the issuer needs to address the impacts identified in the climate-related scenario analysis; ii. the scope of material uncertainties considered by the issuer in its assessment of climate resilience; and iii. The issuer's ability to adapt its short-, medium-, and long-term strategies and business models in response to climate change. | <p>Addressing Climate Change</p> |

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

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| 26(b) | The issuer must disclose how and when it conducts climate-related scenario analysis, including: | Addressing Climate Change |
| (i) | The input data used, including: <ol style="list-style-type: none">1. The climate-related scenarios used by the issuer in its analysis and their sources;2. Whether the analysis covers a variety of different climate-related scenarios;3. Whether the climate-related scenarios used in the analysis are related to climate-related transition risks or climate-related physical risks;4. Whether the issuer used scenarios in its analysis that are consistent with the latest international climate change agreements;5. Why does the issuer believe that the selected climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments, or uncertainties;6. the time period used by the issuer in its analysis; and7. The scope of operations covered by the issuer's analysis (e.g., the locations and business units covered by the analysis); | |
| (ii) | Key assumptions made by the issuer in its analysis; and | |
| (iii) | The reporting period for climate-related scenario analysis. | |

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

Risk Management	<p>27(a) Risk Management: The issuer must disclose the following information: the issuer’s processes and related policies for identifying, assessing, and prioritizing climate-related risks and maintaining oversight thereof, including information regarding the following aspects:</p> <ul style="list-style-type: none"> i. The input data and parameters used by the issuer (such as data sources and the scope of business covered by the procedures); ii. Whether and how the issuer uses climate-related scenario analysis to identify climate-related risks; iii. How does the issuer assess the nature, likelihood, and extent of the impact of such risks (for example, has the issuer considered qualitative factors, quantitative thresholds, or other criteria used); iv. Whether and how the issuer prioritizes climate-related risks relative to other types of risks; v. How the issuer monitors its climate-related risks; and vi. Whether the issuer has changed the processes it uses compared to the previous reporting period, and if so, how. 	Addressing Climate Change
	<p>27(b) The process used by the issuer for identifying and assessing climate-related opportunities, as well as prioritizing them and maintaining oversight (including information on whether and how the issuer uses climate-related scenario analysis to identify such opportunities).</p>	Addressing Climate Change
	<p>27(c) How are the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities integrated into the overall risk management process of the issuer, and to what extent?</p>	Addressing Climate Change
Indicators and Targets	<p>28. The issuer must disclose the total absolute greenhouse gas emissions (in metric tonnes of carbon dioxide equivalent) for the reporting period, broken down as follows:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	<p>Scope 1 & 2: Aspect A1: Emissions Scope 3: Implement a reasonable data exemption</p>

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

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| 29. | The issuer shall: | Addressing Climate Change |
| | (a) Measure its greenhouse gas emissions in accordance with the "Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)", unless otherwise required by the competent authority or another exchange on which the issuer is listed; | |
| | (b) Disclose the methods used to measure greenhouse gas emissions, including: (i) the measurement methods, input data, and assumptions used by the issuer to measure its greenhouse gas emissions; (ii) the reasons why the issuer selected those measurement methods, input data, and assumptions to measure greenhouse gas emissions; and (iii) any changes made by the issuer to the measurement methods, input data, and assumptions during the reporting period, along with the reasons for such changes; | |
| | (c) Disclose its Scope 2 greenhouse gas emissions on a geographical basis for the Scope 2 greenhouse gas emissions disclosed pursuant to paragraph 28(b), and provide information on any necessary contractual arrangements that would facilitate an understanding of such emissions; and | |
| | (d) With respect to Scope 3 greenhouse gas emissions disclosed pursuant to paragraph 28(c), disclose the categories included in the issuer's measurement of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories set forth in the "Greenhouse Gas Accounting Framework: Standard for Accounting and Reporting on Greenhouse Gas Emissions in the Corporate Value Chain (Scope 3) (2011)". | |
| 30. | The issuer must disclose the amount and percentage of assets or business activities that are susceptible to climate-related transition risks. | Reasonable Information Relief Adopted |
| 31. | The issuer must disclose the amount and percentage of assets or business activities that are susceptible to climate-related physical risks. | Reasonable Information Relief Adopted |
| 32. | The issuer must disclose the amount and percentage of assets or business activities related to climate-related opportunities. | Reasonable Information Relief Adopted |
| 33. | The issuer must disclose the amounts of capital expenditures, financing, or investments allocated to climate-related risks and opportunities. | Addressing Climate Change |

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

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| 34. | The issuer must make the following disclosures:
(a) Explanation on whether and how the issuer applies carbon pricing in their decision-making (e.g., investment decisions, transfer pricing, and scenario analysis); and
(b) The price per metric tonne of greenhouse gas emissions used by the issuer to assess the cost of its greenhouse gas emissions; or an appropriate disclaimer confirming that the issuer has not applied carbon pricing in its decision-making. | During the reporting period, the Group did not incorporate internal carbon pricing into its decision-making processes |
| 35. | The issuer must disclose whether and how climate-related considerations have been incorporated into its compensation policies, or provide an appropriate disclaimer. This may constitute a part of the disclosure required under paragraph 19(a)(iv). | During the reporting period, the Group did not incorporate climate-related considerations into its compensation policies |
| 36. | The Exchange encourages the issuer to disclose industry metrics related to one or more specific business models and activities, or metrics related to characteristics common to the industry in which it operates. When determining which industry indicators to disclose, the Exchange encourages the issuer to refer to the industry indicators relevant to the disclosure topics as set forth in the IFRS Sustainability Disclosure Standard No. 2: Industry Disclosure Guidance and other industry disclosure requirements specified in international environmental, social, and governance (ESG) reporting frameworks, and to consider their applicability. | Addressing Climate Change |

Environmental, Social and Governance Report

Part D: Climate-related Disclosure

37. The issuer must disclose (a) the climate-related qualitative and quantitative targets it has established to monitor progress toward achieving their strategic objectives; and (b) any targets that the issuer is required to meet under laws or regulations, including any greenhouse gas emission targets. The issuer must disclose the following for each target:
- (a) Indicators used to set the target;
 - (b) the purpose of the target (e.g., mitigation, adaptation, or science-based initiatives);
 - (c) the scope of application of the target (e.g., whether the target applies to the issuer's entire group or only to a portion of it, such as a specific business unit or geographic region);
 - (d) The applicable period of the target;
 - (e) The reference period for measuring progress;
 - (f) Milestones or interim goals (if any);
 - (g) In the case of quantitative target, whether it is an absolute target or intensity target; and
 - (h) How the latest international climate change protocol (including the legal obligations arising from it) helps the issuer set the target.
38. The issuer shall disclose the methods used to set and review each target, as well as how it monitors progress toward achieving those targets, including:
- (a) Whether the targets and the methods used to set them have been verified by a third party;
 - (b) Procedures of the issuer for reviewing the targets;
 - (c) indicators used to monitor progress toward achieving targets; and
 - (d) The content and rationale for any amendments to the targets
39. The issuer must disclose information regarding its performance against each climate-related target, as well as an analysis of trends or changes in its performance.

Addressing Climate Change

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Part D: Climate-related Disclosure

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| 40. | For each greenhouse gas emission target disclosed in paragraphs 37 through 39, the issuer must disclose:
(a) Which greenhouse gases are covered by the target;
(b) Whether the target covers Scope 1, Scope 2, or Scope 3 greenhouse gas emissions;
(c) Is this target a total greenhouse gas emission target or a net greenhouse gas emission target? If the target is for net greenhouse gas emission, the issuer must also disclose the corresponding total greenhouse gas emission target;
(d) whether the target is derived using industry-specific decarbonization methods; and
(e) The issuer plans to use carbon credits to offset greenhouse gas emissions in order to achieve any net greenhouse gas emission targets. With respect to plans to use carbon credits, the issuer must disclose: (i) the extent and manner in which it relies on the use of carbon credits to achieve any net greenhouse gas emission reduction targets; (ii) the third-party schemes under which such carbon credits will be verified or certified; (iii) the type of carbon credits, including whether the relevant offsets are based on nature-based or technology-based carbon removal, and whether the relevant offsets are achieved through carbon reduction or carbon removal; and (iv) any other material factors necessary to understand the credibility and integrity of the carbon credits the issuer intends to use (e.g., assumptions regarding the effectiveness of carbon offsets). | Addressing Climate Change |
| 41. | When preparing disclosures to comply with the requirements set forth in paragraphs 21 through 26 and 37 through 38, the issuer must refer to (i) cross-industry indicators (see paragraphs 28 through 35) and (ii) industry indicators (see paragraph 36) and consider their applicability. | Implement a reasonable data exemption |

Independent Auditor's Report



TO THE SHAREHOLDERS OF CHINA HARMONY AUTO HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Harmony Auto Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 134 to 259, which comprise the consolidated statement of financial position as at 31 December 2025; the consolidated statement of profit or loss and other comprehensive income for the year then ended; the consolidated statement of changes in equity for the year then ended; the consolidated statement of cash flows for the year then ended; and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

Estimation of rebates

Refer to note 23 to the consolidated financial statements.

The Group enter into various rebate arrangements with automobile manufacturers. Rebate arrangements vary between different automobile manufacturers and principally comprise of volume based purchase rebates and sales rebates for certain specific car models, performance rebates and other specific rebates.

Volume based purchase rebates and sales rebates are usually granted by the vendors if certain purchase or sales targets are met.

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

In addition, other specific rebates are granted to the Group, which include, but are not limited to regional annual awards.

The amount of rebate entitlement depends on the terms of the relevant agreements and management's assessment of whether the underlying conditions have been satisfied as at year end.

The Group recognises vendor rebates on an accrual basis based on the terms of the supplier contracts. As at 31 December 2025, the rebate receivables recognised in the consolidated statement of financial position amounted to approximately RMB1,197,467,000.

We identified recognition of vendor rebates as a key audit matter because the balance is significant and the determination of the amount receivable involves judgement and estimation.

Independent Auditor's Report

Our audit procedures included, among others:

- obtained an understanding of the design and implementation of management's key internal controls in relation to the recognition of vendor rebates;
- assessed the accounting treatment in respect of the recognition of vendor rebates by inspecting the terms and conditions of vendor rebate arrangements for all automobile manufacturers with reference to the requirements under prevailing accounting standards;
- selected samples of vendor rebates recognised and settled during the year and compared the recognised rebate amount with credit notes issued by the vendors or bank payment slips;
- for vendor rebate receivables at the reporting date, performed recalculations of the receivable amounts, on a sample basis, based on the terms of the underlying vendor rebate arrangements and relevant inputs, including sales and purchase volume data, rebate rates and other specific criteria as set out in the respective vendor rebate arrangements;
- evaluated, on a sample basis, the above relevant inputs used to calculate vendor rebates by comparing the inputs with relevant underlying documentation; and
- for vendor rebate receivables at the previous financial reporting date, performed retrospective review by assessing the subsequent settlement, on a sample basis, in the current year.

Based on the procedures performed, we consider that management's estimation of vendor rebates is reasonable and supported by underlying agreements, historical trends and available evidence.

Impairment assessment of property, plant and equipment and right-of-use assets

Refer to notes 12 and 13 to the consolidated financial statements

As at 31 December 2025, the Group's net carrying amount of property, plant and equipment ("**PPE**") and Right-of-use assets ("**ROU**") were approximately RMB3,155,037,000 and RMB1,614,225,000 respectively. Management assesses related assets for potential impairment whenever there are indications that the carrying value of an asset or a group of assets may not be recoverable. As at 31 December 2025, management performed impairment assessment on PPE and ROU with impairment indications at the level of cash generating unit ("**CGU**") to which the PPE and ROU were allocated using the discounted cash flow model. The discounted cash flows model used for the impairment assessment of PPE and ROU involved significant assumptions including revenue growth rate and discount rate. Based on the impairment test, impairment losses on PPE of approximately RMB155,501,000 and ROU of approximately RMB32,699,000 were recognised for the year ended 31 December 2025.

We focused on auditing the impairment assessment of PPE and ROU because the carrying amount of PPE and ROU as at 31 December 2025 were significant, and the estimation of recoverable amount of PPE and ROU were subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of PPE and ROU are considered significant due to the complexity of the model and subjectivity of significant assumptions used. Therefore, we identified impairment assessment of PPE and ROU as key audit matters.

Independent Auditor's Report

Our audit procedures included, among others:

- Obtained an understanding of the management's internal control and assessment process of recoverable amounts of PPE and ROU and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
- Evaluated and tested the key controls over the impairment assessment of PPE and ROU, including controls over the development of model and significant assumptions used in the impairment test.
- Evaluated the appropriateness of identification of CGUs at which level the impairment assessment was performed.
- Evaluated the reasonableness of the significant assumptions of the revenue growth rate applied by management by comparing the management forecast prices against the historical and present market prices, taking into account the published forecast prices.
- Evaluated the appropriateness of the model that the management used, and the reasonableness of the significant assumptions including the discount rate.
- Tested the completeness, accuracy and relevancy of the underlying data used and the mathematical accuracy of the calculations in the model.

Based on our work, we found that the result of management's impairment assessment of PPE and ROU were supported by the evidence we obtained.

OTHER INFORMATION

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

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

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

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

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

Beijing Xinghua Caplegend CPA Limited

Certified Public Accountants

Yeung Chun Wa

Practising Certificate Number P08421

Hong Kong, 31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	20,026,877	15,617,447
Cost of sales and services		(18,849,003)	(14,917,715)
GROSS PROFIT		1,177,874	699,732
Other income and gains, net	6	274,035	580,687
Impairment loss on advances to and interest receivable from Independent Aftersales Company ("IAC")	7	(57,243)	(139,585)
Selling and distribution expenses		(1,290,971)	(905,257)
Administrative expenses		(568,385)	(375,145)
OPERATING LOSS		(464,690)	(139,568)
Finance costs	7(a)	(249,314)	(174,573)
Share of losses of joint ventures		(211)	(3)
Share of losses of associates		—	(3)
LOSS BEFORE TAX		(714,215)	(314,147)
Income tax (expense)/credit	8	(9,353)	28,412
LOSS FOR THE YEAR	7	(723,568)	(285,735)
Other comprehensive loss after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		—	(45,000)
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(7,936)	(12,976)
Other comprehensive loss for the year, net of tax		(7,936)	(57,976)
Total comprehensive loss for the year		(731,504)	(343,711)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

Notes	2025 RMB'000	2024 RMB'000
(Loss)/profit for the year attributable to:		
Owners of the Company	(634,991)	(291,070)
Non-controlling interests	(88,577)	5,335
	(723,568)	(285,735)
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(634,984)	(349,046)
Non-controlling interests	(96,520)	5,335
	(731,504)	(343,711)
Loss per share attributable to owners of the Company		
11		
Basic (RMB)	(0.42)	(0.20)
Diluted (RMB)	(0.42)	(0.20)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction to the accompanying notes. The notes on pages 142 to 259 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,155,037	3,266,348
Right-of-use assets	13	1,614,225	1,265,128
Intangible assets	14	130,591	136,196
Goodwill	15	197,569	195,778
Prepayments, other receivables and other assets	23	2,495	7,392
Finance lease receivables	16	212,054	184,038
Investments in joint ventures	17	1,929	2,140
Investments in associates	18	—	—
Financial assets at fair value through other comprehensive income	19	30,791	31,669
Deferred tax assets	20	152,352	135,141
Total non-current assets		5,497,043	5,223,830
CURRENT ASSETS			
Finance lease receivables	16	145,606	174,280
Inventories	21	2,351,926	1,921,892
Trade receivables	22	388,198	285,972
Prepayments, other receivables and other assets	23	2,568,800	3,203,840
Financial assets at fair value through profit or loss ("FVTPL")	24	2,167	2,957
Pledged and restricted bank deposits	25	333,077	313,845
Cash in transit	26	55,409	12,715
Cash and bank balances	27	1,561,759	1,107,974
Total current assets		7,406,942	7,023,475
CURRENT LIABILITIES			
Bank loans and other borrowings	28	4,039,529	3,418,985
Trade and bills payables	29	759,528	855,245
Contract liabilities	30	531,340	879,282
Other payables and accruals	30	634,806	444,559
Lease liabilities	31	313,090	195,251
Income tax payable		11,248	10,435
Total current liabilities		6,289,541	5,803,757
NET CURRENT ASSETS		1,117,401	1,219,718

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		6,614,444	6,443,548
NON-CURRENT LIABILITIES			
Lease liabilities	31	1,373,800	1,128,522
Convertible notes at FVTPL	32	122,060	—
Deferred tax liabilities	20	64,220	61,790
Total non-current liabilities		1,560,080	1,190,312
NET ASSETS		5,054,364	5,253,236
EQUITY			
Equity attributable to owners of the Company			
Share capital	34	12,083	12,083
Reserves	35	4,797,726	5,161,643
		4,809,809	5,173,726
Non-controlling interests		244,555	79,510
TOTAL EQUITY		5,054,364	5,253,236

The above consolidated statement of financial position should be read in conjunction to the accompanying notes.

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Liu Fenglei
Director

Feng Shaolun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the parent												Non-controlling interests	Total equity
	Shares held		Share premium	Capital reserve	Statutory reserve	Merger reserve	Fair value change reserve	Share option reserve	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests		
	Share capital	under share award plan												
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024	12,097	(101,390)	2,458,513	1,635	331,363	371,200	(109,045)	98,456	8,678	2,500,792	5,572,299	92,868	5,665,167	
(Loss)/profit for the year	—	—	—	—	—	—	—	—	—	(291,070)	(291,070)	5,335	(285,735)	
Other comprehensive income														
(loss)/income for the year														
Fair value changes of finance assets at fair value through other comprehensive income	—	—	—	—	—	—	(45,000)	—	—	—	(45,000)	—	(45,000)	
Exchange differences related to foreign operations	—	—	—	—	—	—	—	—	(12,976)	—	(12,976)	—	(12,976)	
Total comprehensive loss for the year	—	—	—	—	—	—	(45,000)	—	(12,976)	(291,070)	(349,046)	5,335	(343,711)	
Shares cancelled (Note 34)	(14)	6,186	(5,998)	—	—	—	—	—	—	—	174	—	174	
Final 2023 dividend declared and paid	—	—	(49,701)	—	—	—	—	—	—	—	(49,701)	—	(49,701)	
Dividend declared to NCI	—	—	—	—	—	—	—	—	—	—	—	(18,693)	(18,693)	
Transfer from retained profits	—	—	—	—	9,249	—	—	—	—	(9,249)	—	—	—	
At 31 December 2024	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	(4,298)	2,200,473	5,173,726	79,510	5,253,236	
At 1 January 2025	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	(4,298)	2,200,473	5,173,726	79,510	5,253,236	
Profit for the year	—	—	—	—	—	—	—	—	—	(634,991)	(634,991)	(88,577)	(723,568)	
Other comprehensive income for the year														
Exchange differences related to foreign operations	—	—	—	—	—	—	—	—	7	—	7	(7,943)	(7,936)	
Total comprehensive loss for the year	—	—	—	—	—	—	—	—	7	(634,991)	(634,984)	(96,520)	(731,504)	
Changes in ownership interests in a subsidiary without loss of control (Note 46(b))	—	—	—	271,067	—	—	—	—	—	—	271,067	265,189	536,256	
Capital contribution from non-controlling shareholder of a subsidiary (Note 46(c))	—	—	—	—	—	—	—	—	—	—	—	2,690	2,690	
Dividend declared to NCI	—	—	—	—	—	—	—	—	—	—	—	(6,314)	(6,314)	
Transfer from retained profits	—	—	—	—	1,076	—	—	—	—	(1,076)	—	—	—	
At 31 December 2025	12,083	(95,204)	2,402,814	272,702	341,688	371,200	(154,045)	98,456	(4,291)	1,564,406	4,809,809	244,555	5,054,364	

The above consolidated statement of changes in equity should be read in conjunction to the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Loss before tax	(714,215)	(314,147)
Adjustments for:		
Finance costs	249,314	174,573
Share of result of joint ventures and associates	211	6
Interest income	(9,867)	(50,525)
Depreciation charge of property, plant and equipment	191,077	185,217
Depreciation charge of right-of-use assets	343,595	192,231
Amortisation of intangible assets	8,104	7,487
Loss on disposals of property, plant and equipment	28,585	16,026
Written off of intangible assets	10	—
Written off of property, plant and equipment	176,942	805
Impairment loss on property, plant and equipment	155,501	8,513
Impairment loss on right-of-use assets	32,699	—
Fair value loss on financial assets at FVTPL	790	909
Provision for inventories obsolescence	26,891	10,323
Impairment loss on advances to and interest receivable from IAC	57,243	139,585
Gain on early termination of lease	—	(24,739)
Fair value loss on convertible notes at FVTPL	42,060	—
Operating cash flows before working capital changes	588,940	346,264
Change in pledged and restricted bank deposits	(19,232)	184,946
Change in cash in transit	(42,694)	4,541
Change in trade receivables	(102,226)	(32,548)
Change in prepayment, other receivables and other assets	111,688	39,960
Change in prepayment to suppliers	451,223	(517,161)
Change in inventories	(425,975)	(409,500)
Change in finance lease receivables	658	84,461
Change in trade and bills payables	(95,717)	(174,663)
Change in contract liabilities	(347,942)	374,760
Change in other payables and accruals	168,117	79,616
Cash generated from operations	286,840	(19,324)
Income taxes paid	(23,208)	(84,814)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Net cash generated from/(used in) operating activities	263,632	104,138
Cash flows from investing activities		
Interest received	9,867	14,518
Purchases of property, plant and equipment	(572,141)	(610,857)
Proceeds from disposal of property, plant and equipment	194,202	146,029
Purchase of intangible assets	(1,104)	(1,661)
Loan repayment from IAC	45,500	—
Decrease in time deposits	90,000	1,082
Purchases of investment at FVTPL	—	(3,866)
Change in equity investment at fair value through other comprehensive income	—	(31,669)
Acquisition of subsidiaries	(20,733)	(137,355)
Net cash used in investing activities	(252,653)	(623,779)
Cash flows from financing activities		
Capital contribution from non-controlling shareholder of a subsidiary	2,690	—
Changes in ownership interests in a subsidiary without loss of control	286,256	—
Bank loans and other borrowings raised	17,528,995	10,113,725
Repayment of bank loans and other borrowings	(16,725,642)	(8,866,937)
Dividends paid	—	(49,701)
Dividends paid to a non-controlling shareholder	(6,314)	(18,693)
Repayment of lease liabilities	(367,309)	(193,214)
Change in convertible notes at FVTPL	80,000	—
Lease interests paid	(78,029)	(62,706)
Interest paid	(171,285)	(111,867)
Net cash generated from financing activities	549,362	810,607

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net decrease in cash and cash equivalents	560,341	82,690
Effect of foreign exchange rate changes, net	(16,556)	(21,827)
Cash and cash equivalents at 1 January	657,974	597,111
Cash and cash equivalents at 31 December	1,201,759	657,974
Analysis of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated statement of cash flows	1,201,759	657,974
Non-pledged time deposits with original maturity of more than three months when acquired	360,000	450,000
Cash and bank balances as stated in the consolidated statement of financial position	1,561,759	1,107,974

The above consolidated statement of cash flows should be read in conjunction to the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1 GENERAL INFORMATION

China Harmony Auto Holding Limited (the “**Company**”) was incorporated on 24 September 2012 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 June 2013 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the sale of automobiles and provision of after-sales services in Mainland China, Hong Kong and Overseas.

In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company of the Company is JTC Private Trust (Cayman) Limited (previously known as Cititrust Private Trust (Cayman) Limited), which is incorporated in the Cayman Islands (“**Cayman Islands**”). Eagle Seeker Company Limited is wholly owned by Eagle Pioneer Company Limited. Accordingly, Eagle Pioneer Company Limited is deemed to have interest in the shares held by Eagle Seeker Company Limited. Eagle Pioneer Company Limited is wholly owned by JTC Private Trust (Cayman) Limited. Accordingly, JTC Private Trust (Cayman) Limited is deemed to have interest indirectly through Eagle Seeker Company Limited, in the shares held by Mr. Feng Changge (the Chairman and a director of the Company, and the controlling shareholder of the Company, the “**Controlling Shareholder**”), who is the founder of the trust of JTC Private Trust (Cayman) Limited.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 31 March 2026.

2 ADOPTION OF NEW OR AMENDED HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

(i) Changes in accounting policies

The Group has applied the following amendments to HKFRSs Accounting Standards issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability

The adoption of new or amended HKFRSs has no material impact on the Group’s results, financial position and accounting policies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2 ADOPTION OF NEW OR AMENDED HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES (CONTINUED)

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
Amendments to HKAS 21, Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2 ADOPTION OF NEW OR AMENDED HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES (CONTINUED)

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025 (Continued)

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

b. Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except financial assets and financial liabilities which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

Certain comparative figures have been regrouped to conform with the current year's presentation of the consolidated financial statements.

c. Subsidiaries and non-controlling interests

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Subsidiaries and non-controlling interests (Continued)

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(k)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

d. Associates and joint ventures

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

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs.

Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 3(k)(i)).

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

In the company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 3(k)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 3(k)).

f. Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 47(e). These investments are subsequently accounted for as follows, depending on their classification.

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

Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 3(u)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) Equity investments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

h. Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Property, plant and equipment (Continued)

The estimated useful lives for the current and comparative periods are as follows:

Category	Estimated useful lives	Estimated residual values
Buildings	10–40 years	5%
Leasehold improvements	Over the shorter of terms of the leases terms and 20 years	5%
Plant and machinery	5–10 years	5%
Furniture and fixtures	3–10 years	5%
Motor vehicles	4–10 years	5%

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents buildings, plant and machinery under construction or pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

i. Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

i. Intangible assets (other than goodwill) (Continued)

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Category	Estimated useful life
Customer relationships	15 years
Dealership agreements	10–40 years
Software	5 years
Others	10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

j. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

j. Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Category	Estimated useful life
Leasehold land	20 to 30 years
Plant and machinery	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

j. Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The group recognises a loss allowance for expected credit losses (“**ECL**”)s on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables; and
- finance lease receivables.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Credit losses and impairment of assets (Continued)

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

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Credit losses and impairment of assets (Continued)

- (i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Simplified approach (Continued)

For lease receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

- (ii) Impairment of other non-current assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

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

l. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is attributable to specific items of inventory as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price in the ordinary course less the estimated costs to be incurred to completion and sale.

m. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

n. Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 3(k)(i)).

Insurance reimbursement is recognised and measured in accordance with note 3(t).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use. Cash and cash equivalents are assessed for ECL (see note 3(k)(i)).

p. Trade and other payables

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

q. Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 3(x).

r. Employee benefits

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

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

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The group has the LSP under the Hong Kong Employment Ordinance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

r. Employee benefits (Continued)

(ii) Defined benefit plan obligations (Continued)

The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Defined contribution retirement plan

Contributions to PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(iv) Share-based payments

The Group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

s. Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

s. Income tax (Continued)

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

In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

t. Provisions and contingent liabilities

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

u. Revenue and other income

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

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue from contracts with customers and recognises revenue on a gross basis. In determine whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Controls refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

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

(a) *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) *Rendering of services*

For the rendering of services, the control is transferred overtime and therefore, the performance obligation is satisfied and revenue is recognised over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (ii) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

u. Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(b) Rendering of services (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

(b) Commission income

Commission income is recognised at point in time when the services have been rendered.

(c) Government grants

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

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

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

u. Revenue and other income (Continued)

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

(d) Rental income from operating leases

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

v. Vendor rebates

Volume-related vendor rebates are recognised as a deduction from cost of sales on an accrual basis based on the expected entitlement earned up to the reporting date for each relevant supplier contract.

Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

w. Translation of foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(b) Transactions and balances in each entity's financial statements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

w. Translation of foreign currencies (Continued)

(b) Transactions and balances in each entity's financial statements (Continued)

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognised in OCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

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

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

x. Borrowing costs

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

y. Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

y. Asset acquisition (Continued)

When a Group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

z. Related parties

A related party is a person or entity that is related to the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

z. Related parties (Continued)

(B) (Continued)

- (vi) The entity is controlled or jointly controlled by a person identified in (A)
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

aa. Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

bb. Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expenses item, it is recognised as income on a systematic basis over the periods that the costs which it is intended to compensate, are expensed.

cc. Convertible notes at FVTPL

The Group has designated the convertible notes at FVTPL upon initial recognition in accordance with HKFRS 9. The convertible notes contain an embedded conversion option denominated in a currency different from the functional currency of the Company. The designation eliminates an accounting mismatch that would otherwise arise from separately accounting for the embedded derivative.

Convertible notes are initially recognised at fair value on the date of issuance. Subsequent to the initial recognition, the convertible notes are re-measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss, except for changes attributable to the Group's own credit risk, which are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

cc. Convertible notes at FVTPL (Continued)

Transaction costs are expensed as incurred.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Critical accounting judgements in applying the Group's accounting policies (Continued)

(ii) Consolidation of entities in which the Group holds less than a majority of equity interest

The Group considers that it controls iCar Group Limited ("**iCar**") and its subsidiaries (collectively, the "**iCar Group**") even though it owns 49.5001% of the equity interest and holds less than a majority of the direct voting rights. This judgement is based on the fact that the Group has entered into an irrevocable voting proxy agreement with Epower Global Limited ("**EGL**"), which holds a 40.5% equity interest in iCar. Pursuant to this agreement, EGL has authorised the Group to exercise all of its voting rights at the shareholders' meetings of iCar.

Consequently, the Group controls 90.0001% of the total voting power over iCar. Furthermore, the Group maintains majority representation on the board of directors of iCar. Management has assessed that the Group possesses the practical ability to unilaterally direct the relevant activities of the iCar Group, is exposed to variable returns from its involvement, and has the ability to use its power to affect those returns. Accordingly, the Group continues to account for iCar as a subsidiary and consolidates its financial results.

(iii) Classification and designation of convertible notes

The Group has exercised significant judgement in determining the appropriate accounting classification of the convertible notes issued during the year. The convertible notes contain a conversion feature denominated in United States dollars ("**USD**"), which is different from the functional currency of the issuer. Accordingly, the conversion feature does not meet the "fixed-for-fixed" criterion under HKAS 32 and is not classified as an equity component.

Management has determined that the convertible notes should be classified as financial liabilities and designated at fair value through profit or loss upon initial recognition in accordance with HKFRS 9, as this eliminates accounting mismatches and appropriately reflects the nature of the instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(a) Estimated rebate receivables

As described in note 3(v), the Group receives incentive rebates from suppliers from time to time depending on the policies of the manufacturers. The amount of incentive rebates given by a manufacturer for a given period is generally determined with reference to the Group's purchase volume, sales volume, customer satisfaction and other performance indicators set by the manufacturer with respect to that period. The Group accrues incentive rebates based on management's best estimates and judgements as of the relevant reporting date while the actual amount of the incentive rebates is determined by the manufacturers after the end of the reporting period. These estimates and judgements involve, among other factors, the estimated results of assessment by the manufacturers for the Group's performance in various aspects during the reporting period. When the actual rebates received by the Group differ from the estimated amount, adjustment will be made and recognised in the period in which such event takes place.

(b) Impairment of trade and other receivables

As described in note 3(k), the Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (Continued)

(c) Impairment of tangible and intangible assets (other than goodwill)

As described in note 3(i), the Group assesses whether there are any indicators of impairment for all tangible and intangible assets at the end of each reporting period. Tangible and intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Property, plant and equipment and depreciation

As described in note 3(h), the Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(e) Impairment of goodwill

As described in note 3(e), determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was approximately RMB197,569,000 (2024: RMB195,778,000) that no impairment loss was recognised during 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (Continued)

(f) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

(g) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets was approximately RMB152,352,000 (2024: RMB135,141,000) as at 31 December 2025. The amount of unrecognised tax losses at 31 December 2025 was approximately RMB218,103,000 (2024: RMB721,895,000). Further details are contained in note 20 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 REVENUE AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

The Group's principal business is the sale of automobiles and provision of after-sales services.

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The CODM has been identified as the Board of Directors. Information reported to the CODM does not contain discrete financial information for different business activities and the CODM reviews the Group's financial performance on a consolidated basis. Accordingly, the Group has determined that it operates in one single reportable operating segment.

For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services. No operating segments have been aggregated to form the above reportable operating segment.

(i) Information about geographical area

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

The geographical location of customers is based on the location where the goods were delivered or services were provided, while the geographical location of non-current assets is based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Mainland China	11,452,080	13,828,956	3,414,661	4,075,953
Hong Kong and Overseas	8,574,797	1,788,491	2,082,382	1,147,877
	20,026,877	15,617,447	5,497,043	5,223,830

(ii) Information about major customers

For the years ended 31 December 2025 and 2024, no revenue derived from transactions with a single customer represent 10% or more of the Group's total revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Revenue

(i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Disaggregated by major products or service lines</i>		
— Revenue from the sale of automobiles and others	17,895,990	13,373,660
— Provision of after-sales services	2,098,772	2,200,713
<i>Revenue from other sources</i>		
— Finance leasing services	32,115	43,074
	20,026,877	15,617,447

(ii) Revenue recognised and expected to be recognised from contracts with customers

During the year ended 31 December 2025, the Group recognised revenue of RMB812,360,000 (2024: RMB503,200,000) that was previously included in contract liabilities at the beginning of the year. This amount comprises revenue from both the sale of automobiles and others and provision of after-sales services, which were initially received in advance from customers and recognised as revenue when the relevant performance obligations were satisfied during the year.

During the year, the Group received advance payments from customers and recognised new contract liabilities amounting to RMB464,418,000 (2024: RMB846,906,000), which are primarily related to new sales contracts and after-sales service agreements entered into during the year.

The Group expects to recognise the remaining contract liabilities as revenue over the next 12 to 36 months, depending on the timing of satisfaction of performance obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5 REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Revenue (Continued)

- (ii) Revenue recognised and expected to be recognised from contracts with customers (Continued)

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

- (iii) Disaggregation of revenue from contracts with customers

Type of goods or services	2025 RMB'000	2024 RMB'000
— Sale of automobiles and others	17,895,990	13,373,660
— Provision of after-sales services	2,098,772	2,200,713
Total revenue from contracts with customers	19,994,762	15,574,373

Timing of revenue recognition	2025 RMB'000	2024 RMB'000
— Goods received by the customer at a point in time	17,895,990	13,373,660
— Services rendered at a point in time	2,098,772	2,200,713
Total revenue from contracts with customers	19,994,762	15,574,373

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6 OTHER INCOME AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Commission income	447,860	472,772
Interest income from advances to IAC (note 1)	—	33,339
Advertisement support received from motor vehicle manufacturers	28,798	28,143
Interest income from loans to third parties	—	2,668
Bank interest income	9,867	14,518
Government grants (note 2)	3,877	3,469
Rental income	9,832	3,844
Loss on disposals of property, plant and equipment	(28,585)	(16,026)
Loss on written off of property, plant and equipment arising from store closures	(176,942)	(805)
Foreign exchange loss	(11,660)	(3,732)
Penalty income	2,974	1,083
Sale of second hand automobiles and others	28,231	34,892
Fair value loss from financial assets at FVTPL	(814)	(909)
Fair value loss on convertible notes at FVTPL	(42,060)	—
Donation	(5,404)	—
Others	8,061	7,431
	274,035	580,687

Notes:

- Advances to IAC are measured at amortised cost. As these advances have been past due for a prolonged period, the Group considers the balances to be credit-impaired (Stage 3) and has recognized a corresponding partial impairment loss. In accordance with HKFRS 9, for financial assets that are credit-impaired at the reporting date, interest income is calculated by applying the effective interest rate to the net carrying amount. Given that the future interest cash flows are assessed by management as unrecoverable, no interest income has been recognized in the consolidated statement of profit or loss for the year ended 31 December 2025.
- Government grants include various subsidies received by the Company's subsidiaries from relevant government bodies. There are no unfulfilled conditions or contingencies related to these grants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7 LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2025 RMB'000	2024 RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	175,705	114,593
Interest on convertible notes at FVTPL	1,184	—
Leases interests	78,029	62,706
	254,918	177,299
Less: Interest capitalised	(5,604)	(2,726)
	249,314	174,573
(b) Staff costs including directors' emoluments		
Wages and salaries	631,981	441,705
Contributions to defined contribution retirement plan and other defined benefit plans	67,202	50,929
Other welfare	23,623	22,614
	722,806	515,248
(c) Other items		
Amortisation cost of intangible assets (note 14)	8,104	7,487
Auditor's remuneration		
— Audit services	6,500	4,000
— Non-audit services	300	300
Bank charges	17,325	8,463
Cost of sales and services:		
Cost of sales of automobiles	17,401,323	13,456,049
Cost of aftersales services (note i)	1,447,680	1,461,666
	18,849,003	14,917,715
Depreciation charge of property, plant and equipment (note 12)	191,077	185,217
Depreciation charge of right-of-use assets (note 13)	343,595	192,231
Provision of impairment loss on property, plant and equipment (note 12)	155,501	8,513
Provision of impairment loss on right-of-use assets (note 13)	32,699	—
Impairment loss on advances to and interest receivable from IAC	57,243	139,585

Note:

- (i) The employee benefit expenses of RMB100,313,000 (2024: RMB156,068,000) were included in the cost of aftersales services.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8 INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current Mainland China corporate income tax		
Provision for the year	13,873	11,435
Current tax — Overseas		
Provision for the year	10,261	1,943
Deferred tax (<i>note 20</i>)	(14,781)	(41,790)
	9,353	(28,412)

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Mainland China subsidiaries is 25% (2024: 25%).

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the British Virgin Islands (“**BVI**”) are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax. For the year ended 31 December 2025 and 2024, one designated subsidiary of the Group incorporated in Hong Kong is eligible for the two-tiered profits tax rates regime, under which the first HK\$2,000,000 of estimated assessable profits is taxed at 8.25%, and the remaining estimated assessable profits are taxed at the standard rate of 16.5%.

The subsidiaries incorporated in Cambodia are subject to Tax on Income. For the years ended 31 December 2025 and 2024, the applicable Tax on Income rate for the Group's subsidiaries in Cambodia is 20% of estimated assessable profits. Under the Cambodia tax regulations, companies are generally subject to a Minimum Tax at 1% of annual turnover (inclusive of all taxes except VAT) if it is higher than the Corporate Income Tax payable, unless an exemption has been obtained from the General Department of Taxation.

The subsidiaries incorporated in Indonesia are subject to Indonesia Corporate Income Tax. For the years ended 31 December 2025 and 2024, the standard Corporate Income Tax rate is 22%. According to Article 31E of the Indonesia Income Tax Law, certain subsidiaries with an annual gross turnover of not more than IDR 50 billion are entitled to a 50% reduction in the standard tax rate on the portion of the taxable income up to IDR 4.8 billion.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8 INCOME TAX EXPENSES (CONTINUED)

The subsidiaries of the Group incorporated in other jurisdictions are subject to income tax in accordance with the relevant tax laws and regulations of the respective countries. Provision for income tax has been calculated based on the estimated taxable profits arising in those jurisdictions for the year ended 31 December 2025 and 2024, where applicable.

The Group is within the scope of the OECD Pillar Two model rules, and it applies the HKAS12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The group will incur top-up taxes due to the Pillar Two Legislation that became effective 1 January 2025. Under the legislation, the group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion effective tax rate in each jurisdiction and the 15% minimum rate.

The Group has estimated that the effective tax rates exceed 15% in all jurisdictions in which it operates. Consequently, the group is not subject to any top-up tax, and no related current income tax expense has been recognised for the year.

Reconciliation between tax expense/(credit) and accounting loss at the applicable tax rate:

	2025 RMB'000	2024 RMB'000
Loss before tax	(714,215)	(314,147)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	(182,613)	(64,619)
Losses attributable to joint ventures and associates	53	2
Income not subject to tax	(1,297)	(19,592)
Tax effect of non-deductible expenses	122,396	41,232
Tax losses and temporary difference not recognised	84,577	41,378
Tax losses utilised from previous periods	(13,763)	(26,813)
Total income tax expenses/(credit)	9,353	(28,412)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments of each director were as follows:

	Fees RMB'000	Salaries allowance and other benefits RMB'000	2025 Equity- settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Feng Changge	–	1,450	–	–	1,450
Mr. Feng Shaolun	–	1,417	–	115	1,532
Ms. Ma Lintao	–	1,588	–	–	1,588
Mr. Liu Fenglei	–	612	–	51	663
Mr. Cheng Junqiang	–	496	–	51	547
	–	5,563	–	217	5,780
Independent non-executive directors					
Mr. LAU Kwok Fan	264	–	–	–	264
Mr. WANG Nengguang	264	–	–	–	264
Mr. Sung Ka Woon	264	–	–	–	264
	792	–	–	–	792
	792	5,563	–	217	6,572

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

	Fees RMB'000	Salaries allowance and other benefits RMB'000	2024	Pension scheme contributions RMB'000	Total RMB'000
			Equity- settled share option expense RMB'000		
Executive directors					
Mr. Feng Changge	—	2,118	—	—	2,118
Mr. Feng Shaolun	—	1,701	—	100	1,801
Ms. Ma Lintao	—	1,873	—	12	1,885
Mr. Liu Fenglei	—	631	—	48	679
Mr. Cheng Junqiang	—	427	—	48	475
	—	6,750	—	208	6,958
Independent non-executive directors					
Mr. Chan Ying Lung (<i>note a</i>)	69	—	—	—	69
Mr. LAU Kwok Fan	276	—	—	—	276
Mr. WANG Nengguang	277	—	—	—	277
Mr. Sung Ka Woon	277	—	—	—	277
	899	—	—	—	899
	899	6,750	—	208	7,857

(a) Mr. Chan Ying Lung was resigned as the executive director of the Company with effect from 3 June 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration for the financial years ended 31 December 2025 and 2024, and there was no emoluments paid by the Group to any of the directors or the chief executive officer as inducement to join or upon joining the Group, or as compensation for loss of office for the financial years ended 31 December 2025 and 2024.

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities, subsisted at the end of the year or at any time for the financial years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the financial years ended 31 December 2025 and 2024.

No termination benefits were paid for the director who resigned for the financial years ended 31 December 2025 and 2024.

The Company did not provide any consideration to third parties for making available directors' services for the financial years ended 31 December 2025 and 2024.

The five highest paid individuals in the Group during the year included three (2024: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2024: two) individuals for the year ended 31 December 2025 are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and other benefits	2,055	3,098
Pension scheme contributions	36	96
	2,091	3,194

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$2,000,001 to HK\$2,500,000	—	1

During the year ended 31 December 2025, no emoluments were paid by the Group to any of the five highest paid individuals who are not a Director or the chief executive officer of the Company as inducement to join or upon joining the Group, or as compensation of loss of office.

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For the year ended 31 December 2025

9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

In 2019, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 39 to the consolidated financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the year ended 31 December 2025 and 2024 is included in the above non-director's and non-chief executive's remuneration disclosures.

10 DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final — Nil (2024: Nil) per ordinary share	—	—

The Board does not recommend the payment of any dividends for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11 LOSS PER SHARE

The calculation of the basic loss per share attributable to ordinary equity holders of the parent is based on the loss for the year attributable to the owners of the company and the weighted average number of ordinary shares in issue during the year. The number of shares for the current year has been arrived at after eliminating the restricted shares of the Company held under the share award scheme.

Diluted loss per share were the same as the basic loss per share for the year ended 31 December 2025 and 2024 as the share award scheme and share option scheme of the Company have an anti-dilutive effect on the basic loss per share and are ignored in the calculation of diluted loss per share (2024: same).

The Group also has convertible notes issued by iCar Group Limited, a subsidiary of the Company during the year ended 31 December 2025, which are convertible into ordinary shares of that subsidiary. For the year ended 31 December 2025, these convertible notes were not included in the calculation of diluted loss per share as their assumed conversion would have had an anti-dilutive effect on the basic loss per share attributable to the owners of the parent.

	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	634,991	291,070
Number of shares:		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	1,523,264,677	1,486,521,962

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2024	2,178,291	756,081	290,587	153,801	411,918	97,243	3,887,921
Additions	36,270	9,818	18,998	14,023	256,203	363,180	698,492
Transfers	209,788	69,929	—	—	—	(279,717)	—
Arising on acquisition of business (note 46a)	—	56,319	—	—	—	—	56,319
Disposals and Written off	(14,902)	—	(8,034)	(7,590)	(205,054)	—	(235,580)
Exchange realignment	4,152	2,865	313	193	766	1,162	9,451
At 31 December 2024 and 1 January 2025	2,413,599	895,012	301,864	160,427	463,833	181,868	4,416,603
Additions	30,850	153,222	47,949	39,762	292,920	42,515	607,218
Transfers	101,274	77,293	—	—	—	(178,567)	—
Arising on acquisition of subsidiaries (note 46c)	—	16,305	—	25	620	—	16,950
Disposals and Written off	(5,154)	(187,514)	(82,994)	(8,413)	(277,433)	—	(561,508)
Exchange realignment	5,887	3,575	1,006	645	1,745	467	13,325
At 31 December 2025	2,546,456	957,893	267,825	192,446	481,685	46,283	4,492,588

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment							
At 1 January 2024	450,875	239,068	168,243	102,555	68,954	—	1,029,695
Charge for the year	60,808	28,341	24,628	16,691	54,749	—	185,217
Disposals and Written off	(14,097)	—	(7,927)	(7,697)	(43,804)	—	(73,525)
Impairment	—	8,513	—	—	—	—	8,513
Exchange realignment	198	52	70	25	10	—	355
At 31 December 2024 and 1 January 2025	497,784	275,974	185,014	111,574	79,909	—	1,150,255
Charge for the year	68,164	31,957	24,259	12,396	54,301	—	191,077
Disposals and Written off	(1,063)	(22,438)	(78,818)	(4,814)	(54,646)	—	(161,779)
Impairment	107,275	48,226	—	—	—	—	155,501
Exchange realignment	1,115	1,131	58	48	145	—	2,497
At 31 December 2025	673,275	334,850	130,513	119,204	79,709	—	1,337,551
Carrying amount							
At 31 December 2025	1,873,181	623,043	137,312	73,242	401,976	46,283	3,155,037
At 31 December 2024	1,915,815	619,038	116,850	48,853	383,924	181,868	3,266,348

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For the year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) At 31 December 2025, certain of the Group's buildings with an aggregate net book value of RMB10,751,000 (2024: RMB12,007,000) were pledged as security for the Group's bank and other borrowings (note 28).
- (b) The Group has yet to obtain property ownership certificates for certain buildings with an aggregate net book value of RMB1,725,654,000 (2024: RMB1,888,020,000) as at 31 December 2025. The directors are of the opinion that the Group is in the process to obtain the relevant certificates and does not expect any legal obstacles.
- (c) Depreciation expenses of RMB133,754,000 (2024: RMB125,694,000) and RMB57,323,000 (2024: RMB59,523,000) have been charged to cost of sales and administrative expense.
- (d) During the year ended 31 December 2025, the Group recognized a written-off loss of RMB176,942,000 (2024: RMB805,000) in Other income and gains, net (note 6). This loss was primarily attributable to the strategic closure of underperforming 4S stores in Mainland China, resulting in the full derecognition of leasehold improvements and specific equipment that were no longer recoverable.
- (e) Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group mainly operates 4S stores with lease terms ranging from 2 to 20 years. Management regards each individual 4S store as a separately identifiable CGU and performs impairment assessments by considering the recoverable amount of such assets at 4S store level.

During the year ended 31 December 2025, the Group identified certain active 4S stores that experienced persistent operating losses and underperformance compared to original budgets. These indicators were primarily triggered by intensified market competition in the automobile retail industry and a shift in consumer demand. Based on the impairment assessment, an impairment loss of RMB155,501,000 (2024: RMB8,513,000) was recognized for 6 specific 4S stores (comprising of 5 stores in Mainland China and 1 store in Thailand) whose recoverable amounts were lower than their carrying amounts.

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (e) Impairment of property, plant and equipment, intangible assets and right-of-use assets (Continued)

The recoverable amounts of these CGUs are determined based on value-in-use (“VIU”) calculations which cover the remaining useful life or lease term of the assets. The key assumptions and inputs used in the VIU calculations are as follows:

Key Assumptions	2025 RMB'000	2024 RMB'000
Budgeted period	5 years	5 years
Revenue growth rate	2% to 5%	0% to 6%
Terminal growth rate	3%	3%
Pre-tax discount rate (China)	14.30% to 14.33%	14.00%
Pre-tax discount rate (Thailand)	13.68%	N/A

The decrease in the projected revenue growth rate reflects management’s cautious outlook on the domestic automobile market and increased pricing pressure. The pre-tax discount rate used for Mainland China CGUs increased from 14.30% to 14.33% to reflect the current market risk premium and the specific risks associated with the industry volatility. For the CGU in Thailand, a specific pre-tax discount rate of 13.68% was applied to reflect the local risk-free rate and economic environment.

Impairment provision of RMB108,851,000 (2024: RMB5,959,000) and RMB46,650,000 (2024: RMB2,554,000) have been charged to cost of sales and administrative expense.

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13 RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 31 December:		
Right-of-use assets		
Land use rights	160,293	176,949
Land and buildings	1,453,932	1,088,179
	1,614,225	1,265,128
Lease commitments of short-term leases	265	389
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
Less than 1 year	391,593	265,848
Between 1 and 2 years	310,828	197,960
Between 2 and 5 years	702,290	592,701
Over 5 years	680,450	638,208
	2,085,161	1,694,717
Depreciation charge of right-of-use assets		
Land use rights	30,919	30,008
Land and buildings	312,676	162,223
	343,595	192,231
Lease interests	78,029	62,706
Expenses related to short-term leases	1,001	1,313
Provision of impairment loss on right of use asset	32,699	—
Income from subleasing right-of-use assets	9,832	3,844
Total cash outflow for leases	368,310	257,233
Additions to right-of-use assets	725,391	659,166

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13 RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases various land use rights and land and buildings. Lease agreements are typically made for fixed periods of 2 to 49 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Group's land use rights of approximately RMB5,331,000 (2024: RMB5,453,000) were pledged as security for the Group's bank loans and other borrowings as at 31 December 2025 (note 28).

14 INTANGIBLE ASSETS

	Club membership RMB'000	Customer relationships RMB'000	Dealership agreements RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
Cost						
At 1 January 2024	13,633	17,223	123,861	27,693	1,136	183,546
Additions	—	—	—	1,639	22	1,661
Exchange realignment	257	—	—	249	—	506
At 31 December 2024 and 1 January 2025	13,890	17,223	123,861	29,581	1,158	185,713
Additions	—	—	—	1,049	55	1,104
Arising on acquisition of subsidiaries (note 46c)	—	—	1,006	—	—	1,006
Written off	—	—	—	(794)	—	(794)
Exchange realignment	424	—	6	51	—	481
At 31 December 2025	14,314	17,223	124,873	29,887	1,213	187,510
Amortisation and impairment						
At 1 January 2024	1,363	4,697	18,920	16,553	410	41,943
Charge for the year	—	821	3,235	3,403	28	7,487
Exchange realignment	40	—	—	47	—	87
At 31 December 2025 and 1 January 2024	1,403	5,518	22,155	20,003	438	49,517
Charge for the year	250	821	3,235	3,524	274	8,104
Written back	—	—	—	(784)	—	(784)
Exchange realignment	59	—	1	22	—	82
At 31 December 2025	1,712	6,339	25,391	22,765	712	56,919
Carrying amount						
At 31 December 2025	12,602	10,884	99,482	7,122	501	130,591
At 31 December 2024	12,487	11,705	101,706	9,578	720	136,196

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For the year ended 31 December 2025

15 GOODWILL

	<i>RMB'000</i>
Cost	
At 1 January 2024	149,993
Arising on acquisition of subsidiaries (<i>note 46(a)</i>)	45,785
At 31 December 2024 and 1 January 2025	195,778
Arising on acquisition of subsidiaries (<i>note 46(c)</i>)	1,791
At 31 December 2025	197,569
Carrying amount	
At 31 December 2025	197,569
At 31 December 2024	195,778

Impairment testing of goodwill

Having considered the impacts of macroeconomic environment changes, the intense competition in the automobile dealership industry and the recent development in customer demand observed in the Chinese automobile market, the Group's management performed an impairment assessment to determine the recoverable amounts of the cash generated units (CGUs) containing goodwill as at 31 December 2025. Based on the management's assessment result, the Group does not recognize any impairment loss of goodwill during the year ended 31 December 2025 and 2024. Any adverse change in the assumptions used in the calculation of recoverable amount may result in impairment losses.

The recoverable amounts of these CGUs have been determined based on the higher of their fair value less costs to sell and value in use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated growth rate of 3% which is consistent with the forecasts included in industry reports.

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For the year ended 31 December 2025

15 GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Key assumptions used in the value-in-use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, and (iii) discount rate.

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

Inputs	2026	2027	2028-2030
Annual revenue growth rate	0%–3%	1%–3%	2%–3%
Gross profit margin	3.0%–5.5%	3.0%–5.5%	3.0%–5.5%

The key assumptions are estimated by the management with reference to the actual and historical financial performance achieved in 2025 and the expected market growth trend for different brands and different stores. There have been no changes in the valuation method used compared with those adopted in the year ended 31 December 2024.

The pre-tax discount rates applied to the impairment test were 14.33% which reflected current market assessment of the time value of money and the risk specific to these CGUs.

As at 31 December 2025, the Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amounts of the CGUs containing goodwill. The cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated growth rate of 3%, which is consistent with the forecasts included in industry reports. The pre-tax discount rates applied are 14.33%. Based on the management's assessment result, there was no impairment of goodwill as at 31 December 2025 and 2024.

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16 FINANCE LEASE RECEIVABLES

Certain motor vehicles of the Group are leased out under finance leases. All interest rates in the leases are fixed at the contract date over the lease terms.

At 31 December 2025, the future minimum lease receivables under finance lease and their present value were as follows:

	Lease payments		Present value of lease payments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Less than 1 year	162,766	194,745	145,606	174,280
Between 1 and 2 years	110,203	117,393	94,998	101,370
Between 2 and 3 years	77,855	57,349	65,466	47,412
Between 3 and 4 years	45,782	32,664	37,568	26,286
Between 4 and 5 years	17,336	11,537	14,022	8,970
	413,942	413,688		
Less: Unearned finance income	(56,282)	(55,370)		
Present value of lease payments	357,660	358,318	357,660	358,318
Less: Amount within 12 months (shown under current assets)			(145,606)	(174,280)
Amount receivable after 12 months			212,054	184,038

Disclosures of finance lease-related items:

Year ended 31 December:

	2025 RMB'000	2024 RMB'000
Selling profit for finance leases	31,855	42,575
Significant changes in net investment in the leases		
— Increase due to new leases	219,353	206,131
— Decrease due to repayments	220,010	290,593

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17 INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Unlisted investments in the PRC:		
Share of net assets	1,929	2,140

河南和諧富騰互聯網加智能電動汽車企業管理有限公司 (Henan Harmony Futeng Internet and Intelligent Electric Vehicle Corporate Management Company Limited) (“**Futeng Corporate Management Company**”), and 河南和諧富騰互聯網加智能電動汽車新能源合夥企業(有限合夥) (Henan Harmony Futeng Internet and Intelligent Electric Vehicle Corporate New Energy Partnership (Limited Partnership)) (“**Henan Harmony Futeng LP**”) are joint ventures of the Group and are considered to be related parties of the Group.

These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint ventures.

(a) Particulars of the joint ventures as at 31 December 2025 and 2024 are as follows:

Name	Place of establishment/ registration	Paid-in/ issued capital	Percentage of Ownership interest/Voting power/Profit sharing	Principal activities
Futeng Corporate Management Company	Zhengzhou, the PRC	RMB20,000,000	40.0%	Technological development and sale of electric vehicles; corporate management consulting
Henan Harmony Futeng LP	Zhengzhou, the PRC	RMB302,500,000	39.2%	Technological development and sale of electric vehicles; corporate management consulting

The above investments are indirectly held by the Company.

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17 INVESTMENTS IN JOINT VENTURES (CONTINUED)

- (a) **Particulars of the joint ventures as at 31 December 2025 and 2024 are as follows: (Continued)**

The Group has discontinued the recognition of its share of losses of a joint venture, Henan Harmony Futeng LP, because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively, are as follows:

	2025 RMB'000	2024 RMB'000
Unrecognised share of losses of a joint venture	211	5
Accumulated unrecognised share of losses of a joint venture	42,937	42,726

- (b) **The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method.**

	2025 RMB'000	2024 RMB'000
At 31 December:		
Carrying amounts of interests	1,929	2,140
Year ended 31 December:		
Loss from continuing operations	(211)	(3)
Total comprehensive loss	(211)	(3)

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18 INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Unlisted investments in the PRC:		
Share of net assets	—	—

鄭州永達和諧汽車銷售服務有限公司 (Zhengzhou Yongda Hexie Automobile Sales & Services Co., Ltd.) ("**Yongda Hexie**") and 浙江愛車互聯網智能電動車有限公司 (Zhejiang Aiche Internet Intelligent Electric Vehicle Company Limited) ("**Aiche Company**") are associates of the Group and are considered to be related parties of the Group.

(a) Particulars of the associates are as follows:

Name	Place of establishment/ registration	Paid-in/ issued capital	Percentage of Ownership interest/		Principal activities
			Voting power/ Profit sharing		
Yongda Hexie	Zhengzhou, the PRC	RMB20,000,000	30%		Sale and service of motor vehicles
Aiche Company	Shangyu, the PRC	RMB456,500,000	33.7%		Technological development and sale of electric vehicles

The Group has discontinued the recognition of its share of losses of an associate, Aiche Company, because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses of this associate for the year and cumulatively, are as follows:

	2025 RMB'000	2024 RMB'000
Unrecognised share of losses of an associate	—	—
Accumulated unrecognised share of losses of an associate	55,902	55,902

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18 INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) **Particulars of the associates are as follows: (Continued)**

The Group has discontinued the recognition of its share of losses of an associate, Yongda Hexie, because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses of this associate for the year and cumulatively, are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 31 December: Carrying amounts of interests	—	3
At 31 December: Loss from continuing operations	14,721	3
Total comprehensive loss	14,721	3
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unrecognised share of losses of an associate	4,961	5,166
Accumulated unrecognised share of losses of an associate	10,127	5,166

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity securities, at fair value		
Unlisted equity investment, at fair value	30,791	31,669
Analysed as:		
Non-current assets	30,791	31,669

Note:

The unlisted equity investment as at 31 December 2024 and 2025 was investments in a private company incorporated in USA. The Company was a principally engaged in development and produce metal-hydrogen batteries for large-scale energy storage which use in electricity car.

The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

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20 DEFERRED TAX

Deferred income tax assets/(liabilities) are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Deferred tax assets	152,352	135,141
Deferred tax liabilities	(64,220)	(61,790)
	88,132	73,351

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

Deferred tax assets

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

	Losses available for offsetting against future taxable profits	Accruals	Lease Liabilities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	9,239	9,955	236,084	47,927	303,205
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	58,836	(559)	87,083	(9,495)	135,865
At 31 December 2024	68,075	9,396	323,167	38,432	439,070
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	17,514	504	101,744	(5,146)	114,616
At 31 December 2025	85,589	9,900	424,911	33,286	553,686

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20 DEFERRED TAX (CONTINUED)

Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Right of use assets	Fair value adjustments arising from acquisition of subsidiaries (Restated)	Capitalised interest expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	216,028	29,318	26,298	271,644
Deferred tax credited to the consolidated statement of profit or loss during the year	95,281	(1,162)	(44)	94,075
At 31 December 2024	311,309	28,156	26,254	365,719
Arising on acquisition of subsidiaries (note 46c)	–	113	–	113
Deferred tax credited to the consolidated statement of profit or loss during the year	100,649	(1,589)	662	99,722
At 31 December 2025	411,958	26,680	26,916	465,554

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The applicable rate of the Group is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

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20 DEFERRED TAX (CONTINUED)

Deferred tax liabilities (Continued)

At the end of the reporting period the Group has unused tax losses arising in Mainland China of RMB303,692,000 (2024: RMB811,643,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB85,589,000 (2024: RMB89,748,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB218,103,000 (2024: RMB721,895,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB136,438,000 (2024: RMB502,250,741) that will expire in 5 years.

21 INVENTORIES

	2025 RMB'000	2024 RMB'000
Automobiles	1,975,109	1,710,662
Spare parts and accessories	376,817	211,230
	2,351,926	1,921,892

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

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	18,243,029	14,687,699
Write down of inventories	37,214	10,323
Reversal of write-down of inventories	(10,323)	—
	18,269,920	14,698,022

The write-down of inventories made in the year and prior years arose due to an decrease in the estimated net realisable value of certain automobiles as a result of a change in consumer preferences.

- (b) At 31 December 2025, certain of the Group's inventories with an aggregate carrying amount of approximately RMB1,508,680,000 (2024: RMB799,406,000) were pledged as security for the Group's bank loans and other borrowings (note 28).
- (c) At 31 December 2025, certain of the Group's inventories with an aggregate carrying amount of approximately RMB294,028,000 (2024: RMB125,167,000) were pledged as security for the Group's bills payables (note 29).

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22 TRADE RECEIVABLES

	2025 RMB'000	2024 <i>RMB'000</i>
Trade receivables	388,198	285,972

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over the trade receivable balances. Trade receivables are non-interest-bearing.

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 3 months	314,027	266,712
3 to 6 months	57,807	17,386
7 to 12 months	10,388	1,791
Over 12 months	5,976	83
	388,198	285,972

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22 TRADE RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current RMB'000	Less than 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Total RMB'000
At 31 December 2025					
Trade receivables					
Weighted average expected loss rate	*	*	*	*	
Receivable amount	314,027	68,195	5,877	99	388,198
Loss allowance	—	—	—	—	—
At 31 December 2024					
Trade receivables					
Weighted average expected loss rate	*	*	*	*	
Receivable amount	266,712	19,177	83	—	285,972
Loss allowance	—	—	—	—	—

* close to zero

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23 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for purchase of items of property, plant and equipment	2,495	7,392
Prepayments to suppliers	417,449	868,672
Rebate receivables	1,197,467	1,344,096
Commission receivables	78,076	162,856
Advances to and interest receivable from IAC (note a)	819,203	864,703
VAT recoverable	283,986	250,802
Others	542,225	425,074
	3,340,901	3,923,595
Less: Provision on impairment loss of advances to and interest receivable from IAC (note b)	(769,606)	(712,363)
	2,571,295	3,211,232
Less: Amount due for settlement after 12 months (shows in Non-current Assets)	(2,495)	(7,392)
Amount due for settlement after 12 months	2,568,800	3,203,840

Notes:

- (a) As of 31 December 2025, the Group had advances balance due from IAC, with an amount of RMB819,203,000 (2024: RMB864,703,000), of which RMB720,919,000 (2024: RMB766,419,000) is unsecured, interest-bearing of 4.35%, and has no fixed repayment terms and RMB98,284,000 (2024: RMB98,284,000) is unsecured, non-interest bearing and has no fixed repayment terms.

During the year, a principal amount of RMB45,500,000 was repaid by the IAC.

- (b) An expected credit loss of approximately RMB769,606,000 (2024: RMB712,363,000) was recognised on the advances to and interest receivable from IAC. As the IAC suffered cashflow issues from the impact of the epidemic, it failed to pay interest and repay the defaulted principal on time during the year ended 31 December 2025.

Except for the balance listed in note a, the financial assets included in the above balances relate to receivables for which there was no recent history of default.

The information about the credit risk exposure on the Group's other receivables and other assets using a provision matrix was disclosed in note 47 to the consolidated financial statements.

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24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	2,167	2,957

The above listed equity investments at 31 December 2025 were classified as financial assets at fair value through profit or loss as they were held for trading.

25 PLEDGED AND RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Deposits pledged	240,918	266,155
Restricted bank deposits	92,159	47,690
	333,077	313,845

Included in pledged and restricted bank deposits are balances denominated in RMB amounting to RMB244,057,000 (2024: RMB313,845,000). The remaining balances are denominated in other currencies.

26 CASH IN TRANSIT

	2025 RMB'000	2024 RMB'000
Cash in transit	55,409	12,715

Cash in transit represents sales proceeds settled by credit cards, third-party electronic payment platforms, and cross-border bank remittances, which had yet to be credited to the Group's bank accounts by the banks or relevant payment service providers by the year end.

As at 31 December 2025, the balance mainly included cross-border bank remittances in transit amounting to approximately RMB34,480,000, which were subsequently settled in 5 January 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27 CASH AND BANK BALANCES

	2025 RMB'000	2024 <i>RMB'000</i>
Cash at banks and on hand	1,201,759	657,974
Time deposits	360,000	450,000
	1,561,759	1,107,974

The Group's cash and cash equivalents at each reporting date are denominated in the following currencies:

	2025 RMB'000	2024 <i>RMB'000</i>
RMB	906,881	833,124
Australian Dollar	61,983	—
British Pound	37,170	3,096
Euro	78,901	15,931
HK\$	213,350	59,438
Indonesian Ruble	21,253	77,101
Japanese Yen	1,588	1,432
Korean Won	131	1,082
Malaysian Ringgit	3,069	4,118
Philippine Peso	11,943	2,159
Singapore Dollar	24,025	39,072
Swiss Franc	13,366	—
Thai Baht	90,190	69,407
US\$	86,180	1,866
Vietnamese Dong	3,675	15
Other currency	8,054	133
	1,561,759	1,107,974

As at 31 December 2025, bank and cash balances of approximately RMB906,881,000 (2024: RMB833,124,000) are denominated in RMB. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

All the bank loans, other borrowings and loan from a related party are repayable on demand or within one year.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The bank borrowings are repayable as follows:		
On demand or within one year	2,456,672	1,943,783
The other borrowings are repayable as follows:		
On demand or within one year	1,582,857	1,225,202
The loan from a related party are repayable as follows:		
On demand or within one year	—	250,000
	4,039,529	3,418,985
Less: Amount due for settlement within 12 months (shown under current liabilities)	(4,039,529)	(3,418,985)
Amount due for settlement after 12 months	—	—

The effective interest rates per annum at 31 December were ranging as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans	3.2%–6.5%	3.5%–6.0%
Other borrowings	1.0%–8.0%	1.9%–7.25%
Loan from a related party	N/A	4.0%

Notes:

- (a) Certain of the Group's bank loans and other borrowings are secured by:
- (i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying value of approximately RMB5,331,000 (2024: RMB5,453,000) as at 31 December 2025;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (a) (Continued)
- (ii) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB10,751,000 (2024: RMB12,007,000) as at 31 December 2025;
 - (iii) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB1,508,680,000 (2024: RMB799,406,000) as at 31 December 2025; and
- (b) Certain of the Group's bank loans and other borrowings are guaranteed by:
- (i) certain of the Group's bank loans and other borrowings amounting to RMB560,173,000 (2024: RMB589,539,000) were guaranteed by the Company or the Group's subsidiaries as at 31 December 2025;
 - (ii) in addition to the mortgages mentioned above, certain of the Group's bank loans amounting to RMB975,998,000 (2024: RMB1,411,507,000) were guaranteed by (i) by the Company or the Group's subsidiaries and (ii) the legal representative of certain subsidiaries of the Company and his spouse as at 31 December 2025.
- (c) On 26 May 2023 and 16 June 2023, the Group entered into two short-term loan agreements with a related company, Harmony Industrial Company Limited. The controlling shareholder of Harmony Industrial Company Limited is Mr. Feng Changege, who serves as the Company's Chairman, Director, and controlling shareholder. Pursuant to the agreements, the total principal of RMB250,000,000, at a fixed interest rate of 4.2%, is unsecured and has been matured in 2024.

In connection with the Group's disposal of the iCar Group during the year, the Company and the lender agreed that the outstanding principal of RMB250,000,000 would be designated to form part of the final consideration for the transaction. Accordingly, the settlement of this loan balance is to be offset against the transaction proceeds of the transaction upon its completion. Further information please refer to note 46(b).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

(d) The currency of the borrowing principal in as follow:

	2025	2024
	RMB'000	RMB'000
RMB	1,699,810	2,884,102
Australian Dollar	180,178	—
British Pound	142,434	—
Euro	132,026	—
HK\$	1,045,937	397,446
Indonesian Rupiah	272,115	87,500
Japanese Yen	2,550	2,388
Malaysian Ringgit	39,306	—
Singapore Dollar	51,424	10,862
South Korean Won	32,978	—
Swiss Franc	12,282	—
Thai Baht	130,120	24,107
US\$	293,495	12,580
Vietnamese Dong	4,874	—
	4,039,529	3,418,985

Notes to the Consolidated Financial Statements

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29 TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	136,106	262,632
Bills payable	623,422	592,613
	759,528	855,245

As of the end of the reporting period, the aging analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	727,717	792,998
3 to 6 months	16,810	51,308
6 to 12 months	15,001	10,939
	759,528	855,245

The trade and bills payables are non-interest-bearing.

Certain of the Group's bills payables are secured by mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB294,028,000 (2024: RMB125,167,000) as at 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30 OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Contract liabilities (note a)	531,340	879,282
Payables for purchase of items of property, plant and equipment	36,408	23,178
Staff payroll and welfare payables	53,491	49,619
Other payables (note b)	544,907	371,762
	634,806	444,559

Notes:

(a) Details of contract liabilities as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Short-term advances received from customers		
— Sales of automobiles and others	433,807	715,129
— Provision of after-sales services	97,533	164,153
	531,340	879,282

The following table shows the amounts of revenue recognised in the current Reporting Period that were included in the contract liabilities at the beginning of the Reporting Period:

	2025 RMB'000	2024 RMB'000
Sale of automobiles and others	715,129	416,074
Provision of after-sales services	97,231	87,126
	812,360	503,200

(b) Other payables are unsecured, non-interest-bearing and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31 LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Within one year	391,593	265,848	313,090	195,251
In the second to fifth years, inclusive	1,013,118	790,661	819,260	614,467
After five years	680,450	638,208	554,540	514,055
	2,085,161	1,694,717		
Less: Future finance charges	(398,271)	(370,944)		
Present value of lease liabilities	1,686,890	1,323,773	1,686,890	1,323,773
Less: Amount due for settlement within 12 months (shown under current liabilities)			(313,090)	(195,251)
Amount due for settlement after 12 months			1,373,800	1,128,522

At 31 December 2025, the average effective borrowing rate were 4.6% to 6% (2024: 6%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

32 CONVERTIBLE NOTES AT FVTPL

As mentioned in note 46(b), on 18 August 2025, the Group undertook a series of capital restructuring and financing transaction in respect of its subsidiary, iCar Group Limited (the "iCar"), pursuant to which shareholder's loans with an aggregate carrying amount of RMB177,777,777 were converted into two tranches of convertible notes of two-year maturity period with 4.0% interest rate per annum (the "Convertible Notes"). Upon completion of the transaction, 55% interest of the Convertible Notes are held by the Group with principal amount of RMB97,777,777 and 45% of the counterparty in proportion to their respective equity interests in iCar with principal amount of RMB80,000,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32 CONVERTIBLE NOTES AT FVTPL (CONTINUED)

The principal terms of the Convertible Notes are summarised as follows:

Conversion

Subject to the terms and conditions of the Convertible Notes, the holders have the right to convert all or part of the outstanding principal amount together with accrued but unpaid interest into ordinary shares of the issuer at any time after six months from the Issue Date up to the Maturity Date (the “**Conversion Period**”).

The conversion price is US\$1.0 per share, subject to customary adjustments in accordance with the terms of the Convertible Notes. The number of shares to be issued upon conversion is determined based on the amount of the principal and accrued interest being converted divided by the applicable conversion price.

Redemption at maturity

Unless previously converted, the Convertible Notes shall be redeemed by the issuer at the Maturity Date at their outstanding principal amount together with accrued but unpaid interest. The Convertible Notes are unsecured and rank pari passu with other unsecured obligations of the issuer.

In addition, the holders have undertaken that any exercise of conversion rights shall be made proportionately such that their respective equity interests in the issuer remain unchanged.

The Group measures the Convertible Notes on a fair value basis and does not bifurcate any embedded derivatives from the host instruments and designates the entire instrument as financial liabilities at fair value through profit or loss with the changes in the fair value recognized in the consolidated income statement.

The fair value of the Convertible Notes was determined using the Binomial Lattice Model using the following inputs as at 31 December 2025:

	31 December 2025
Expected volatility	46.14%
Risk-free rate	1.326%
Discount rate	13.28%

The movement of the Convertible Notes is set out as below:

	RMB'000
As of 1 January 2025	—
Newly grant of the Convertible Notes	80,000
Change in fair value of the Convertible Notes for the year included in profit or loss	42,060
As of 31 December 2025	122,060

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33 EMPLOYEE RETIREMENT BENEFITS

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contribution is available to reduce the contribution payable in future years.

34 SHARE CAPITAL

	2025		2024	
	Number of shares at HK\$0.01 each	Equivalent to RMB'000	Number of shares at HK\$0.01 each	Equivalent to RMB'000
Ordinary shares	1,523,264,677	12,083	1,523,264,677	12,083

	Number of issued and fully paid shares	Nominal value of shares HK\$'000	Share premium HK\$'000	Equivalent nominal value of shares RMB'000	Equivalent share premium RMB'000
At 1 January 2024	1,524,725,177	15,248	3,654,668	12,097	2,458,513
Final 2023 dividend declared	—	—	(56,401)	—	(49,701)
Shares cancelled (<i>note</i>)	(1,460,500)	(15)	(6,807)	(14)	(5,998)
At 31 December 2024, 1 January 2025, and 31 December 2025	1,523,264,677	15,233	3,591,460	12,083	2,402,814

Note:

During 2024, the Company cancelled 1,460,500 of its ordinary shares that was purchased in 2023 of its ordinary shares on the Hong Kong Stock Exchange at a total consideration of HK\$6,532,000 (equivalent to RMB6,012,000). The nominal value of the cancelled shares of the HK\$15,000 (equivalent to RMB14,000) was reduced from share capital and the premium on cancelled shares of HK\$6,517,000 (equivalent to RMB5,998,000) in total, were debited to the share premium account of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35 RESERVES

(a) Group

The amounts of the Group's share premium and reserves and movements therein are presented in the consolidated statement of profit or loss, and other comprehensive income and consolidated statement of changes in equity.

(b) Company

Details of movements in the Company's reserves are as follows:

	Shares held under share award plan <i>RMB'000</i>	Share premium <i>RMB'000</i>	Share option reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	(Accumulated losses)/Profit for the year <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	(101,390)	2,458,513	98,456	292,455	(449,068)	2,298,966
Final 2023 dividend declared	—	(49,701)	—	—	—	(49,701)
Total comprehensive loss for the year	—	—	—	84,726	(167,331)	(82,605)
Shares repurchased and cancelled	6,186	(5,998)	—	—	—	188
At 31 December 2024 and 1 January 2025	(95,204)	2,402,814	98,456	377,181	(616,399)	2,166,848
Total comprehensive (loss)/profit for the year	—	—	—	(79,396)	54,714	(24,682)
At 31 December 2025	(95,204)	2,402,814	98,456	297,785	(561,685)	2,142,166

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35 RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(ii) Share option reserve

The share option payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

(iii) Statutory reserve

Pursuant to the relevant PRC rules and regulations, these PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 1 to the financial statements are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iv) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the Company.

(v) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the iCar Group are set out below:

As at 31 December,	Percentage of equity interest held by		Percentage of voting rights held by	
	2025	2024	2025	2024
The Group	49.5001%	100%	90.0001%	100%
EGL	40.5000%	N/A	0%*	N/A
Golden Link Worldwide Limited	9.9999%	N/A	9.9999%	N/A
	100.0%	100%	100.0%	100%

* As at 31 December 2025, the non-controlling interests of iCar Group Limited (“iCar”) hold in aggregate 50.4999% of the equity interest. However, pursuant to an irrevocable voting proxy agreement entered into between the Group and EGL (a non-controlling shareholder holding 40.5% equity interest in iCar), the Group is authorised to exercise all voting rights attached to the 40.5% equity interest. Consequently, the non-controlling interests only command 9.9999% of the voting rights at the shareholders’ meetings of iCar.

Accumulated balances of non-controlling interests at the reporting date:

	2025 RMB’000	2024 RMB’000
— iCar Group Limited	228,164	N/A

Notes to the Consolidated Financial Statements

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36 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	iCar Group 2025 RMB'000
Revenue	8,574,797
Loss for the year	(219,579)
Total comprehensive income for the year	(219,579)
Current assets	2,896,586
Non-current assets	2,082,382
Current liabilities	(3,937,844)
Non-current liabilities	(658,897)

37 RSU SCHEME

The Company's RSU Scheme was approved and adopted by the then shareholder on 20 May 2013 for the primary purpose of attracting skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The terms of the RSU Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme does not involve the grant of options by the Company to subscribe for new shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37 RSU SCHEME (CONTINUED)

Under the RSU Scheme, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the Group during the respective vesting periods. A participant in the RSU Scheme (the “**RSU Participant**”) does not have any contingent interest in any shares underlying an RSU award unless and until such shares are actually transferred to the RSU Participant. Further, an RSU Participant may not exercise voting rights in respect of the shares underlying their RSU awards and, unless otherwise specified by the board of directors of the Company in its entire discretion in the RSU grant letter to the RSU Participant, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any shares underlying an RSU award.

On 28 May 2013, RSU awards in respect of an aggregate of 19,110,898 shares, representing approximately 1.75% of the total shares issued on the date of the listing of the Company’s shares, had been granted, at nil consideration, to 18 RSU Participants pursuant to the RSU Scheme, of which five of the RSU Participants are directors. All RSU awards granted pursuant to the RSU Scheme to the RSU Participants have a vesting period of four years as follows: 10% on 2 January 2014, 30% on 2 January 2015, 30% on 2 January 2016 and 30% on 2 January 2017. Each RSU award granted pursuant to the RSU Scheme has the same terms and conditions. The grant and vesting of the RSU awards granted pursuant to the RSU Scheme are in compliance with Rule 10.08 of the Listing Rules.

On 27 August 2013, each of the five directors of the RSU Participants agreed to, and as confirmed and approved by the board of directors, reduce the RSU awards granted to them by 62,000 units each. The aggregate amount of the RSU awards so reduced (i.e. 310,000 RSU awards) were granted to an employee of the Company. As a result of the foregoing, the total number of RSU awards granted under the RSU Scheme remained unchanged.

Pursuant to a resolution passed by the board of directors on 27 August 2013 and as confirmed by each of the RSU Participants, the vesting period in respect of the RSU awards granted is extended from four years to five years as follows: 10% on 2 January 2014, 10% on 30 June 2014, 20% on 2 January 2015, 20% on 2 January 2016, 20% on 2 January 2017 and 20% on 2 January 2018. Other than the adjustments in the number of shares underlying the RSU awards granted to certain RSU Participants as described in the previous paragraph and the duration of the vesting period, the terms of the RSU Scheme remained unchanged.

For the year ended 31 December 2018, a total of 4,755,215 RSU awards were forfeited due to the resignation of certain RSU Participants and 14,355,683 RSU awards were exercised. For the year ended 31 December 2025 and 2024, the Company did not granted any RSU awards and was outstanding under the RSU Scheme.

Notes to the Consolidated Financial Statements

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38 SHARE AWARD PLAN

On 28 February 2019, a share award plan (the “**Share Award Plan**”) was approved and adopted by the then shareholder, which is a replacement alternative incentive scheme to the RSU Scheme and the appointment of Acheson Limited (the “**Trustee**”) as the trustee of the Share Award Plan. The purposes of the Share Award Plan are to (i) incentivize, recognize and reward employees, directors (whether executive or non-executive, but excluding independent non-executive Directors) and officers of the Group for their contribution to the Group; (ii) attract and retain personnel to promote the long-term growth and development of the Group; and (iii) align the interests of selected person (the “**Selected Person**”) who has accepted an offer of an award (the “**Award**”) of Shares by the Board to a Selected Person pursuant to the Share Award Plan in accordance with the Share Award Plan Rules (the “**Award Holders**”) with that of the shareholders to promote the long-term financial performance of the Company.

A selection committee (the “**Selection Committee**”) with its members from time to time appointed by the board of directors (the “**Board**”) may, from time to time and at its sole discretion, select any eligible Person to participate in the Share Award Plan and determine the number of Shares to be awarded based on the selection criteria adopted by the Board from time to time. Upon receiving the list of selected persons (the “**Selected Persons**”) submitted by the Selection Committee, the remuneration committee of the Company (the “**Remuneration Committee**”) will decide whether to approve and recommend to the Board or reject any of the selections made by the Selection Committee but will not change the number of shares determined by the Selection Committee to be awarded to each Selected Person. The Board will then decide whether to approve or reject the recommendations made by the Remuneration Committee but will not change the number of Shares determined by the Selection Committee and recommended by the Remuneration Committee to be awarded to each Selected Person. Awards shall be satisfied by shares acquired in the market at prevailing market prices and no new shares will be allotted and issued under the Share Award Plan. The Trustee shall hold the awarded shares and related income on trust for the award holders until the awarded shares and related income are vested in the relevant award holders according to the Share Award Plan rules. Upon vesting, the Trustee shall transfer the vested awarded shares and related income at no cost to such award holders.

The maximum aggregate number of Shares to be acquired by the Trustee under the Share Award Plan is 60,000,000 Shares. The maximum aggregate number of shares and related income (in the form of shares) that the Trustee may hold at any point of time is 30,542,313 Shares, which is subject to adjustment in the event of any subdivision or consolidation of shares. No further shares will be awarded to a Selected Person if the aggregate number of awarded shares underlying all Awards (whether vested or not) granted to such Selected Person under the Share Award Plan will exceed 0.5% of the Shares in issue from time to time.

As at 31 December 2025 and 2024, the Trustee has 29,987,000 shares according to the Share Award Plan. No shares has been granted for the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

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39 SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include employees of the Company and its subsidiaries. The Scheme became effective on 26 June 2015, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue on 26 June 2015. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, an amount of HK\$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on the expiry date of the Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (ii) the average of the closing prices of the Company’s shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share.

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39 SHARE OPTION SCHEME (CONTINUED)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	3.47	42,191	3.47	42,191
Granted during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	—	(42,191)	—	—
At 31 December	—	—	3.47	42,191

No share options was exercised during the year.

Notes to the Consolidated Financial Statements

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39 SHARE OPTION SCHEME (CONTINUED)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

31 December 2024

Number of options '000	Exercise price* HK\$ per share	Exercise period
22,191	3.00	1/7/2017 to 28/6/2025
20,000	4.00	16/2/2020 to 17/12/2025
42,191		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had no share options outstanding under the Scheme (2024: 42,191,000). Accordingly, no additional ordinary shares would be issued under the present capital structure of the Company as at 31 December 2025.

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40 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Convertible notes	Lease liabilities	Bank and other borrowings	Total liabilities from financing activities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	—	931,833	2,181,545	3,113,378
Changes in cash flows	—	(255,920)	1,246,788	990,868
Non-cash changes				
— addition	—	650,308	1,426	651,734
— early termination	—	(67,361)	—	(67,361)
— interest charged	—	62,706	—	62,706
— effect of foreign exchange rate changes, net	—	2,207	(10,774)	(8,567)
At 31 December 2024	—	1,323,773	3,418,985	4,742,758
Changes in cash flows	80,000	(445,338)	803,353	438,015
Non-cash changes				
— addition	—	711,034	—	711,034
— acquisition of a subsidiary	—	14,357	52,782	67,139
— interest charged	—	78,029	—	78,029
— effect of foreign exchange rate changes, net	—	5,035	14,409	19,444
— fair value loss	42,060	—	—	42,060
— convert to part of consideration of the iCar group transaction (<i>note 46(b)</i>)	—	—	(250,000)	(250,000)
At 31 December 2025	122,060	1,686,890	4,039,529	5,848,479

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41 CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment and capital contribution outstanding at each reporting date not provided for in these consolidated financial statements are as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Property, plant and equipment		
— Contracted, but not provided for	121,924	74,968

42 RELATED PARTY TRANSACTIONS

Mr. Feng Changge is the Chairman, the Director and the Controlling Shareholder of the Company and is considered a related party of the Group.

In addition to the transactions detailed mention at note 46(b) and elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

Compensation of key management personnel of the Group

	2025 RMB'000	2024 <i>RMB'000</i>
Short term employee benefits	1,015	1,931
Total compensation paid to key management personnel	1,015	1,931

Further details of directors' and chief executive's emoluments are included in note 9 to the consolidated financial statements.

43 SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 31 December 2025 are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
Directly Owned						
Crystalline Prestige Investments Limited		Tortola, British Virgin Islands 2012	Registered capital US\$500 and paid-in capital 0.01	100	100	Investment holding
Indirectly Owned						
LC Gloricar Investment Limited		Tortola, British Virgin Islands 2011	Registered capital US\$1,000,000 and paid-in capital 10,000	100	100	Investment holding
Ace Manufacturing Holding Limited		Hong Kong, the PRC 2012	Paid-in capital HK\$100	100	100	Investment holding
Doable Future Limited		Hong Kong, the PRC 2011	Paid-in capital HK\$100	100	100	Investment holding
河南和諧汽車貿易有限公司 (Henan Hexie Automobile Trading Co., Ltd.)	4	Zhengzhou, the PRC	Registered and paid-in RMB1,815,000,000	100	100	Investment holding
河南中德寶汽車銷售服務有限公司 (Henan Zhongdebao Automobile Sales & Services Co., Ltd.)	3	Zhengzhou, the PRC	Registered and paid-in RMB42,860,000	100	100	Sale of automobiles and provision of after-sales services
鄭州鄭德寶汽車銷售服務有限公司 (Zhengzhou Zhengdebao Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB40,000,000	100	100	Sale of automobiles and provision of after-sales services
西安華都汽車銷售服務有限公司 (Xi'an Huadu Automobile Sales & Services Co., Ltd.)	2	Xi'an, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
河南英之翼汽車銷售服務有限公司 (Henan Yingzhiyi Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB10,010,000	100	100	Sale of automobiles and provision of after-sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
廣州市廣德寶汽車銷售服務有限公司 (Guangzhou Guangdebao Automobile Sales & Services Co., Ltd.)	2	Guangzhou, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州華鼎汽車銷售服務有限公司 (Zhengzhou Huading Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
上海上德寶駿汽車銷售服務有限公司 (Shanghai Shangdebaojun Automobile Sales & Service Co., Ltd.)	2	Shanghai, the PRC	Registered and paid-in RMB50,000,000	90	90	Sale of automobiles and provision of after-sales services
宜昌路順汽車銷售服務有限公司 (Yichang Lushun Automobile Sales & Services Co., Ltd.)	2	Yichang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
洛陽豫德寶汽車銷售服務有限公司 (Luoyang Yudebao Automobile Sales & Services Co., Ltd.)	2	Luoyang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
南陽宛德寶汽車銷售服務有限公司 (Nanyang Wandebao Automobile Sales & Services Co., Ltd.)	2	Nanyang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州華誠汽車銷售服務有限公司 (Zhengzhou Huacheng Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
安陽安德寶汽車銷售服務有限公司 (Anyang Andebao Automobile Sales & Services Co., Ltd.)	2	Anyang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
開封汴德寶汽車銷售服務有限公司 (Kaifeng Biandebao Automobile Sales & Services Co., Ltd.)	2	Kaifeng, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
北京市華德寶汽車銷售服務有限公司 (Beijing Huadebao Automobile Sales & Services Co., Ltd.)	2	Beijing, the PRC	Registered and paid-in RMB55,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州遠達雷克薩斯汽車銷售服務有限公司 (Zhengzhou Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after-sales services
廈門遠達雷克薩斯汽車銷售服務有限公司 (Xiamen Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Xiamen, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
武漢漢德寶汽車銷售服務有限公司 (Wuhan Handebao Automobile Sales & Services Co., Ltd.)	1	Wuhan, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
武漢華鄭汽車銷售服務有限公司 (Wuhan Huazheng Automobile Sales & Services Co., Ltd.)	2	Wuhan, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
蘇州意駿汽車銷售服務有限公司 (Suzhou Yijun Automobile Sales & Services Co., Ltd.)	2	Suzhou, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after-sales services
新鄉和德寶汽車銷售服務有限公司 (Xinxiang Hedebao Automobile Sales & Services Co., Ltd.)	2	Xinxiang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
北京豪駿行汽車銷售服務有限公司 (Beijing Haojunhang Automobile Sales & Services Co., Ltd.)	1	Beijing, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after-sales services
漯河漢德寶汽車銷售服務有限公司 (Luohe Luodebao Automobile Sales & Services Co., Ltd.)	1	Luohe, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
常州常駿行汽車銷售服務有限公司 (Changzhou Changjunhang Automobile Sales & Services Co., Ltd.)	2	Changzhou, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
無錫龍駿行汽車銷售服務有限公司 (Wuxi Longjunhang Automobile Sales & Services Co., Ltd.)	2	Wuxi, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after-sales services
河南和諧汽車融資租賃有限公司 (Henan Lease Finance Co., Ltd.)	1	Zhengzhou, the PRC	Registered and paid-in \$250,000,000	100	100	Service of finance leases
上海谷卡二手車有限公司 (Shanghai Gocar Pre-owned Automobile Co., Ltd.)	1	Shanghai, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of pre-owned motor vehicles
洛陽遠達雷克薩斯汽車銷售服務有限公司 (Luoyang Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Luoyang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州華德寶汽車銷售服務有限公司 (Zhengzhou Huadebao Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB30,010,000	100	100	Sale of automobiles and provision of after-sales services
邯鄲遠達雷克薩斯汽車銷售服務有限公司 (Handan Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Handan, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
商丘商沃汽車銷售服務有限公司 (Shangqiu Shangwo Automobile Sales & Services Co., Ltd.)	2	Shangqiu, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
商丘商德寶汽車銷售服務有限公司 (Shangqiu Shangdebao Automobile Sales & Services Co., Ltd.)	2	Shangqiu, the PRC	Registered and paid-in RMB10,000,000	90	90	Sale of automobiles and provision of after-sales services
南陽宛沃汽車銷售服務有限公司 (Nanyang Wanwo Automobile Sales & Services Co., Ltd.)	2	Nanyang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
上海君諾汽車服務有限公司 (Shanghai Junnuo Automobile Services Co., Ltd.)	2	Shanghai, the PRC	Registered and paid-in RMB5,000,000	100	100	Sale of automobiles and provision of after- sales services
周口周德寶汽車銷售服務有限公司 (Zhoukou Zhoudebao Automobile Sales & Services Co., Ltd.)	2	Zhoukou, the PRC	Registered and paid-in RMB10,000,000	51	51	Sale of automobiles and provision of after- sales services
焦作遠達雷克薩斯汽車銷售服務有限公司 (Jiaozuo Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Jiaozuo, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after- sales services
鄭州和駿汽車銷售有限公司 (Zhengzhou Hejun Automobile Sales Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after- sales services
鞏義市義德寶汽車銷售服務有限公司 (Gongyi Yidebao Automobile Sales & Services Co., Ltd.)	2	Gongyi, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after- sales services
鄭州賓馳汽車銷售服務有限公司 (Zhengzhou Binchi Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after- sales services
河南和諧汽車控股有限公司 (Henan Hexie Automobile Holding Co., Ltd.)	1	Zhengzhou, the PRC	Registered capital RMB100,000,000	100	100	Investment holding
鄭州鄭沃汽車銷售有限公司 (Zhengzhou Zhengwo Automobile Sales Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after- sales services
信陽市申沃汽車銷售服務有限公司 (Xinyang Shenwo Automobile Sales & Services Co., Ltd.)	1	Xinyang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after- sales services

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For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
廣州市粵駿汽車銷售服務有限公司 (Guangzhou Yuejun Automobile Sales & Services Co., Ltd.)	2	Guangzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州和諧鄭駿汽車銷售有限公司 (Zhengzhou Hexie Zhengjun Automobile Sales Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
漯河濼德奧汽車銷售服務有限公司 (Luohe Luodeao Automobile Sales & Services Co., Ltd.)	2	Luohe, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
新鄉和諧新駿汽車銷售服務有限公司 (Xinxiang Hexie Xinjun Automobile Sales & Services Co., Ltd.)	2	Xinxiang, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
商丘和諧銘駿汽車銷售服務有限公司 (Shangqiu Hexie Mingjun Automobile Sales & Services Co., Ltd.)	1	Shangqiu, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
新鄉遠達雷克薩斯汽車銷售服務有限公司 (Xinxiang Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Xinxiang, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州頤駿行汽車銷售服務有限公司 (Zhengzhou Yijun Automobile Sales & Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
山西賓馳汽車銷售服務有限公司 (Shanxi Bingchi Automobile Sales & Services Co., Ltd.)	2	Shanxi, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
洛陽裕駿汽車銷售服務有限公司 (Luoyang Yujun Automobile Sales & Services Co., Ltd.)	2	Luoyang, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
信陽遠達雷克薩斯汽車銷售服務有限公司 (Xinyang Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Xinyang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after- sales services
北京和諧嘉駿汽車銷售服務有限公司 (Beijing Hexie Jiajun Automobile Sales & Services Co., Ltd.)	2	Beijing, the PRC	Registered and paid-in RMB50,000,000	100	100	Sale of automobiles and provision of after- sales services
三門峽鈞德寶汽車銷售服務有限公司 (Sanmenxia Junde Bao Automobile Sales & Services Co., Ltd.)	1	Sanmenxia, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after- sales services
平頂山和諧豫駿汽車銷售服務有限公司 (Pingdingshan Hexie Yujun Automobile Sales & Services Co., Ltd.)	2	Pingdingshan, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after- sales services
呼和浩特皓德寶汽車銷售服務有限公司 (Hohhot Haodebao Automobile Sales Services Co., Ltd.)	2	Hohhot, the PRC	Registered and paid-in RMB16,000,000	100	100	Sale of automobiles and provision of after- sales services
武漢和諧和駿汽車銷售服務有限公司 (Wuhan Hexie Hejun Automobile Sales & Services Co., Ltd.)	2	Wuhan, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after- sales services
河南和之諧物業管理有限公司 (Henan Hezhxie Property Management Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Dormant
昆明樂駿汽車銷售服務有限公司 (Kunming Lejun Automobile Sales & Services Co., Ltd.)	2	Kunming, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after- sales services
石家莊和諧賓馳汽車銷售服務有限公司 (Shijiazhuang Hexie Binchi Automobile Sales & Services Co., Ltd.)	1	Shijiazhuang, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after- sales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
江西和諧賓馳汽車銷售服務有限公司 (Jiangxi Hexie Binchi Automobile Sales & Services Co., Ltd.)	1	Jiangxi, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
河南和之悅汽車服務有限公司 (Henan Hezhiyue Automobile Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB5,000,000	100	100	Sale of automobiles and provision of after-sales services
南昌和諧昌寶汽車銷售服務有限公司 (Nanchang Hexie Changbao Automobile Sales & Services Co., Ltd.)	2	Nanchang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
九江江德寶汽車銷售服務有限公司 (Jiujiang Jiangdebao Automobile Sales & Services Co., Ltd.)	2	Jiujiang, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
鄂爾多斯勝德寶汽車銷售服務有限公司 (Erdos Shengdebao Automobile Sales & Services Co., Ltd.)	2	Ordos, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
青島恒駿汽車銷售服務有限公司 (Qingdao Hengjun Automobile Sales & Services Co., Ltd.)	2	Qingdao, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
滄州遠達雷克薩斯汽車銷售服務有限公司 (Cangzhou Yuanda Lexus Automobile Sales & Services Co., Ltd.)	2	Cangzhou, the PRC	Registered and paid-in RMB20,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州頤德寶汽車銷售有限公司 (Zhengzhou Yidebao Automobile Sales Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
南京瑞駿汽車銷售服務有限公司 (Nanjing Ruijun Automobile Sales & Services Co., Ltd.)	2	Nanjing, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services

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For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
瀋陽遠達雷克萨斯汽車銷售服務有限公司 (Shenyang Yuanda Lexus Automobile Sales Services Co., Ltd.)	2	Shenyang, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
溫州和諧恒博汽車銷售有限公司 (Wenzhou Harmony Automobile Sales Co., Ltd.)	2	Wenzhou, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
鄭州悅駿汽車銷售服務有限公司 (Zhengzhou Yuejun Automobile Sales Services Co., Ltd.)	2	Zhengzhou, the PRC	Registered and paid-in RMB30,000,000	100	100	Sale of automobiles and provision of after-sales services
天津恒博汽車銷售服務有限公司 (Tianjin Xuanbo Automobile Sales Services Co., Ltd.)	2	Tianjin, the PRC	Registered and paid-in RMB10,000,000	100	100	Sale of automobiles and provision of after-sales services
西安麗駿汽車銷售服務有限公司 (Xi' An Lijun Automobile Sales Service Co., Ltd.)	2	Xi'an, the PRC	Registered and paid-in RMB30,000,000	100	N/A	Sale of automobiles and provision of after-sales services
武漢和諧福駿汽車銷售服務有限公司 (Wuhan Hexie Fujun Automobile Sales Service Co., Ltd.)	2	Wuhan, the PRC	Registered and paid-in RMB10,000,000	100	N/A	Sale of automobiles and provision of after-sales services
愛車集團有限公司 iCar Group Limited		Cayman Island	Registered and paid-in US\$85,733,786	49.5	100	Investment holding
iCar Group Holdings Limited		British Virgin Islands	Registered and paid-in US\$1	49.5	100	Investment holding
Harmony New Energy Auto Service Europe Holding B.V.		Netherland	Registered and paid-in EUR1,000	49.5	100	Investment holding
愛車亞洲有限公司 iCar Asia Limited		Hong Kong, the PRC	Registered and paid-in HK\$1	49.5	100	Investment holding

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43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
Harmony New Energy Auto Service (Hong Kong) Co., Ltd.		Hong Kong, the PRC	Registered and paid-in HK\$10,000	49.5	100	Sale of automobiles and provision of after-sales services
Harmony New Energy Auto Service (Thailand) Co., Ltd.		Thailand	Registered and paid-in Thailand Baht 8,000,000	49.5	100	Sale of automobiles and provision of after-sales services
Huan Ya He Zhong (Cambodia) Trading Co., Ltd.		Cambodia	Registered and paid-in US\$300,000	39.6	80	Sale of automobiles and provision of after-sales services
Huan Ya He Zhong (HK) Co., Ltd.		Hong Kong, the PRC	Registered and paid-in HK\$100	39.6	80	Investment holding
Dangdang New Energy Vehicle Service (Hong Kong) Co., Ltd.		Hong Kong, the PRC	Registered and paid-in HK\$100	49.5	100	Dormant
Harmony New Energy Auto Service (Singapore) Pte. Ltd.		Singapore	Registered and paid-in SGD1,000	49.5	100	Sale of automobiles and provision of aftersales services
Wise Connect New Energy Leasing Pte. Ltd		Singapore	Registered and paid-in SGD1,000	49.5	100	Service of finance leases
Harmony New Energy Auto Service (Philippines) Ltd., Corp.		Philippines	Registered and paid-in PHP1,781,250	49.5	100	Sale of automobiles and provision of aftersales services
PT Harmony New Energy Auto Service		Indonesia	Registered and paid-in INR10,500,000,000	49.5	100	Sale of automobiles and provision of aftersales services
Harmony New Energy Auto Service Korea Limited		Korea	Registered and paid-in KRW972,000,000	49.5	100	Sale of automobiles and provision of aftersales services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43 SUBSIDIARIES (CONTINUED)

Name	Note	Place of incorporation/ registration and operation	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025	2024	
Harmony New Energy Auto Service (London) Ltd		the United Kingdom	Registered and paid-in GBP1,000	49.5	100	Sale of automobiles and provision of aftersales services
Harmony Auto France		France	Registered and paid-in EUR1,000	49.5	100	Sale of automobiles and provision of aftersales services
Harmony New Energy Auto Service (Melbourne) Pty Ltd		Australia	Registered and paid-in AUD100	49.5	100	Sale of automobiles and provision of aftersales services
Harmony New Energy Auto Service (Sydney) Pty Ltd		Australia	Registered and paid-in AUD100	49.5	100	Sale of automobiles and provision of aftersales services

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

None of the non-controlling interests is considered individually significant.

Notes:

- (1) The subsidiary is a wholly foreign-owned enterprise incorporated in the PRC.
- (2) The subsidiary is a wholly owned domestic limited company incorporated in the PRC.
- (3) The subsidiary is a non-wholly owned domestic limited company incorporated in the PRC.
- (4) The subsidiary is a non-wholly foreign-owned enterprise incorporated in the PRC.

44. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group had no significant contingent liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	1,493	1,443
Intangible assets	13,871	14,552
Interests in subsidiaries	2,022,430	2,199,304
Right of use assets	5,228	3,167
Convertible Bond	149,184	—
	2,192,206	2,218,466
Current assets		
Financial assets at fair value through profit or loss	2,167	—
Prepayments, other receivables and other assets	12,393	3,418
Cash and bank balances	25,490	37,934
	40,050	41,352
Current liabilities		
Bank loans and other borrowings	69,649	73,154
Other payables and accruals	3,193	4,539
Lease liabilities	5,165	3,194
	78,007	80,887
Net current liabilities	(37,957)	(39,535)
Total assets less current liabilities	2,154,249	2,178,931
NET ASSETS	2,154,249	2,178,931
Capital and reserves		
Share capital	12,083	12,083
Reserves	2,142,166	2,166,848
TOTAL EQUITY	2,154,249	2,178,931

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46 MAJOR TRANSACTION OF SUBSIDIARIES

(a) Acquisition of the business from JC Motor Limited

On 4 November 2024, the Group entered into a sale and purchase agreement with JC Motor Limited (the “**Vendor**”) to acquire certain assets and assume certain liabilities in connection with the BYD automotive distribution business in Hong Kong (“**BYD Automotive Distribution Business**”) for a total consideration of HKD150,000,000 (equivalent to approximately RMB137,355,000). In the opinion of the Company’s directors, this transaction was accounted for as an acquisition of a business, as the BYD Automotive Distribution Business constitutes a business under HKFRS 3.

The fair value of the identifiable assets and liabilities acquired as at its date of acquisition is as follows:

Net assets acquired:	RMB’000
Property, plant and equipment	56,319
Inventories	43,037
Prepayments, other receivables and other assets	1,114
Other payables and accruals	(8,900)
	91,570
Goodwill	45,785
	137,355
Satisfied by:	
Cash	137,355
Net cash outflow arising on acquisition:	RMB’000
Cash consideration paid	137,355

This acquisition aligns with the Group’s strategy to expand its market presence in the new energy vehicle sector, making it the sole distributor of BYD in Hong Kong. The transaction was successfully completed on 17 December 2024, with full consideration paid. The acquisition is expected to drive revenue growth and enhance the Group’s long-term competitive advantage.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46 MAJOR TRANSACTION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of the business from JC Motor Limited (Continued)

As the BYD Automotive Distribution Business had been integrated into the existing business of a subsidiary of the Group, the Group was not able to separately identify the revenue and profit or loss contributed by the BYD Automotive Business during the period. In addition, due to the unavailability of standalone historical financial information of the BYD Automotive Business prior to the acquisition, the Group is not in a position to provide the pro forma financial information had the acquisition been completed on 1 January 2024.

(b) Reorganisation, Disposal of partial interest in iCar Group and Issuance of Convertible Bonds

During the year ended 31 December 2025, the Group completed a series of restructuring and financing transactions ("**Restructuring**") in respect of its subsidiary, iCar Group Limited ("**iCar**"). iCar serves as the immediate holding company for all of the Group's subsidiaries operating outside of Mainland China (collectively, the "**iCar group**"). Prior to the Restructuring, the loans and advances together with the interest accrued thereof with aggregate outstanding amount of approximately RMB1,118.7 million (the Shareholder's Loan) was owed by the iCar Group to the Group. To facilitate the Restructuring, the Group had implemented the capital restructuring to restructure the Shareholder's Loan into restructured capital, convertible notes and preferred shareholder loan.

The key elements of the transactions are as follows:

(i) Restructure capital

As part of the restructuring, the Shareholder's Loans in the amount of approximately RMB555.5 million will be capitalised as share capital of iCar through the issue and allotment of 77,150,493 new shares of the iCar. Upon completion of the capital restructuring, the total amount of the issued share capital of the Disposal Company will be increased from US\$10,000 to approximately RMB555.6 million.

Following the debt capitalisation, the Group transferred a 45.0% equity interest in iCar, together with certain convertible bonds (as described below), to Epower Global Limited ("**EGL**"), thereby introducing EGL as a strategic investor. After completion of the transaction, the Group retained a 55.0% equity interest in iCar.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46 MAJOR TRANSACTION OF SUBSIDIARIES (CONTINUED)

(b) Reorganisation, Disposal of partial interest in iCar Group and Issuance of Convertible Bonds (Continued)

(ii) Convertible notes

On 18 August 2025, as part of the Restructuring, a portion of the Shareholder's Loan were restructured into two tranches of 4.0% two-year convertible bonds with principal amounts of RMB 97,777,777 and RMB 80,000,000, respectively. The Group transferred the convertible bonds with a principal amount of RMB80,000,000 (equivalent to 45% of the total principal amount of the convertible note) to EGL. The remaining convertible bonds are held by the Group as financial assets.

(iii) Preferred shareholder loan

The preferred shareholder loans represent the residual portion of the Shareholder's Loan that were not capitalised into equity or converted into convertible bonds. These instruments provide preferential return and repayment rights over ordinary equity holders. The Preferred shareholder loans are repayable in two years from the date of completion of the Restructuring and bear interest of 4.0% per annum. The repayment thereof by iCar group shall be preferred over the repayment of the convertible notes and any dividend distribution by the iCar group.

The preferred shareholder loans are intra-group balances and are eliminated on consolidation. Accordingly, no corresponding financial asset or liability is recognised in the consolidated statement of financial position as at 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46 MAJOR TRANSACTION OF SUBSIDIARIES (CONTINUED)

(b) Reorganisation, Disposal of partial interest in iCar Group and Issuance of Convertible Bonds (Continued)

(iv) Deemed disposal of partial interest via issuance of new shares

On 1 September 2025, iCar issued 8,573,293 new ordinary shares to an independent strategic investor, Golden Link Worldwide Limited (the “**Investor**”), for a total cash consideration of USD40,000,000.

Upon completion of this share subscription, the total issued share capital of iCar increased to 85,733,786 shares. The Group’s effective equity interest in the iCar Group was diluted to 49.5001%, while EGL and the Investor hold 40.5% and 9.9999%, respectively. On 1 September 2025, the Group and EGL entered into an irrevocable voting proxy agreement, pursuant to which EGL authorised the Group to exercise all voting rights attached to its 40.5% equity interest in iCar. Accordingly, the Group retained control over iCar and continues to consolidate its financial results. This significant judgement is based on the aforementioned voting proxy agreement with EGL, which grants the Group 90.0001% of the total voting rights in iCar, thereby demonstrating the Group’s continuous control over the iCar Group. Further details regarding this significant accounting judgement are set out in note 4(a)(ii).

The transactions collectively resulted in an increase in non-controlling interests of 50.4999% in iCar. As the non-controlling interests are considered material to the Group, further details and the summarised financial information of iCar are disclosed in note 36. The difference between the considerations received and the relevant share of the carrying amount of the net assets of iCar adjusted for the non-controlling interests was recognised directly in equity attributable to the owners of the Company.

Notes to the Consolidated Financial Statements

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46 MAJOR TRANSACTION OF SUBSIDIARIES (CONTINUED)

(c) Acquisition of G.S.S.A. Company Limited

On 30 April 2025, the Group acquired 100% equity interest in G.S.S.A. Company Limited (“**G.S.S.A.**”) from independent third parties for a total consideration of THB 94,808,000 (equivalents to RMB20,733,000) in cash. G.S.S.A is an automobile dealership group based in Thailand. The acquisition was made to expand the Group’s presence in the automobile retail market in Southeast Asia.

The fair value of the identifiable assets and liabilities of G.S.S.A acquired as at its date of acquisition is as follows:

Net assets acquired:	RMB’000
Net current assets and liabilities, excluded Inventories	(30,077)
Inventories	30,950
Property, plant and equipment	16,950
Right-Of-Use Assets	14,357
Intangible Assets-Dealership Agreement	1,006
Lease Liabilities	(14,357)
Deferred Tax Liabilities	113
	18,942
Goodwill	1,791
	20,733
Satisfied by:	
Cash	20,733
Net cash outflow arising on acquisition:	RMB’000
Cash consideration paid	20,733

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46 MAJOR TRANSACTION OF SUBSIDIARIES (CONTINUED)

(c) Acquisition of G.S.S.A. Company Limited (Continued)

The goodwill arising on the acquisition of G.S.S.A is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

G.S.S.A contributed approximately THB 775,209,000 (equivalents to RMB 169,553,000) and loss of THB 37,331,000 (equivalents to RMB 8,165,000) to the Group's revenue and profit for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2025, total Group revenue for the year would have been approximately RMB20,081,064,000, and loss for the year would have been approximately RMB723,387,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

47 FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

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

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

Trade receivables

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent mortgage granted by major financial institutions to customers of the Group, insurance commission receivables from insurance companies and warranty receivables from automobile manufacturers. The mortgage is normally settled within one month directly by major financial institutions. While for the receivables from insurance companies and automobile manufacturers, risk of default is considered low, as these are either reputable companies or with good credit rating. Based on past experience, the Group was of the opinion that no provision for impairment was necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Normally, the Group does not obtain collateral from customers.

At the end of the reporting period, 27% (2024: 32%) and 8% (2024: 13%) of the total trade receivables were due from the Group's five largest debtors and the largest single debtor respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for trade receivables as at 31 December 2025 (31 December 2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Prepayments and other receivables and deposits

Credit risk in respect of prepayments and other receivables and deposits is limited since the counterparties are mainly reputable automobile manufacturers.

The Group measures loss allowances for prepayments and other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. Except from the provision made disclosed in the note 7, The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for prepayments and other receivables and deposits as at 31 December 2025 (31 December 2024: Nil).

(b) Liquidity risk

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

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

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

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

At 31 December 2025

	Within 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Convertible notes at FVTPL	—	83,200	—	—	83,200	122,060
Bank loans and other borrowings	4,249,585	—	—	—	4,249,585	4,039,529
Trade and bills payables	759,528	—	—	—	759,528	759,528
Other payables	634,806	—	—	—	634,806	634,806
Lease liabilities	391,593	237,432	775,686	680,450	2,085,161	1,686,890
	6,035,512	320,632	775,686	680,450	7,812,280	7,242,813

At 31 December 2024

	Within 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Bank loans and other borrowings	3,596,772	—	—	—	3,596,772	3,418,985
Trade and bills payables	855,245	—	—	—	855,245	855,245
Other payables	444,559	—	—	—	444,559	444,559
Lease liabilities	265,068	237,432	554,009	638,208	1,694,717	1,323,773
	5,161,644	237,432	554,009	638,208	6,591,293	6,042,562

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

The Group's bank deposits, bank loans and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to the risk of interest rate fluctuation is very limited, as the Group does not have a floating interest rate of bank loans and other borrowings.

(d) Currency risk

The Group is exposed to currency risk primarily through operating activities and financing activities which give rise to Trade and other receivables, cash and cash equivalents, net balance of intergroup current receivables and payables, trade and other payables and Bank loans and borrowings that are denominated in a foreign currency, ie. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to the risk is primarily RMB.

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

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (Continued)

As at 31 December 2025 (expressed in RMB'000)						
	Trade and other receivables	Cash and cash equivalents	Intergroup balance	Trade and other payables	Bank loans and other borrowings	Net exposure arising from recognised assets and liabilities
RMB	209,663	2,176	(510,401)	–	–	(298,562)
Australian Dollar	25,130	–	47,358	–	–	72,488
British Pound	12	48	124,330	–	–	124,390
Cambodian Riel	–	(6,778)	–	–	–	(6,778)
Euro	363	101	154,052	(70)	–	154,446
HK\$	217	13	(486,289)	(743)	–	(486,802)
Indonesian Ruble	–	–	(103,250)	–	–	(103,250)
Japanese Yen	135	3	24,949	–	–	25,087
Korean Won	–	–	(3)	–	–	(3)
Malaysian Ringgit	–	–	(90,632)	–	–	(90,632)
New Zealand Dollar	–	17	810	–	–	827
Philippine Peso	–	–	(3,386)	–	–	(3,386)
Singapore Dollar	–	3	(30,004)	–	–	(30,001)
Swiss Franc	–	–	(1)	–	–	(1)
Thai Baht	–	14	(7,762)	–	–	(7,748)
US\$	1,515	8,855	(321,808)	(2,792)	(25,362)	(339,592)
	237,035	4,452	(1,202,037)	(3,605)	(25,362)	(989,517)

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (Continued)

As at 31 December 2024 (expressed in RMB'000)

	Trade and other receivables	Cash and cash equivalents	Intergroup balance	Trade and other payables	Bank loans and other borrowings	Net exposure arising from recognised assets and liabilities
RMB	972	571	(513,916)	165	—	(512,208)
Australian Dollar	10,587	522	7,409	—	—	18,518
British Pound	—	—	23,178	—	—	23,178
Canadian Dollar	—	2	420	—	—	422
Euro	—	59	30,527	—	—	30,586
HK\$	226	192	(181,397)	—	—	(180,979)
Indonesian Ruble	—	—	(7,198)	—	—	(7,198)
Japanese Yen	—	9	7,276	—	—	7,285
Malaysian Ringgit	—	—	(7)	—	—	(7)
US\$	2,930	6,683	85,602	—	(25,190)	70,025
	14,715	8,038	(548,106)	165	(25,190)	(550,378)

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rate to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (Continued)

	2025		2025	
	Increase in foreign exchange rate	Change in loss after tax and retained profits <i>RMB'000</i>	Decrease in foreign exchange rate	Change in loss after tax and retained profits <i>RMB'000</i>
Australian Dollar	+1%	605	-1%	(605)
British Pound	+1%	1,033	-1%	(1,033)
Cambodian Riel	+1%	(54)	-1%	54
Euro	+1%	1,285	-1%	(1,285)
HK\$	+1%	(3,865)	-1%	3,865
Indonesian Rupiah	+1%	(862)	-1%	862
Japanese Yen	+1%	210	-1%	(210)
Malaysian Ringgit	+1%	(757)	-1%	757
New Zealand Dollar	+1%	7	-1%	(7)
Philippine Peso	+1%	(28)	-1%	28
Singapore Dollar	+1%	(250)	-1%	250
Thai Baht	+1%	(65)	-1%	65
US\$	+1%	(2,626)	-1%	2,626

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk (Continued)

	2024		2024	
	Increase in foreign exchange rate	Change in loss after tax and retained profits <i>RMB'000</i>	Decrease in foreign exchange rate	Change in loss after tax and retained profits <i>RMB'000</i>
Australian Dollar	+1%	(99)	-1%	99
British Pound	+1%	(144)	-1%	144
Canadian Dollar	+1%	(17)	-1%	17
Euro	+1%	(298)	-1%	298
HK\$	+1%	(794)	-1%	794
Indonesian Ruble	+1%	15	-1%	(15)
Japanese Yen	+1%	(124)	-1%	124
Korean Won	+1%	(59)	-1%	59
Malaysian Ringgit	+1%	(85)	-1%	85
Philippine Peso	+1%	(30)	-1%	30
Singapore Dollar	+1%	(90)	-1%	90
Swiss Franc	+1%	(3)	-1%	3
Thai Baht	+1%	(145)	-1%	145
US\$	+1%	2	-1%	(2)
Vietnamese Dong	+1%	(73)	-1%	73

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Categories of financial instruments at 31 December

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVTPL	2,167	2,957
Financial assets at fair value through other comprehensive income	30,791	31,669
Financial assets at amortised cost		
— Finance lease receivables	357,660	358,318
— Trade receivables	388,198	285,972
— Financial assets included in prepayments, other receivables and other assets	1,869,860	2,084,367
— Pledged and restricted bank deposits	333,077	313,845
— Cash in transit	55,409	12,715
— Cash and bank balances	1,561,759	1,107,974
	4,598,921	4,197,817
Financial liabilities		
Financial liabilities at amortised cost		
— Bank loans and other borrowings	4,039,529	3,418,985
— Convertible notes at FVTPL	122,060	—
— Trade and bills payables	759,528	855,245
— Financial liabilities included in other payables and accruals	633,622	444,559
— Lease liabilities	1,686,890	1,323,773
	7,241,629	6,042,562

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47 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity attributable to owners of the parent. Net debt includes bank loans and other borrowings, trade and bills payables, other payables and accruals, less cash and bank balances and structured deposits. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Bank loans and other borrowings	4,161,589	3,418,985
Trade and bills payables	759,528	855,245
Other payables and accruals	634,806	444,559
Less: Cash in transit	(55,409)	(12,715)
Less: Cash and bank balances	(1,561,759)	(1,107,974)
Net debt	3,938,755	3,598,100
Equity attributable to owners of the Company	4,809,809	5,173,726
Gearing ratio	81.9%	69.5%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December 2025:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through other comprehensive income</i>				
Unlisted equity investment	–	–	30,791	30,791
<i>Investments at fair value through profit or loss</i>				
Listed equity investment	2,167	–	–	2,167
Convertible notes	–	–	122,060	122,060
Total recurring fair value measurements	2,167	–	152,851	155,018

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48 FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at 31 December 2025: (Continued)

Disclosures of level in fair value hierarchy at 31 December 2024:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through other comprehensive income</i>				
Unlisted equity investment	—	—	31,669	31,669
<i>Investments at fair value through profit or loss</i>				
Listed equity investment	2,957	—	—	2,957
Total recurring fair value measurements	2,957	—	31,669	34,626

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48 FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Equity investments at fair value through other comprehensive income RMB '000	Investments at fair value through profit or loss equity investments RMB '000	Total RMB'000
At 1 January 2025	31,669	2,957	34,626
Addition	—	—	—
Total gains or losses recognised in profit or loss*	(878)	(790)	(1,668)
in other comprehensive income	—	—	—
At 31 December 2025	30,791	2,167	32,958
* Include gains or losses for assets held at end of reporting period	—	(790)	(790)

Description	Equity investments at fair value through other comprehensive income RMB '000	Investments at fair value through profit or loss equity investments RMB '000	Total RMB'000
At 1 January 2024	45,000	—	45,000
Addition	31,669	3,866	35,535
Total gains or losses recognised in profit or loss*	—	(909)	(909)
in other comprehensive income	(45,000)	—	(45,000)
At 31 December 2024	31,669	2,957	34,626
* Include gains or losses for assets held at end of reporting period	—	(909)	(909)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48 FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of reporting period:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

At 31 December 2025

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2025 RMB'000
Equity investment at fair value through other comprehensive income	Market approach	Industry comparable return	-7.89%	Decrease	30,791
Convertible notes at FVTPL	Binomial Lattice Model	Discount for lack of marketability	13.28%	Decrease	122,060
		Risk-free rate	1.326%	Decrease	
		Expected Volatility	46.14%	Decrease	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48 FAIR VALUE MEASUREMENTS (CONTINUED)

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of reporting period: (Continued)**

Level 3 fair value measurements (Continued)

At 31 December 2024

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2024 RMB'000
Equity investment at fair value through other comprehensive income	Assets approach	Discount for lack of marketability	15.7%	Decrease	31,669

49 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation. These reclassifications have no impact on the Group's total equity as at 31 December 2025 and 2024, or on the Group's loss for the years ended 31 December 2025 and 2024.

50 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	20,026,877	15,617,447	16,579,232	16,321,659	17,981,051
(Loss)/Profit before taxation	(714,215)	(314,147)	(178,379)	(1,507,285)	926,965
Taxation	(9,353)	28,412	(63,145)	(115,519)	(235,694)
(Loss)/Profit for the year	(723,568)	(285,735)	(241,524)	(1,622,804)	691,271
(Loss)/Profit attributable to:					
Owners of the Company	(634,991)	(291,070)	(252,194)	(1,627,762)	673,155
Non-Controlling interests	(88,577)	5,335	10,670	4,958	18,166
(Loss)/Profit for the year	(723,568)	(285,735)	(241,524)	(1,622,804)	691,321
(Loss)/Earning per share					
Basic (RMB)	(0.42)	(0.20)	(0.17)	(1.08)	0.44
Diluted (RMB)	(0.42)	(0.20)	(0.17)	(1.08)	0.44

ASSETS AND LIABILITIES

	As at 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total Assets	12,903,985	12,247,305	10,835,166	10,802,557	13,248,598
Total Liabilities	7,849,621	6,994,069	5,169,999	4,775,850	5,206,036
	5,054,364	5,253,236	5,665,167	6,026,707	8,042,562
Equity attributable to equity shareholders of the Company	4,809,809	5,173,726	5,572,299	5,946,823	7,967,380
Non-Controlling interests	244,555	79,510	92,868	79,884	75,182
Total Equity	5,054,364	5,253,236	5,665,167	6,026,707	8,042,562