



CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED  
中國永達汽車服務控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 03669



2025 ANNUAL REPORT



鸿蒙 智行

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YONDA YONGDA AUTO

# Content

Corporate Information	2
Chairman's Statement	4
Management Discussion & Analysis	9
Directors and Senior Management	25
Report of Directors	33
Corporate Governance Report	58
Environmental, Social and Governance Report	77
Independent Auditor's Report	141
Consolidated Statement of Profit or Loss and Other Comprehensive Income	146
Consolidated Statement of Financial Position	148
Consolidated Statement of Changes in Equity	150
Consolidated Statement of Cash Flows	152
Notes to the Consolidated Financial Statements	155
Financial Summary	270



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. CHEUNG Tak On (*Chairman*)  
Mr. XU Yue (*Vice-chairman, President and Chief Executive Officer*)  
Mr. CAI Yingjie (*Vice-chairman*)  
Mr. WANG Zhigao (*Vice-chairman*)  
Mr. TANG Liang (*Vice-president*)

### Non-executive Director

Ms. CHEN Yi

### Independent Non-executive Directors

Ms. ZHU Anna Dezhen  
Mr. LYU Wei  
Mr. SUN Minjie

## CORPORATE HEADQUARTER

299 Ruijin Nan Road, Huangpu District  
Shanghai  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5708, 57/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

## REGISTERED OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way, Camana Bay  
Grand Cayman, KY1-9009  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited  
89 Nexus Way, Camana Bay  
Grand Cayman, KY1-9009  
Cayman Islands

## LEGAL ADVISERS TO HONG KONG LAW

Davis Polk & Wardwell  
10/F, The Hong Kong Club Building  
3A Chater Road  
Central, Hong Kong

## JOINT COMPANY SECRETARIES

Ms. ZHANG Hong  
Ms. SO Ka Man (*HKFCG(PE), FCG*)

## AUTHORIZED REPRESENTATIVES

Mr. XU Yue  
Ms. SO Ka Man

## AUDIT AND COMPLIANCE COMMITTEE

Ms. ZHU Anna Dezhen (*Chairlady*)  
Mr. LYU Wei  
Mr. SUN Minjie

## REMUNERATION COMMITTEE

Ms. ZHU Anna Dezhen (*Chairman*)  
Mr. WANG Zhigao  
Mr. LYU Wei

## NOMINATION COMMITTEE

Mr. CHEUNG Tak On (*Chairman*)  
Mr. XU Yue  
Ms. ZHU Anna Dezhen  
Mr. LYU Wei  
Mr. SUN Minjie



## **HONG KONG SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## **STOCK CODE**

03669

## **AUDITOR**

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F One Pacific Place  
88 Queensway  
Hong Kong

## **COMPANY WEBSITE**

[www.ydauto.com.cn](http://www.ydauto.com.cn)

# Chairman's Statement



Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") and the management of China Yongda Automobiles Services Holdings Limited (the "Company"), I am pleased to present the 2025 Annual Report of the Company and its subsidiaries (collectively referred to as the "Company", "we" or "us").

## **INDUSTRY REVIEW: CHALLENGES AND OPPORTUNITIES UNDER DEEP RECONSTRUCTION**

In 2025, China's automotive market operated against the dual backdrop of mounting macroeconomic headwinds and in-depth industry restructuring. According to statistics from the China Passenger Car Association, the retail sales of passenger vehicles for the year reached approximately 23.74 million units, representing a year-on-year increase of 3.8%. Among these, retail sales of new energy vehicles were approximately 12.81 million units, representing a year-on-year increase of 17.6%, with the penetration rate reaching a historic high of 54%. Although the overall sales volume remained resilient, the price war in the industry spread across all brands and models, and the terminal prices continued to decline, causing the profit structure of the dealer system to suffer an unprecedented and severe shock.



## FINANCIAL PERFORMANCE: STREAMLINED AND FOCUSED ON OPERATIONAL QUALITY

In 2025, the Company achieved revenue of RMB54,600 million, representing a decrease of 13.9% as compared to the corresponding period of 2024; the gross profit amounted to RMB4,292 million, representing a decrease of 18.6%. Affected by the sharp contraction in the gross profit of new vehicles and after excluding the impact of the Impairment of Related Assets, the adjusted consolidated loss and adjusted loss attributable to the owners of the Company for the Reporting Period (under non-IFRS measures) were RMB347 million and RMB304 million, respectively.

It should be specifically noted that for the goodwill and long-term assets of certain underperforming stores, the Company has made non-cash impairment provisions of approximately RMB5,007 million on the financial accounts at the end of the year. This adjustment is a prudent financial treatment that does not involve any cash outflow and does not affect the Company's daily operations or cash flow safety. Through the comprehensive write-down of asset impairment, the Company has completed the "strategic clearance" of backward production capacity. The pressure of depreciation and amortization in the future period will be significantly reduced, which will enable the Company to streamline operations and achieve a rapid rebound in profitability in 2026.

Stable cash flow performance: The net cash generated from operating activities for the year reached RMB1,886 million, representing a year-on-year increase of 24.2%, ensuring abundant liquidity.



## Chairman's Statement

Significant improvement in asset efficiency: as of the end of the year, the amount of goods in transit and inventories decreased to RMB4,896 million, representing a decrease of 8.4% as compared to the end of last year. The average inventory turnover days of the Company were optimized to 24.9 days, representing a decrease of 0.9 days as compared to last year, ensuring healthy asset quality.

Sound financial structure: As of the end of 2025, the gearing ratio maintained at a healthy level of 64.9%, demonstrating exceptional resilience against risks.

### **BUSINESS PERFORMANCE: LEVERAGED ON BOTH NEW ENERGY BENEFITS AND EXISTING ASSET ADVANTAGES**

#### **Network optimization: proactive rationalization and channel iteration**

In 2025, we implemented the most extensive network restructuring in recent years. Guided by the principle of “prioritizing single-store efficiency”, the Company resolutely completed the closure, merger or transfer of 31 underperforming traditional brand stores and inefficient outlets, while simultaneously and precisely opened 19 leading new energy brands such as HIMA at strategic locations. Through these adjustments, the Company’s outlet structure has shifted significantly toward high-potential, high-margin brands. While effectively reducing fixed costs, the Company has optimized and iterated the channel quality, establishing a more competitive physical footprint to support a performance rebound in 2026.

#### **New vehicle sales: Accelerating the new energy transformation and leading in inventory turnover efficiency**

In 2025, the Company achieved new vehicle sales of 153,115 units. Among these, our independent new energy brand delivered outstanding performance, with sales volume of 25,900 units, representing a year-over-year increase of 40.1%, outpacing the industry average growth rate, and its share of total sales increased to 16.9%. Adhering to “inventory turnover as priority”, the inventory turnover days of new vehicles distribution dropped to a historic low of 24.6 days. Through deep cooperation with leading brands such as HIMA, we have accumulated over 4,000 outstanding orders, providing certainty for sustained business growth in 2026.

#### **After-sales service: Maintaining its ballast position and experiencing explosive growth in new energy vehicle after-sales**

After-sales services are the cornerstone of the Company’s sound operations. In 2025, revenue from the repair and maintenance business was RMB9.20 billion, representing positive growth of 1.2% after excluding factors of shutdown and transfer. The absorption rate of retail services steadily increased to 80.2%, effectively covering daily operating costs. Notably, revenue from independent new energy vehicle after-sales was RMB512 million, surging 65.1% year-over-year, with average revenue per vehicle firmly at RMB3,288.



### **Pre-owned vehicle business: Evolving profit model and achieving high-quality turnover**

In 2025, the pre-owned vehicle segment demonstrated exceptional profit resilience. The transaction volume of pre-owned vehicles was 64,250 units. Through enhanced management, the gross profit per vehicle increased to RMB3,559, representing a year-over-year growth of 9.5%. The overall gross margin of pre-owned vehicles calculated based on the selling price of pre-owned vehicles increased to 5.4%, representing a year-on-year increase of 0.8 percentage points. Through digital means, the inventory turnover days for pre-owned vehicles were reduced to 16.7 days, achieving a high-quality development model characterized by “high gross profit margin and fast turnover”.

## **FUTURE DEVELOPMENT STRATEGIES**

In 2026, we believe the industry is at a critical juncture, transitioning from a “price war” to a “technology and value-driven competition”. With the implementation of the national “anti-involution” policies and the return to rational business policies by brand owners, the Company will adopt the following focused strategies:

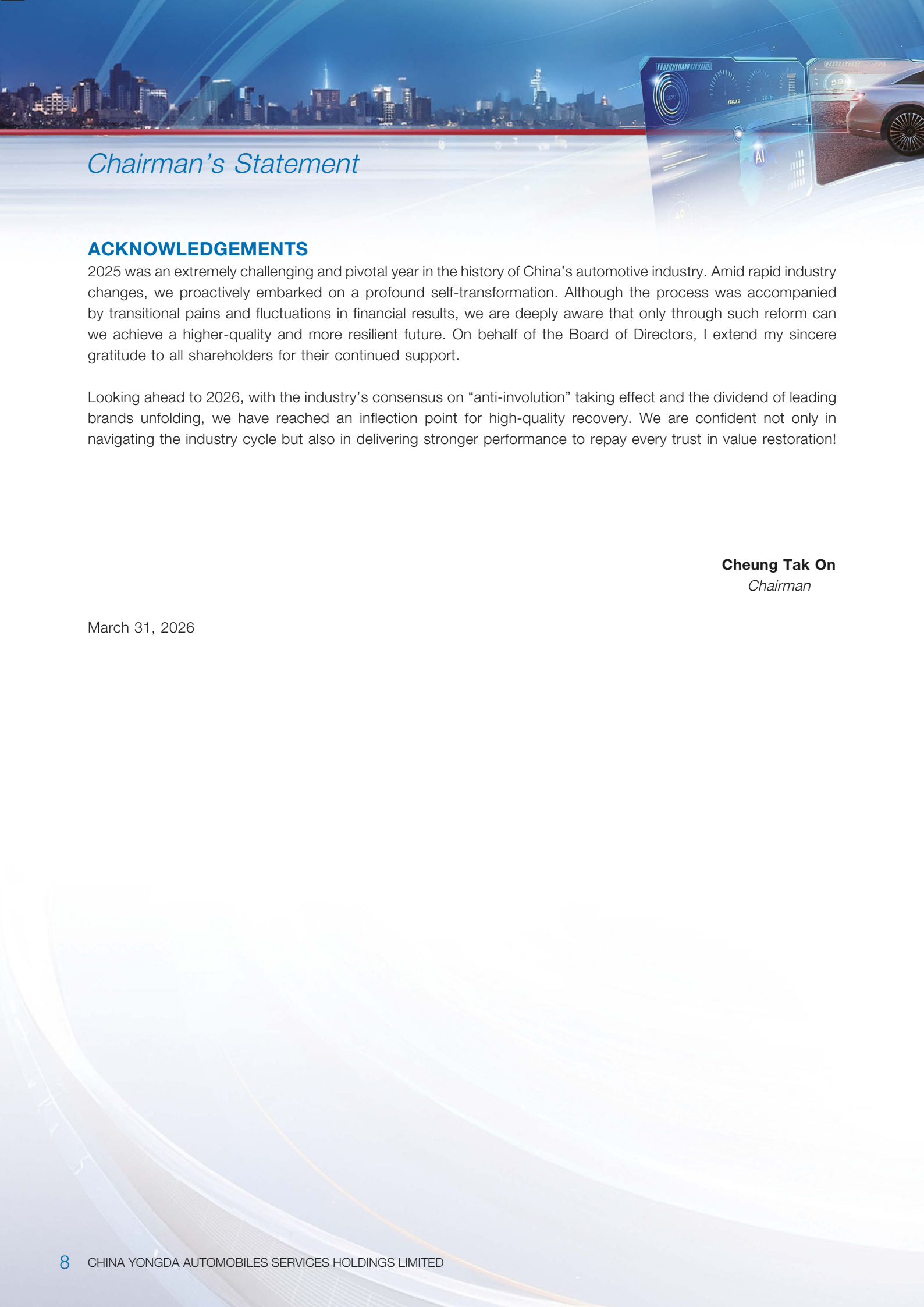
**Brand cycle advantages and “dual-track” strategy:** we will precisely capture the product peak years of new energy vehicle brands such as HIMA and leading traditional brands including BMW and Porsche. We will accelerate our transformation into a leading new energy vehicle dealer through existing asset replacement, targeting a new energy vehicle sales ratio of 50% within the next 1 to 2 years.

**Business quality improvement, efficiency enhancement and refined management:** we will uphold a profit-oriented approach, improve new vehicle gross margins, and maintain steady growth in after-sales business. We will further advance organizational flattening and stringent cost control, reallocating resources to high-margin and high-potential projects.

**Ensuring cash flow security and financial stability:** we will continue to optimize our financing structure and maintain healthy inventory turnover days. Through strict financial discipline, we will safeguard the Company’s high risk resilience in a volatile market environment.

**New business deployment and AI empowerment:** we will accelerate digital transformation and fully leverage AI technologies to empower business operations. We will also further develop the emerging sectors of “battery cycling” and “intelligent robots” to foster future growth engines.

**Strengthening talent pool and shareholder returns:** we will strengthen the development of leading talents in new energy and digitalization. We firmly believe the Company is undervalued. While maintaining sound cash flow and financial conditions, the Company will adopt appropriate dividend and share repurchase policies to continuously enhance shareholder returns.



## Chairman's Statement

### ACKNOWLEDGEMENTS

2025 was an extremely challenging and pivotal year in the history of China's automotive industry. Amid rapid industry changes, we proactively embarked on a profound self-transformation. Although the process was accompanied by transitional pains and fluctuations in financial results, we are deeply aware that only through such reform can we achieve a higher-quality and more resilient future. On behalf of the Board of Directors, I extend my sincere gratitude to all shareholders for their continued support.

Looking ahead to 2026, with the industry's consensus on "anti-involution" taking effect and the dividend of leading brands unfolding, we have reached an inflection point for high-quality recovery. We are confident not only in navigating the industry cycle but also in delivering stronger performance to repay every trust in value restoration!

**Cheung Tak On**  
*Chairman*

March 31, 2026



# Management Discussion & Analysis

## MARKET REVIEW

In 2025, China's automotive market operated against a backdrop of mounting macroeconomic headwinds and in-depth industry restructuring. In terms of sales volume, the passenger vehicle market remained relatively stable throughout the year, yet the industry's operational performance came under severe pressure. The market was characterized by "stable overall volume, declining prices and sharply divergent profitability". According to statistics from the China Passenger Car Association, the national retail sales of passenger vehicles reached approximately 23.74 million units in 2025, representing a year-on-year increase of 3.8%. Among these, retail sales of new energy vehicles was approximately 12.81 million units, representing a year-on-year increase of 17.6%, with the new energy vehicle penetration rate rising to 54%.

While sales remained resilient, price competition intensified across the entire industry, particularly in segments dominated by traditional fuel vehicles and established brands, where terminal prices trended downward for the full year. Price wars spread from the new energy vehicles sector to mainstream joint-venture and luxury brands, leading to a sustained drop in transaction prices of new vehicles and a sharp contraction in per-unit gross profit margins. This placed substantial pressure on the profitability of distribution networks for traditional brands. Despite the relatively stable overall sales performance, the deterioration of profit structures emerged as one of the most prominent industry features in 2025.

From a powertrain perspective, new energy vehicles maintained rapid growth, emerging as the main growth driver for the industry, while sales of traditional fuel-powered vehicles continued to decline year-on-year. Growth in the new energy vehicles market was concentrated among leading brands and in the mid-to-high-end product segments, leading to a further rise in market concentration. Concurrently, traditional brands faced mounting pressures in terms of product competitiveness, pricing systems, and channel costs. Some brands proactively reduced sales targets and adjusted channel strategies to mitigate operational pressures.

Against the backdrop of sustained pressure on prices and inventories, both manufacturers and dealer networks entered a phase of in-depth restructuring. Some manufacturers began lowering wholesale targets, increasing inventory clearance support, optimizing rebate structures and settlement cycles, and strengthening control over channel inventory and vehicles in transit. These measures were designed to alleviate dealers' capital occupation pressures and improve their cash flow conditions. Industry competition is gradually shifting from relying solely on pricing tactics toward a balanced emphasis on product strength, service capabilities, and channel stability.

At the distributor level, self-adjustment and market restructuring have accelerated significantly. In 2025, traditional brands within the industry continued to shrink their distribution networks, with closures, shutdowns, and conversions reaching a multi-year high. The network structure shifted from "pursuing coverage scale" to "emphasizing single-store efficiency and profitability". Dealers reduced fixed costs and operational risks by proactively closing underperforming outlets, streamlining high-cost channels, and optimizing brand and regional layouts. Meanwhile, resources became increasingly concentrated in brands with strong product offerings and profitability, as well as top-tier dealers, further intensifying industry differentiation and consolidation.

Overall, the automotive industry in 2025 did not merely experience a decline in demand. Instead, it underwent a profound restructuring of profitability and channel realignment against the backdrop of intense price wars. While traditional brands and their distribution networks faced significant short-term pressure, the industry is gradually evolving toward a more rational and sustainable development trajectory. This shift of the industry is driven by the easing price competition, the gradual return of inventory levels to reasonable ranges, and the ongoing optimization of brand and channel structures.

# Management Discussion & Analysis

## BUSINESS REVIEW

In 2025, our revenue was RMB54,600 million, representing a decrease of 13.9% as compared to 2024. Our gross profit amounted to RMB4,292 million, representing a decrease of RMB981 million or 18.6% as compared to 2024, among which, the gross profit from the sales of new vehicles and related services decreased by RMB827 million or 96.1% year-on-year.

In 2025, the selling expenses, administrative expenses and financing costs totaled RMB4,930 million, representing a decrease of RMB257 million or 4.9% compared to the corresponding period in 2024.

In 2025, mainly due to the escalating price war in the automotive market since 2025, especially in the second half of the year, and the impact of macroeconomic factors, the Group recognised non-cash impairment provision in its financial statements in respect of long-term assets (the “**Impairment of Related Assets**”), such as goodwill, intangible assets arising from dealership agreements and properties and renovations of certain underperforming 4S stores, mainly including those acquired in previous years and deferred tax assets, and the total amount of such impairment was approximately RMB5,007 million after offsetting against the corresponding reversal of deferred tax liabilities. The impact on the Group’s consolidated profit for 2025 and the Group’s consolidated total equity as of 31 December 2025 was approximately RMB5,007 million, and the impact on the profit attributable to owners of the Company for 2025 and the equity attributable to owners of the Company as of 31 December 2025 was approximately RMB4,768 million.

The Impairment of Related Assets represents a prudent financial adjustment, which does not involve any cash outflows and has no impact on the daily operation and business performance of the Group. Following this Impairment of Related Assets, the depreciation and amortization pressure on the relevant assets has been alleviated, and the depreciation and amortization expenses will be reduced accordingly in future periods, which is conducive to improving the overall profitability of the Group.

Similarly, affected by the sharp decline in the gross profit from new vehicle sales and related services during the year and after excluding the impact of the aforesaid Impairment of Related Assets, our adjusted consolidated net loss and adjusted net loss attributable to the owners of the Company for 2025 (under non-IFRS measures) were RMB347 million and RMB304 million, respectively (for details, please refer to “**Adjustments on Non-IFRS Measures**”).

Set forth below is a summary of our business development in 2025:

### New Vehicle Sales Business

In 2025, the new vehicle sales business faced overall pressure due to the ongoing intensification of industry-wide price competition and changes in the market demand structure. The Group’s new vehicle sales for the year was 153,115 units, representing a year-on-year decrease of 10.6%. Revenue from new vehicle sales and related services amounted to RMB41,675 million, representing a year-on-year decrease of 15.7%. The gross profit margin for new vehicle sales and related services stood at 0.1%, representing a year-on-year decrease of 1.6 percentage points.



During 2025, price competition extended to mainstream vehicle models, with terminal transaction prices continuing to decline, significantly compressing per-vehicle profitability for new cars. In response to the changing market environment, the Group proactively adjusted its new vehicle business strategy, prioritizing a balance between sales quality, gross profit margins and capital security. The Group focused on core models with relatively reasonable gross profit margins and stable demand, while adopting a prudent sales strategy for models exposed to fierce price competition and higher inventory risks.

While aforementioned adjustments have had a phased impact on sales volume to a certain extent, but they have effectively reduced the operational risks associated with low-margin sales. This helps safeguard the overall gross profit margin and cash flow security of the new vehicle business.

In terms of inventory and capital management, the Group maintained a healthy industry-standard turnover level for new vehicles in 2025, with an annual new vehicle turnover of 24.6 days. By leveraging digital systems to enhance sales pacing and dynamic control over inventory capital, and implementing a limit management for overstocked inventory, the Group continuously improved inventory turnover efficiency and reduced the risk of capital occupation.

Overall, the Group's new vehicle sales business operated under pressure in an intense price competition environment. Through proactive strategic adjustments, it controlled operational risks while laying a solid foundation for subsequent improvement in market conditions and business recovery.

### **New Energy Vehicle Business**

Throughout 2025, the new energy passenger vehicle market exhibited three key trends: A shift from “scale expansion” to “technology + experience-driven” growth, with battery electric vehicles overtaking plug-in hybrid electric vehicles to become the mainstream in high-quality expansion; Exports and premiumization emerging as core growth drivers, accelerating brand elevation as dual engines of growth; and intensified competition trend characterized by domestic and cross-industry players taking the lead, joint ventures lagging in transformation, rising industry concentration, and accelerated pace of market clearance for weaker players.

The number of automakers that achieved their full-year sales targets significantly decreased. Sales growth for low-priced and mainstream-priced models slowed sharply or even turned negative. The price segments maintaining high growth remained concentrated in premium and luxury new energy vehicles priced above RMB200,000. These trends are aligned with the development trajectories of the new energy brands we represent and provided strong impetus for our growth. As the brands we represent intensify their product investments in 2026, we anticipate this growth trajectory will continue throughout the year.

In 2025, the sustained popularity of the new AITO M9 and M8, alongside the unexpected success of the MAEXTRO S800, demonstrated the development trends of new energy vehicles in the premium, luxury, and even ultra-luxury categories. This momentum has also spawned high-priced bestsellers like the ZEEKR 9X, NIO ES8, and Xiaomi Su7 Ultra, expanding our base of premium existing customer base. Meanwhile, the year's top-selling models all featured exceptional intelligent capabilities and relatively strong differentiated user experiences. Lidar and multi-sensor systems have become standard equipment in premium vehicles, while more powerful batteries and charging technologies continue to emerge. Vehicle hardware and software ecosystems are gradually taking shape, and the integration of vehicle technologies is rapidly advancing. Our service offerings have swiftly transitioned from traditional mechanical maintenance to technology upgrades and troubleshooting services, significantly raising the service barrier.



## Management Discussion & Analysis

In terms of specific sales volume, in 2025, the sales volume of our independent new energy brand vehicles reached 25,900 units, representing a year-on-year increase of 40.1%, with a growth rate significantly outpacing the national new energy vehicle retail growth rate of approximately 17.6%. Among them, 13,341 units were sold under the dealership model and 12,559 units under the direct sales model. As the products for which we act as the agent are further developing towards the high-end market, the average selling price of new vehicles reached RMB282,400 for the year, and the comprehensive gross profit margin per new vehicle also remained relatively stable amid fierce market competition, standing at 3.8% for the year. Meanwhile, several new models of the brands we represent were launched in 2025 and several models have also accumulated a considerable number of unfulfilled delivery orders for us. As of the end of 2025, there were still more than 4,000 outstanding orders, laying the foundation for sustained business growth in 2026.

In terms of after-sales, the after-sales business of independent new energy vehicle brands maintained rapid growth in 2025. During the year, the revenue from the repair and maintenance business amounted to RMB512 million, representing a year-on-year increase of 65.1%, and the average revenue per vehicle remained basically stable at RMB3,288. The number of after-sales customers of independent new energy brands reached 91,069 at the end of 2025, representing an increase of 58.7% as compared to the end of 2024. At present, with the rapid increase in the number of new vehicle deliveries of our independent new energy brands, the customer base for after-sales services continues to expand at a high pace, and the after-sales business of these brands remains unabated.

### After-sales Business

The after-sales business is the cornerstone for us to maintain stable operation in the current situation where the competition in new vehicle sales prices continues to intensify. Our revenue from after-sales services was RMB9,469 million in 2025, of which revenue from repair and maintenance business was RMB9,200 million. Affected by the shutdown of enterprises, the revenue from repair and maintenance business decreased by 2.8% compared with 2024. Excluding this factor, the revenue from repair and maintenance business increased by 1.2% year-on-year. In 2025, the gross profit margin of our repair and maintenance business was 40.0%, remaining flat compared with 2024. In 2025, the absorption rate of retail services was 80.2%, representing an increase of 1.0 percentage point compared with 2024.

In terms of customer operations, we continuously improved and optimized various sticky products and services covering mechanical and electrical maintenance and accident repair based on customer demands and market changes, to boost enhancing customer retention rates. Meanwhile, in the second half of the year, we successfully launched the detection and maintenance equipment for new energy vehicle power batteries, which gradually cultivated customers' awareness of power battery maintenance, and combined with the user retention and outreach system, enhanced the stickiness of new energy vehicle maintenance and repair. Additionally, we actively expanded the customer resources of dealers who had withdrawn from the network covered by our outlets to drive continuous growth in retained customers under our management.

In terms of the insurance accident vehicle business, we focused on strengthening the process control of renewal business to ensure that the number of renewal vehicles and the premium scale increase year-on-year, so as to offset the impact of the decline in new vehicle sales on the premium scale. In 2025, our overall premium scale remained stable year-on-year. Meanwhile, amid the market environment where insurance companies were tightening their claims and loss assessment policies, on the one hand, we actively cooperated with insurance companies to develop businesses such as "maintenance instead of replacement" to deepen strategic partnership and achieve a win-win situation; on the other hand, we continuously enhanced the scale of minor damage business and the retention rate of accident clues through the application of digital management tools, to ensure the stability of accident vehicle business.



In terms of inventory control, we adjusted our procurement strategy in a timely manner based on the business changes, strictly controlled the procurement of spare parts and accessories, and continuously optimized the inventory structure, which resulted in a decrease of 1.9 days in the turnover days of spare parts and accessories in 2025 compared with 2024.

### **Pre-owned Vehicle Business**

In 2025, we adopted the business strategy of “profit first, efficient turnover, strict risk control and high-quality development”, proactively responded to the impact of the volatile decline in the new vehicle prices on the pre-owned vehicle business, and seized the opportunities and challenges brought by new energy pre-owned vehicles. In 2025, our transaction volume of pre-owned vehicles was 64,250 units, and the revenue from pre-owned vehicles calculated based on the selling price of pre-owned vehicles was RMB4,241 million while maintaining a stable new-to-pre-owned ratio. We ensured the business profitability by accelerating inventory turnover and controlling the risk of price declines, and the gross profit margin of pre-owned vehicles based on the selling price of pre-owned vehicles was 5.4%, representing a year-on-year increase of 0.8 percentage points; the turnover days were 16.7 days, representing a year-on-year decrease of 4.2 days.

We continued to deepen the new retail model of pre-owned vehicles that integrates dual brands of OEM and Yongda both online and offline. By strengthening digital operation capabilities, we created a marketing matrix that combines the official website, new media and vertical media to promote online transactions; we enhanced transaction rates and accelerated turnover efficiency through standardized data to integrate cross-brand and cross-regional vehicle inventory information; we developed the pre-owned vehicles retail business to drive the growth of extended businesses such as finance and insurance, and promoted comprehensive profitability and expansion of customer retention scale of pre-owned vehicles; we have established bulk vehicle supply cooperation mechanisms with many OEMs to provide a stable vehicle supply for the retail business.

We are accelerating the deployment of new channels for new energy pre-owned vehicles, and have established all-round and cross-regional cooperation with several emerging manufacturers such as HarmonyOS, Xiaomi and ZEEKR in terms of pre-owned vehicle trade-in services and retailing of own-brand vehicles; we have developed a vehicle procurement application system for the consumption scenarios of emerging new brands, providing standardized and efficient services across the entire chain, including customer information retention at the store end, centralized call center outreach and dispatching of appraisers, centralized pricing based on the database, coordinated procurement of new vehicles, and efficient platform disposal; we utilized new media platforms popular among young users, such as live streaming, short videos, Xiaohongshu and Xianyu, to carry out retail operations and provide battery testing and guarantee services for users; we have noticed that the product iteration and price fluctuation of new energy pre-owned vehicles are significantly faster than those of fuel vehicle brands, and have therefore adopted a more rigorous and efficient turnover strategy to mitigate price depreciation risks; we actively promoted the export of new energy pre-owned vehicles to establish diversified sales channels.

### **Changes of Outlets**

In order to adapt to the cyclical and structural changes in the domestic automotive industry, we accelerated the adjustment of our outlets in 2025 and adopted a prudent principle to close some brand stores in certain regions. With continuous increase in the sales of new vehicles of domestic new energy brands, coupled with the impact of macroeconomy on luxury and ultra-luxury brands, the demand for new vehicles gradually weakened, and the decrease in sales led to a significant drop in the output and gross profit of single outlet. In contrast, for domestic new energy brands, more luxury brand consumers are willing to choose new energy vehicles. Therefore, in 2025, we closed 17 luxury brand dealership stores and opened 19 new energy brand dealership stores. Through proactive adjustment of the outlet structure, we maintained the market share and single-outlet output of key luxury brands,

## Management Discussion & Analysis

closed certain underperforming brand stores, and reserved high-quality new energy brand stores to better adapt to future industry changes. The specific outlet adjustments are as follows:

	Newly opened outlets	Closed outlets
Traditional luxury brands	0	17
Traditional mid-to-high-end brands	0	6
New energy brands	19	8

As at December 31, 2025, we operated a total of 209 outlets, with 6 authorized outlets awaiting opened. Based on the analysis of brand structure, luxury brands accounted for 61.2%, independent new energy brands 22.0%, and mid-to-high-end brands 10.5%, and Yongda Pre-owned Vehicle Malls 6.2%.

Set out below are the details and changes of our opened outlets as of December 31, 2025:

	Outlets opened as of December 31, 2024	Outlets opened as of December 31, 2025	Changes of outlets
4S dealerships of luxury and ultra-luxury brands	129	115	-14
City showrooms of luxury brands	16	13	-3
<b>Sub-total of luxury and ultra-luxury brands outlets</b>	<b>145</b>	<b>128</b>	<b>-17</b>
4S dealerships of mid-to-high-end brands	27	22	-5
City showrooms of mid-to-high-end brands	1	0	-1
<b>Sub-total of mid-to-high-end brands outlets</b>	<b>28</b>	<b>22</b>	<b>-6</b>
4S dealerships of independent new energy brands	29	39	10
Authorized maintenance centers of independent new energy brands	6	7	1
<b>Sub-total of independent new energy brands outlets</b>	<b>35</b>	<b>46</b>	<b>11</b>
<b>Outlets of Yongda Pre-owned Vehicle Malls</b>	<b>13</b>	<b>13</b>	<b>0</b>
<b>Total outlets</b>	<b>221</b>	<b>209</b>	<b>-12</b>

## FINANCIAL REVIEW

### Revenue

Revenue was RMB54,600 million for the twelve months ended December 31, 2025, representing a 13.9% decrease from RMB63,420 million for the twelve months ended December 31, 2024. The decrease in revenue was mainly due to the year-on-year decrease in sales volume and average selling price of luxury and ultra-luxury brand new vehicles. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the years indicated:

	2025			2024		
	Amount (RMB'000)	Sales Volume (Unit)	Average Selling Price (RMB'000)	Amount (RMB'000)	Sales Volume (Unit)	Average Selling Price (RMB'000)
Revenue from sales of new vehicles						
Luxury and ultra-luxury brands	31,230,995	99,720	313	38,216,735	113,817	336
Mid- to high-end brands	4,037,579	27,495	147	5,166,049	38,934	133
Independent new energy brands (distribution model)	3,874,277	13,341	290	3,023,857	11,085	273
Sub-total	39,142,851	140,556	278	46,406,641	163,836	283
Commission income related to new vehicle sales	2,070,684			2,370,695		
Others	461,261			677,697		
Sub-total revenue from sales of new vehicles and related services	41,674,796			49,455,033		
Sales of pre-owned vehicles	3,082,951	30,184	102	3,777,640	36,488	104
Brokerage income related to sales of pre-owned vehicles	40,245			32,431		
Sub-total revenue from sales of pre-owned vehicles and related services	3,123,196			3,810,071		
Repair and maintenance related services	9,200,247			9,467,135		
Commission income	268,886			280,967		
Sub-total revenue from after-sales services	9,469,133			9,748,102		
Automobile operating lease services	372,113			465,965		
Less: inter-segment eliminations	(39,510)			(58,942)		
Total	54,599,728			63,420,229		

The distribution sales volume of new vehicles of the passenger vehicle sales and services segment was 140,556 units for the twelve months ended December 31, 2025, representing a 14.2% decrease from 163,836 units for the twelve months ended December 31, 2024.

## Management Discussion & Analysis

Among them, the distribution sales volume of luxury and ultra-luxury brand new vehicles was 99,720 units for the twelve months ended December 31, 2025, representing a 12.4% decrease from 113,817 units for the twelve months ended December 31, 2024; and the distribution sales volume of independent new energy brand new vehicles was 13,341 units for the twelve months ended December 31, 2025, representing a 20.4% increase from 11,085 units for the twelve months ended December 31, 2024.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB39,143 million for the twelve months ended December 31, 2025, representing a 15.7% decrease from RMB46,407 million for the twelve months ended December 31, 2024.

Among them, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB31,231 million for the twelve months ended December 31, 2025, representing an 18.3% decrease from RMB38,217 million for the twelve months ended December 31, 2024; and revenue from the sales of independent new energy brand new vehicles was RMB3,874 million for the twelve months ended December 31, 2025, representing a 28.1% increase from RMB3,024 million for the twelve months ended December 31, 2024.

Commission income related to the sales of new vehicles of the passenger vehicle sales and services segment was RMB2,071 million for the twelve months ended December 31, 2025, representing a 12.7% decrease from RMB2,371 million for the twelve months ended December 31, 2024.

The sales volume of direct agency sales of independent new energy brand vehicles was 12,559 units for the twelve months ended December 31, 2025, representing a 69.7% increase from 7,400 units for the twelve months ended December 31, 2024.

Other revenue related to new vehicles of the passenger vehicle sales and services segment was RMB461 million for the twelve months ended December 31, 2025, representing a 31.9% decrease from RMB678 million for the twelve months ended December 31, 2024.

Total revenue from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB41,675 million for the twelve months ended December 31, 2025, representing a 15.7% decrease from RMB49,455 million for the twelve months ended December 31, 2024.

The distribution volume of pre-owned vehicles was 30,184 units for the twelve months ended December 31, 2025, representing a 17.3% decrease from 36,488 units for the twelve months ended December 31, 2024.

Revenue from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB3,083 million for the twelve months ended December 31, 2025, representing an 18.4% decrease from RMB3,778 million for the twelve months ended December 31, 2024.

Brokerage income from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB40 million for the twelve months ended December 31, 2025, representing a 24.1% increase from RMB32 million for the twelve months ended December 31, 2024.

Revenue from after-sales services for the passenger vehicle sales and services segment was RMB9,469 million for the twelve months ended December 31, 2025, representing a 2.9% decrease from RMB9,748 million for the twelve months ended December 31, 2024.



Among them, the revenue from repair and maintenance related services was RMB9,200 million for the twelve months ended December 31, 2025, representing a 2.8% decrease from RMB9,467 million for the twelve months ended December 31, 2024; and the commission income was RMB269 million for the twelve months ended December 31, 2025, representing a 4.3% decrease from RMB281 million for the twelve months ended December 31, 2024.

Revenue from the automobile operating lease services segment was RMB372 million for the twelve months ended December 31, 2025, representing a 20.1% decrease from RMB466 million for the twelve months ended December 31, 2024.

### **Cost of Sales and Services**

Cost of sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB41,641 million for the twelve months ended December 31, 2025, representing a 14.3% decrease from RMB48,595 million for the twelve months ended December 31, 2024.

Cost of sales of pre-owned vehicles and related services was RMB2,895 million for the twelve months ended December 31, 2025, representing an 18.8% decrease from RMB3,566 million for the twelve months ended December 31, 2024.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB5,517 million for the twelve months ended December 31, 2025, representing a 2.2% decrease from RMB5,638 million for the twelve months ended December 31, 2024.

Cost of services for the automobile operating lease services segment was RMB287 million for the twelve months ended December 31, 2025, representing a 27.3% decrease from RMB395 million for the twelve months ended December 31, 2024.

As a result of the foregoing, cost of sales and services was RMB50,308 million for the twelve months ended December 31, 2025, representing a 13.5% decrease from RMB58,147 million for the twelve months ended December 31, 2024.

### **Gross Profit and Gross Profit Margin**

Gross profit from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB33 million for the twelve months ended December 31, 2025, representing a 96.1% decrease from RMB860 million for the twelve months ended December 31, 2024.

Gross profit margin for sales of new vehicles and related services decreased to 0.1% for the twelve months ended December 31, 2025 from 1.7% for the twelve months ended December 31, 2024.

Gross profit from sales of pre-owned vehicles and related services of the passenger vehicle sales and services segment was RMB229 million for the twelve months ended December 31, 2025, representing a 6.1% decrease from RMB244 million for the twelve months ended December 31, 2024.

Gross profit margin for distribution of pre-owned vehicles of the passenger vehicle sales and services segment increased to 6.1% for the twelve months ended December 31, 2025 from 5.6% for the twelve months ended December 31, 2024.

## Management Discussion & Analysis

Gross profit from after-sales services for the passenger vehicle sales and services segment was RMB3,953 million for the twelve months ended December 31, 2025, representing a 3.8% decrease from RMB4,110 million for the twelve months ended December 31, 2024.

Gross profit margin for repair and maintenance was 40.0% for the twelve months ended December 31, 2025, basically unchanged from 40.4% for the twelve months ended December 31, 2024.

Gross profit from the automobile operating lease services segment was RMB85 million for the twelve months ended December 31, 2025, representing a 19.6% increase from RMB71 million for the twelve months ended December 31, 2024.

Gross profit margin for the automobile operating lease services segment increased to 22.8% for the twelve months ended December 31, 2025 from 15.2% for the twelve months ended December 31, 2024.

As a result of the foregoing, gross profit was RMB4,292 million for the twelve months ended December 31, 2025, representing an 18.6% decrease from RMB5,273 million for the twelve months ended December 31, 2024.

Gross profit margin was 7.9% for the twelve months ended December 31, 2025, representing a decrease of 0.4 percentage points from the gross profit margin of 8.3% for the twelve months ended December 31, 2024. The decrease in gross profit margin was mainly due to the decline in gross profit margin of new vehicles as a result of the decline in new vehicle prices.

### **Other Income, Other Gains and Losses**

Other income, other gains and losses were net gains of RMB47 million for the twelve months ended December 31, 2025, representing a 55.7% decrease from net gains of restated other income, other gains and losses of RMB106 million for the twelve months ended December 31, 2024.

### **Distribution and Selling Expenses and Administrative Expenses**

Distribution and selling expenses and administrative expenses were RMB4,696 million for the twelve months ended December 31, 2025, representing a 3.9% decrease from RMB4,889 million for the twelve months ended December 31, 2024.

The ratio of distribution, selling and administrative expenses over revenue was 8.6% for the twelve months ended December 31, 2025, representing an increase of 0.9 percentage points from 7.7% for the twelve months ended December 31, 2024.

### **Finance Costs**

Finance costs were RMB234 million for the twelve months ended December 31, 2025, representing a 21.4% decrease from RMB298 million for the twelve months ended December 31, 2024.

The percentage of the finance costs to revenue for the twelve months ended December 31, 2025 decreased to 0.4% from 0.5% for the twelve months ended December 31, 2024.



### Adjustments on Non-IFRS Measures

To provide useful information to investors and others, enabling them to understand and evaluate our consolidated results of operations in the same manner as the management, the impacts resulting from the Impairment of Related Assets should be supplemented as adjustments on non-IFRS measures to the consolidated statement of profit or loss presented in accordance with IFRSs, as set out in the annual results announcement. We made these adjustments as they are not related to the Group's daily operations and operating income, and do not involve any cash outflows.

The following table sets out the reconciliation between the Group's adjusted consolidated net profit or loss and adjusted net profit or loss attributable to owners of the Company for the twelve months ended December 31, 2025 and the twelve months ended December 31, 2024 and the consolidated net profit or loss and net profit or loss attributable to owners of the Company for the twelve months ended December 31, 2025 and the twelve months ended December 31, 2024 calculated and presented in accordance with IFRSs:

	For the twelve months ended December 31, 2025 (RMB million)	For the twelve months ended December 31, 2024 (RMB million)
<b>Consolidated (net loss)/profit for the period</b>	<b>(5,354)</b>	165
<b>Including: (Net loss)/profit for the period attributable to owners of the Company</b>	<b>(5,072)</b>	201
<b>Adjustments for:</b>		
Impairment losses recognized on long-term assets such as goodwill, intangible assets of dealership agreements and buildings and renovations	<b>4,879</b>	85
Effect of deferred income tax <sup>(i)</sup>	<b>128</b>	–
<b>Subtotal of adjustments</b>	<b>5,007</b>	85
<b>Including: Subtotal of adjustments attributable to owners of the Company</b>	<b>4,768</b>	74
<b>Adjusted consolidated (net loss)/profit for the period (under non-IFRS measures)</b>	<b>(347)</b>	250
<b>Including: Adjusted (net loss)/profit for the period attributable to owners of the Company</b>	<b>(304)</b>	275

(i) Effect of deferred income tax amounted to RMB128 million, including reversal of tax losses recognized as deferred tax assets of RMB498 million and deferred income tax related to deductible temporary differences of RMB64 million, offset by reversal of deferred tax liabilities related to impairment losses recognized on distribution agreements and other intangible assets of RMB434 million.

### Adjusted Net Profit or Loss

As a result of the foregoing, the adjusted consolidated net loss (under non-IFRS measures) was RMB347 million for the twelve months ended December 31, 2025, representing a decrease of RMB597 million compared with the adjusted profit of RMB250 million (under non-IFRS measures) for the twelve months ended December 31, 2024.



## Management Discussion & Analysis

### Adjusted Net Profit or Loss Attributable to Owners of the Company

As a result of the foregoing, the adjusted net loss (under non-IFRS measures) attributable to owners of the Company was RMB304 million for the twelve months ended December 31, 2025, representing a decrease of RMB579 million compared with the adjusted profit of RMB275 million (under non-IFRS measures) for the twelve months ended December 31, 2024.

The adjusted consolidated net profit or loss (non-IFRS measures) and adjusted net profit or loss attributable to owners of the Company (non-IFRS measures) are not stipulated or presented in accordance with the International Financial Reporting Standards Accounting Standards (the “IFRS”). The adjusted consolidated net profit or loss (non-IFRS measures) and adjusted net profit or loss attributable to owners of the Company (non-IFRS measures) are defined by the Group as the consolidated net profit or loss and net profit or loss attributable to owners of the Company excluding the impact of the Impairment of Related Assets. As an analytical tool, the use of non-IFRS measures has its limitations. Shareholders of the Company and potential investors should not consider it separately from the operating results or financial position reported by the Company in accordance with the IFRS, nor should it be regarded as a substitute for the analysis of such operating results or financial position. In addition, the definition of non-IFRS measures may differ from similar terms used by other companies, and therefore may not be comparable to similar measurement standards proposed by other companies.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment of new outlets, and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

For the twelve months ended December 31, 2025, our net cash generated from operating activities was RMB1,886 million, which included cash generated from items such as profit before tax and non-cash depreciation and amortization of RMB771 million, cash generated from movements in working capital of RMB1,303 million and the payment of income tax of RMB188 million.

For the twelve months ended December 31, 2024, our net cash generated from operating activities was RMB1,518 million, which mainly included cash generated from items such as profit before tax and non-cash depreciation and amortization of RMB1,686 million, cash generated from movements in working capital of RMB89 million and the payment of income tax of RMB257 million.

For the twelve months ended December 31, 2025, our net cash used in investing activities was RMB248 million, which mainly included payments for the purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,034 million, which was partially offset by the proceeds of RMB634 million from the disposal of property, plant and equipment, intangible assets and right-of-use assets, dividends and principal of RMB40 million received from financial assets at fair value through profit or loss, dividends of RMB42 million received from joint ventures and associates, and interest income of RMB43 million.

For the twelve months ended December 31, 2024, our net cash used in investing activities was RMB257 million, which mainly included payments for the purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,212 million, which was partially offset by the proceeds of RMB719 million from the



disposal of property, plant and equipment, intangible assets and right-of-use assets, RMB42 million from the disposal of financial assets at fair value through profit or loss, RMB157 million from the disposal of subsidiaries.

For the twelve months ended December 31, 2025, our net cash used in financing activities was RMB903 million, which mainly included the payment of dividends to shareholders of the Company of RMB258 million, the payment of interest of RMB233 million, the repayment of lease liabilities of RMB310 million and the payment for repurchase of shares of the Company of RMB98 million.

For the twelve months ended December 31, 2024, our net cash used in financing activities was RMB2,005 million, which mainly included net repayments of borrowings of RMB1,046 million, the payment of dividends to shareholders of the Company of RMB214 million, the payment of dividends to minority shareholders of subsidiaries of RMB35 million, the payment of interest of RMB299 million, the repayments of lease liabilities of RMB318 million and the payment for repurchase of shares of the Company of RMB72 million.

### Inventories

Our inventories mainly consist of passenger vehicles and spare parts and accessories.

As at December 31, 2025, the carrying amount of our inventories was RMB3,612 million, representing a decrease of 13.0% compared with RMB4,150 million as at December 31, 2024. The following table sets forth our average inventory turnover days for the years indicated:

	2025	2024
Average inventory turnover days	24.9	25.8

### Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets, which were partially offset by the proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets. For the twelve months ended December 31, 2025, our total capital expenditures were RMB400 million. The following table sets forth a breakdown of our capital expenditures for the year indicated:

	For the twelve months ended December 31, 2025 (RMB million)
Expenditures on purchase of property, plant and equipment and right-of-use assets – test-drive automobiles and vehicles for operating lease purposes	572
Expenditures on purchase of property, plant and equipment and right-of-use assets – establishing and upgrading automobile sales and service outlets	389
Expenditures on purchase of intangible assets (vehicle licences and software)	73
Proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets (mainly test-drive automobiles and vehicles for operating lease purposes)	(634)
<b>Total</b>	<b>400</b>

# Management Discussion & Analysis

## Borrowings

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) to fund our working capital and network expansion. As of December 31, 2025, the outstanding amount of our borrowings amounted to RMB2,914 million, remained basically unchanged compared to RMB2,914 million as of December 31, 2024. The following table sets forth the maturity profile of our borrowings as of December 31, 2025:

	<b>As of December 31, 2025</b> <b>(RMB million)</b>
Within one year	<b>1,607</b>
One to two years	<b>781</b>
Two to five years	<b>526</b>
<b>Total</b>	<b>2,914</b>

As of December 31, 2025, our net gearing ratio (being net liabilities divided by total equity) was 8.5% (as of December 31, 2024: 10.2%). Net liabilities represent borrowings minus cash and cash equivalents and time deposits.

As of December 31, 2025, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2025 consisted of (i) inventories of RMB570 million; (ii) property, plant and equipment of RMB54 million; (iii) land use rights of RMB48 million; and (iv) equity interests of the subsidiaries of RMB424 million.

## Contingent Liabilities

As of December 31, 2025, the Group provided guarantees of RMB146 million to Shanghai Yongda Finance Leasing Co., Ltd. in respect of its borrowing principal balance on normal commercial terms and on several basis in proportion to the Group's shareholding in Shanghai Yongda Finance Leasing Co., Ltd., save for which we did not have any material contingent liabilities.

## Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the loan prime rate (LPR). Increases in interest rates could result in an increase in our cost of borrowing, which in turn could adversely affect our finance costs, profit and our financial condition.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of December 31, 2025, we had no financial borrowings that were denominated in foreign currencies.



## DEVELOPMENT OUTLOOK AND STRATEGIES

China's automobile market has now entered a phase of profound transformation and adjustment. In 2025, the penetration rate of new energy vehicles surpassed 50% for the first time, gradually becoming the core engine reshaping the industry landscape. Meanwhile, traditional fuel vehicles, leveraging their large customer base and mature service systems, continued to demonstrate robust market resilience through product upgrades and structural optimization fostering an industrial synergistic development ecosystem with new energy vehicles.

As the adverse impact of "involution-style" price wars become increasingly apparent and industry profit margins hit historic lows, the introduction of policies against involution will not only guide the sector toward accelerating the exploration of new models centered on technology-driven innovation and value creation, but also expedite industry consolidation and channel network optimization, prompting dealers to phase out outlets of poor performance and advance the transition toward high-quality development.

Overall, market competition will gradually return to rationality. As traditional brands accelerate their transition to new energy vehicles, the competitive landscape for new energy vehicles brands is becoming increasingly clear. Combined with favorable industry factors such as technological revolution in power batteries and large-scale pilot programs for Level 3 autonomous driving, the industry is entering a new phase amid dynamic adjustments.

In response to industry development trends and changes, we will proactively address challenges, withstand market pressure, and promote the coordinated development of the "new energy vehicles" and "luxury cars" segments. We will continue to strengthen and refine key new energy brands, focus on stabilizing our core luxury vehicle operations, ensure robust after-sales service, further expanded the upgraded pre-owned vehicles business, and achieve improvements in our primary business structure and profitability. We will focus on various types of cost reduction and expense control, and pay attention to the continuous improvement of our operational efficiency, so as to ensure the health of core financial indicators and operating cash flows. We will also continue to invest in the battery recycling and intelligent robot industries, and conduct research on AI technology empowerment to realize efficiency gains against the trend on the basis of safeguarding the overall stable operation.

### **Continuously Optimize Operational Quality to Strengthen and Refine Our "New Energy" Business**

We have largely completed the network layout for key new energy brands such as Harmony Intelligent Mobility Alliance (the "HIMA"), which are leading in domestic intelligentization and boast strong market reputation and profitability. Aligning with our upcoming intensive new product launches, we will prioritize the marketing channel layout, focus on acquiring leads through new media channels, and capitalize on brand dividends and market traffic. By driving single-store sales growth and optimizing operational quality, we aim to achieve economies of scale across new energy brand outlets. Leveraging stable new vehicle gross profit margins, we will increase the proportion and profit contribution of our new energy business.

In addition, in terms of after-sales services, we will continuously expand production scale and gross profit margins while further exploring and broadening profit opportunities in new energy after-sales and extended businesses.



## Management Discussion & Analysis

### **Enhance the Business Quality and Efficiency, and Focus On Empowering Operations Through Cost Reduction, Expense Control and Efficient Management**

To safeguard the stability of our core luxury vehicle business, we will maintain market share of key brands while prioritizing new vehicle profitability. We will continue to optimize the network layout and shut down underperforming outlets, ensuring the long-term and steady growth of after-sales maintenance service and the expansion and upgrading of our pre-owned vehicle business. By continuously enhancing customer retention and satisfaction, we will further solidify our customer base and achieve overall profitability improvement.

Meanwhile, we will implement differentiated management based on the implementation of various cost and expense control measures, prioritizing resources toward top-performing profit-generating enterprises while strengthening the dynamic correlation and control between expenses and performance. We will further streamline the organizational structure and optimize staff efficiency. Besides, we will accelerate the promotion of a shared management model of business, finance and human resources, enhance management efficiency, empower business development so as to reduce management costs.

### **Safeguard Cash Flow and Financial Stability, Continuously Enhance Cross-Cycle Risk Resilience**

We will effectively guarantee the Group's cash flow, further strengthen cash flow management, focus on utilization rate of funds, ensure that the efficiency of inventory turnover is maintained at a high level, collect all types of receivables as much as possible, enhance the self-efficiency cash flow capabilities of individual stores, so as to ensure the Group's operating cash flow is healthy and stable under a stringent control strategy in general; meanwhile, we will strictly control capital expenditure and continue to optimize and co-ordinate the management of the channels and structure on the financing side, continuously improve our ability to resist risks in turbulent market environments and ensure stable operations.

In terms of core financial indicators, such as gearing ratio, current assets covering liabilities and net assets covering long-term assets, we will ensure that they are maintained at a healthy level to provide the Company with a solid financial foundation.

### **Proactively Promote Talent Training, New Business Deployment and New Technology Empowerment**

We will strengthen the talent cultivation and reserves in relevant fields, treat key personnel as core corporate assets to enhance retention and provide promotion opportunities, so as to support our rapid business transformation. Meanwhile, we will continue to lay out our business in the fields of "battery recycling industry" and "intelligent robots" to accelerate the cultivation and development of new industries.

Meanwhile, we will also accelerate the pace of digital intelligence transformation, embrace AI technology, and apply AI to inject new vitality into our development and empower our business development.

Looking ahead, the domestic automobile market retains ample potential for growth. Accelerating industry consolidation will also gradually achieve capacity rationalization and further optimize resource allocation, facilitating the concentration of market share among leading brands toward high-quality top-tier dealers. Structural overcapacity and supply-demand imbalances will also be progressively alleviated as the automobile sector enters a new phase of deep integration with technological innovation across multiple fields. We will be fully prepared to face the challenges of the industry with confidence, and navigate through the current market transformation cycle. We will also actively participate in and continue to respond to the national "low carbon" strategy and fulfill our ESG-related corporate social responsibilities. We will continuously improve operational efficiency and earnings quality, and ensure sound and stable cash flow and financial conditions. On this basis, we will adopt appropriate dividend and share repurchase policies to create long-term value for shareholders.



# Directors and Senior Management

## DIRECTORS

### Executive Directors

**CHEUNG Tak On (張德安)**, aged 59, is our Chairman and was appointed as our executive Director on January 18, 2012. Mr. Cheung has extensive experience in the passenger vehicle dealership sector and is mainly responsible for setting the strategic vision, direction and goals of our Group and he participates in our Group's strategic and key operational decision-making processes. From November 1999 to February 2005 and from November 2005 to September 2018, Mr. Cheung has been the chairman of Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司) ("**Yongda Holding**"), where he has been mainly responsible for overseeing its overall development and formulating corporate and business strategies. Mr. Cheung obtained an adult higher education training certificate in economic law jointly granted by The Open University of China (中央廣播電視大學) and China University of Political Science and Law (中國政法大學) in 1996 and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2001. Mr. Cheung also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from September 1999 to December 2001, and the China CEO Program jointly offered by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, IMD and London Business School in 2011. Mr. Cheung completed the course of China CEO Global Research Proposal (《中國CEO全球研修計劃》) organized by Overseas Education Collage of Shanghai Jiao Tong University (上海交通大學) in 2014. Mr. Cheung started to course of the Entrepreneur Scholar Program and PhD in Global Management of Tsinghua University-University of Minnesota sponsored by the School of Economics and Management of Tsinghua University in 2018.

**XU Yue (徐悅)**, aged 50, was appointed as our executive Director on March 23, 2015, as our Vice-chairman on March 25, 2020 and as our Chief Executive Officer on December 21, 2021. Mr. Xu has served as our President from March 2015 to February 2016, and was re-appointed as our President on September 12, 2016. He is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group. Mr. Xu is also currently the chairman of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("**Yongda Automobile Group**"), which is an indirect wholly-owned subsidiary of the Company, and the chairman or a director of several of our subsidiaries. Mr. Xu joined our Group in 1999 and has more than 20 years of experience in the passenger vehicle dealership sector. He was the executive vice-president of the Company from January 2012 to March 2015 and the assistant to the chief executive officer of Yongda Holding from January 2009 to December 2011. From June 2004 to January 2009, Mr. Xu was the deputy general manager of Yongda CLS and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) ("**Shanghai Baozen**"). Between February 2002 and March 2004, Mr. Xu was the secretary to the chief executive officer of Yongda Holding, where he was mainly responsible for assisting the chief executive officer with daily administration. From November 2000 to February 2002, Mr. Xu was the general manager of Shanghai Yongda International Trading, Ltd. (上海永達國際貿易有限公司), where he was mainly responsible for the import of passenger vehicles. Between October 1999 and November 2000, Mr. Xu was the assistant to the general manager of Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司). Mr. Xu received a bachelor diploma in practical English and a secondary college diploma in international business and finance management from Shanghai Normal University (上海師範大學) in June 1997, and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2005. Mr. Xu also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from October 2003 to July 2005. In 2015, Mr. Xu obtained a master's degree in Business Administration at China Europe International Business School (中歐國際工商學院).



## Directors and Senior Management

**CAI Yingjie (蔡英傑)**, aged 58, is our Vice-chairman and was appointed as our executive Director on January 18, 2012. Mr. Cai was re-designated from our President to Chief Executive Officer on March 23, 2015 and has ceased to act as the Chief Executive Officer due to work re-allocation and adjustment of the management team of the Company on December 21, 2021. Mr. Cai is responsible for overseeing our operations and investment, managing our relationships with automobile manufacturers and exploring new business opportunities for our Group. Mr. Cai is also the chairman or a director of several of our subsidiaries. From November 1998 to December 2011, and since September 2018, he was the director of Shanghai Yongda Group Company Limited (“**Yongda CLS**”) and its general manager from November 1999 to December 2011. Before joining the Group, Mr. Cai worked in Shanghai Shenbao Automobiles Factory (上海申寶汽車廠) (later known as Shanghai Shenbao Automobiles Co., Ltd. (上海申寶汽車有限公司)), where he was responsible for automobiles inspection and management of the fleet of automobiles. Mr. Cai received the Executive Management Education Certificate from the Chinese Enterprise CEO Program at Cheung Kong Graduate School of Business in 2016 and graduated from Nanjing Army Command College (南京陸軍指揮學院) with an adult higher education bachelor diploma in law in 2002.

**WANG Zhigao (王志高)**, aged 57, is our Vice-chairman, he served as our non-executive Director from January 2012 to March 2015, and was re-designated to executive Director on March 23, 2015. Mr. Wang is responsible for managing our strategies and remuneration and work in relation to professional institutions and guiding the legal affairs of our Group. Mr. Wang served as a director of Yongda Holding since January 2005. Mr. Wang served as a director of Yongda CLS since December 2003. Mr. Wang is also currently a director of several of our subsidiaries. Before joining the Group, Mr. Wang was a lawyer at Shanghai Xin Cheng Law Firm (上海信誠律師事務所) and Shanghai Jin Shi Law Firm (上海金石律師事務所). And from August 1992 to December 1996, he was a lecturer at East China University of Political Science and Law (華東政法大學). Mr. Wang graduated from East China University of Politics and Law with a bachelor’s degree in economic law in 1992 and a master’s degree in law in 1999. Mr. Wang also received a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in 2007.



**TANG Liang (唐亮)**, aged 48, was appointed as our Vice-president since September 12, 2016 and was appointed as our executive Director since December 21, 2021. He is responsible for assisting the President of the Group in work execution related to the operation and management of the automobile sales service business. Mr. Tang is currently also a director of Yongda Automobile Group. Mr. Tang was the assistant to our President of the Group from March 2015 to February 2016. Mr. Tang joined us on May 4, 2010 and served as the deputy general manager and the general manager of Shanghai Baozen and the vice director of Baozen Business Division. Mr. Tang has over 20 years of working experience in the automobile industry. Prior to joining us, Mr. Tang worked at SGM Automobile Manufacturing Department (上海通用汽車製造部) from April 2004 to the end of 2008, during which period he held a number of managerial positions in respect of engineering and production, and later served as the assistant to the vice-president of SGM Automobile Marketing (上海通用汽車營銷) from the end of 2008 until he joined our Group. Mr. Tang graduated from the Material Science and Engineering Institute of Shanghai Jiao Tong University (上海交通大學) in 2001 with a bachelor's degree in material science and engineering, and obtained a master's degree in the same major in 2004. Mr. Tang received a master's degree in Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in September 2016.

#### **Non-executive Director**

**CHEN Yi (陳晔)**, aged 53, was appointed as our executive Director on March 23, 2015 and has been re-designated from an executive Director to a non-executive Director from March 31, 2026. She was responsible for the operation and management of the automobile finance business and related management of our Group. Since February 2016, Ms. Chen has been a director of Yongda Automobile Group. From September 2016 to March 2026, Ms. Chen was Vice-president of our Company, and from March 2014 to February 2016, Ms. Chen was the vice-president of our Company and the general manager of the finance innovation department. She has over 20 years of experience in the banking and financial industry. Prior to joining us, Ms. Chen was the senior assistant to the president of the Transportation Finance Division and the director of Eastern China Automobile Business Division of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (Shanghai Stock Exchange ("SSE") stock code: 600016 and Hong Kong Stock Exchange stock code: 01988) ("CMBC") from April 2013 to January 2014. From February 2004 to April 2013, Ms. Chen held several managerial positions in CMBC, including the senior customer manager of the Shanghai Automobile Town branch of CMBC, the general manager of the Industrial and Commercial Enterprises Finance Division Two of CMBC, the branch manager of the Shanghai Gubei branch, the branch manager of the Shanghai Jiading branch, and the general manager of the automobile finance department of the Shanghai branch of CMBC. From July 1995 to February 2004, she worked at the Credit Card Division, Personal Banking Division and Customer Service Division of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SSE stock code: 601328 and SEHK stock code: 03328). Ms. Chen obtained a professional diploma in International Finance from the Shanghai Institute of Finance (上海金融學院), formerly known as the Shanghai Higher Institute of Finance (上海金融高等學院) in 1995 and a bachelor's degree in currency and banking from Shanghai Jiao Tong University (上海交通大學) in 2000. She also obtained a master's degree in Executive Master of Business Administration from Shanghai Advanced Institute of Finance (上海高級金融學院) of Shanghai Jiao Tong University in 2014 and completed her DBA study in Global Financial Business Administration of Shanghai Advanced Institute of Finance in 2020.



## Directors and Senior Management

### Independent Non-executive Directors

**ZHU Anna Dezhen (朱德貞)**, aged 68, was appointed as our independent non-executive Director on May 8, 2015, and is currently the chairman of the board of Xiamen De Yi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司), where she is mainly responsible for operation and management of investment. Ms. Zhu has also served as a non-executive director of Fuyao Glass Industry Group Co., Ltd. (SSE stock code: 600660 and SEHK stock code: 03606) since November 2011. Ms. Zhu has over 30 years of extensive experience in financial analysis, market analysis, investment management and general corporate management. Before joining Xiamen De Yi Equity Investment Management Co., Ltd., Ms. Zhu was a senior manager of China National Offshore Oil Corporation, where she was mainly responsible for analysis of crude oil market, from October 1982 to September 1988. From March 1992 to June 1993, Ms. Zhu was an analyst at The Bank of New York Company, Inc., where she was mainly responsible for systems analysis. From June 1993 to September 1999, Ms. Zhu was the vice chairman of business of JP Morgan Investment Bank of the United States, where she was mainly responsible for establishing the financial model. Ms. Zhu was a manager of Strategic Planning of Micron Technology, Inc. (New York Stock Exchange stock code: MU), where she was mainly responsible for strategic planning, from May 2000 to October 2001; the chief operating officer of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司), from October 2001 to June 2003; and the president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), where she was mainly responsible for operations management, from June 2003 to May 2008. From May 2008 to December 2010, Ms. Zhu was the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, where she was mainly responsible for the operation and management of investment. From December 2010 to June 2016, Ms. Zhu was the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. Ms. Zhu has served as an independent director of Hunan TV & Broadcast Intermediary Co. Ltd. (SZSE stock code: 000917) from August 2016 to December 2019, and as an independent director of Bright Dairy & Food Co., Ltd. (SSE stock code: 600597) from April 2015 to June 2022. In the area of professional qualification, Ms. Zhu is a director of the Chinese Economists 50 Forum, a director of Heren Charitable Foundation and a director of the Western Returned Scholars Association. Ms. Zhu received a bachelor's degree in literature from Xiamen University in 1982, a bachelor's degree in economics from College of Saint Elizabeth in 1990 and a master's degree in business administration from Pace University in 1992. Ms. Zhu obtained a doctor's degree in economics from Xiamen University in 2013.

**LYU Wei (呂巍)**, aged 61, was appointed as our independent non-executive Director on January 18, 2012. Mr. Lyu is currently a professor of Management Department of Antai College of Economics and Management (安泰經濟與管理學院) at Shanghai Jiao Tong University (上海交通大學). From November 2014 to May 2015, Mr. Lyu was the head of preparatory group of the Faculty of the Cultural and Creative Industry of University of Southern California and Shanghai Jiao Tong University (上海交通大學美國南加州大學文化創意產業學院). From 2003 to November 2014, Mr. Lyu was the Associate Dean of the Antai College of Economics and Management at Shanghai Jiao Tong University. Between February 1997 and March 2003, Mr. Lyu was an assistant to the Dean of the School of Management of Fudan University (復旦大學) and a professor in its Department of Marketing from November 2001 to March 2003. From 1996 to 1997, Mr. Lyu was a visiting scholar at the Sloan School of Management of Massachusetts Institute of Technology. From 1994 to 1996, Mr. Lyu was a visiting scholar at the University of Southern California.



Mr. Lyu's academic qualifications and extensive experiences have led to his appointments in a number of listed companies:

Companies	Positions	Duration
Zhejiang Yiming Food Co., Ltd. (浙江一鳴食品股份有限公司) (SSE stock code: 605179)	Independent Director	June 2023 – present
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) (SSE stock code: 600895)	Independent Director	June 2021 – present
Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd. (上海外高橋集團股份有限公司) (SSE stock code: 600648)	Independent Director	May 2021 – present
Shanghai Guangdian Electric Group Co., Ltd. (上海廣電電氣(集團)股份有限公司) (SSE stock code: 601616)	Director	May 2020 – present
Whirlpool (China) Co., Ltd. (惠而浦(中國)股份有限公司) (SSE stock code: 600983)	Director	June 2017 – May 2021
Shandong Wohua Pharmaceutical Co., Ltd. (山東沃華醫藥科技股份有限公司) (SZSE stock code: 002107)	Independent Director	January 2016 – January 2022
Foshan Electrical and Lighting Co Ltd (佛山電器照明股份有限公司) (SZSE stock code: 000541)	Independent Director	December 2015 – August 2020
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (上海陸家嘴金融貿易開發區股份有限公司) (SSE stock code: 600663)	Independent Director	May 2015 – April 2021
LUOLAI LIFESTYLE TECHNOLOGY CO.,LTD. (羅萊生活科技股份有限公司) (formerly known as Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司)) (SZSE stock code: 002293)	Independent Director	November 2007 – October 2013 and January 2017 – June 2023
China Minsheng Financial Holding Corporation Limited (中國民生金融控股有限公司) (formerly known as China Seven Star Holdings Limited (中國七星控股有限公司) and China Seven Star Shopping Limited (中國七星購物有限公司)) (SEHK stock code: 245)	Independent Non- executive Director	June 2005 – July 2019

Mr. Lyu graduated with a bachelor's degree in management science from Fudan University (復旦大學) in 1986 before obtaining his master's degree in economics in 1989 and doctorate in economics in 1996 at the same university.



## Directors and Senior Management

**SUN Minjie (孫敏傑)**, aged 62, was appointed as our independent non-executive Director with effect from January 1, 2026. He is currently the chairman of Renhe Zhiben Enterprise Management Group Co., Ltd. (仁和智本企業管理集團有限公司), the chairman of Shanghai Yongda Finance Leasing Co., Ltd. (an associate of the Company), an independent director of Shenggang Securities Co., Ltd. and an independent director of Shanghai Huarui Bank Co., Ltd. He also serves as the rotating chairperson of the Shanghai Entrepreneur Association. Before joining the Company, Mr. Sun served as a lecturer in the Department of Mechanical Design and Engineering at Shanghai College of Light Industry (上海輕工業專科學校) from 1984 to 1988; the head of the market development department and vice president of Shanghai Branch of The Bank of East Asia, Limited from 1988 to 2001; the president of Xi'an Branch of The Bank of East Asia, Limited from 2001 to 2006; the executive deputy head of corporate bank preparatory group of The Bank of East Asia (China) Limited, and the vice president and executive vice president of The Bank of East Asia, Limited from 2006 to 2019; an independent director of Shanghai Securities Company Limited from 2014 to 2021; an independent director of Shanghai Kinlita Chemical Co., Ltd. (a company listed on the Growth Enterprise Market of the Shenzhen Stock Exchange, stock code: 300225.SZ) from 2019 to 2022. Mr. Sun graduated from the Department of Mechanical Engineering of Shanghai University with a bachelor's degree in engineering in August 1984, and obtained a Master of Business Administration (MBA) degree from La Trobe University in Australia in October 1998. Mr. Sun also obtained an Executive Master of Business Administration (EMBA) degree from Cheung Kong Graduate School of Business in October 2009. In May 2016, Mr. Sun participated in the DBA program jointly founded by Arizona State University in the United States and the Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University and obtain a Doctorate of Business Administration degree.

### SENIOR MANAGEMENT

Our senior management team, in addition to our Directors listed above, is as follows:

**YE Ming (葉明)**, aged 48, was our Vice-president from January 2012 to February 2016 and was re-appointed as our Vice-president since September 12, 2016. He is responsible for our Group's enterprise management, network management, administration and other areas. Mr. Ye is also currently a director of several of our subsidiaries. From January 2009 to December 2011, Mr. Ye simultaneously held the offices of the assistant to chief executive officer of Yongda Holding and the deputy general manager of Yongda CLS. Mr. Ye held a number of managerial positions at Yongda CLS between 2003 and 2008, including the director of the business development department and assistant to the general manager. In 2002, Mr. Ye held the office of assistant to the general manager of Shanghai Yongda Automobile Rental Company (永達汽車租賃有限公司). Mr. Ye received a bachelor's degree in law from Shanghai University (上海大學) in 2001 and a master's degree of EMBA from Fudan University in 2018.

**DONG Ying (董穎)**, aged 56, was our Vice-president from January 2012 to February 2016 and has been reappointed as our Vice-president since September 12, 2016. Mr. Dong joined our Group in November 2011 and has been responsible for our financial management. Mr. Dong has over 30 years of experience in corporate finance, accounting, auditing, risk management and internal control. Mr. Dong was the deputy head of financial control center of Yongda Holding between November 2011 and December 2011. Prior to joining us, Mr. Dong was the financial controller of a company whose shares are listed in Hong Kong from 2006 to 2011. Mr. Dong worked at PricewaterhouseCoopers Zhong Tian Limited Company CPAs (普華永道中天會計師事務所有限公司) from 2003 to 2006 as a senior manager in its risk management and internal control service department and from 1994 to 2003 as a junior auditor and later as a senior manager in its audit department. He is a member of the Chinese Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia, and a Certified Public Accountant in California, America. Mr. Dong obtained a bachelor's degree in fine chemical engineering and a secondary diploma in international corporate management from East China University of Science and Technology (華東理工大學) in July 1993.



**WEI Dong (衛東)**, aged 56, was our Vice-president from January 2012 to February 2016 and has been reappointed as our Vice-president since September 12, 2016. He is responsible for the operation and management of pre-owned vehicle business. Mr. Wei is also currently a director of several of our subsidiaries. Mr. Wei has 20 years of experience in sales management. From January 2008 to December 2011, Mr. Wei was the deputy general manager of Yongda CLS. From November 2004 to December 2008, Mr. Wei was the general manager of Shanghai Yongda Automobile Trade Center Co., Ltd. (上海永達汽車貿易中心有限公司). From April 2002 to October 2004, he was the deputy general manager of Shanghai Number One Yongda Automobile Trading Co., Ltd. (上海一百永達汽車貿易有限公司). Between April 2000 and March 2002, he was the deputy general manager of the Songjiang store of the Shanghai Number One Department Store Co., Ltd. (上海第一百貨松江店有限公司). From October 1989 to July 1998, Mr. Wei was a salesman, deputy secretary and secretary of the Youth League Committee at the Shanghai Number One Department Store Co., Ltd. (上海市第一百貨商店股份有限公司). Mr. Wei obtained an adult higher education bachelor's diploma in business administration from Shanghai Second Polytechnic University (上海市第二工業大學) in 2002.

**ZHANG Hong (張虹)**, aged 42, was re-designated as our Vice-president on March 25, 2020 and re-appointed as our joint company secretary on March 20, 2018. She is responsible for comprehensive affairs management, legal risk management and control, staff education and training and other areas of our Group, and participating in human resources management and the preparation of the interim reports and annual reports of the Company, and the organization of and preparation for the board meetings, board committee meetings and shareholders' meetings. Ms. Zhang joined us in July 2006 and has nearly 20 years of experience in automobile sales and service industry. She has held a number of positions in the Group, such as the assistant to the president, the assistant director, the deputy director and the executive director of the legal department of the Group, and served as our joint company secretary from June 30, 2015 to February 29, 2016. Ms. Zhang graduated from the department of economic laws of East China University of Political Science and Law (華東政法大學) with a bachelor's degree in Laws in June 2006 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in November 2024.

**TAO Wei (陶衛)**, aged 46, was re-designated as our vice president on March 11, 2025, responsible for assisting the President of the Group in operation and management of automobile sales service business, and responsible for the management of Baozen Business Division. Mr. Tao was promoted from front-line sales consultant to sales manager, and was the manager of the BMW, Audi, Jaguar Land Rover and other 4S brand stores since joining the Group in 2001, and accumulated rich work experience. Mr. Tao worked as the general manager of Shanghai Baozen Store of Yongda Automobile Group from October 2017 and the general manager Shanghai Baozen Shenjiang Automobile Sales and Service Co., Ltd. (上海寶誠申江汽車銷售服務有限公司) from October 2017 to March 2022, the assistant to president of Yongda Automobile Group from March 2014 to October 2017 and the general manager of Shanghai Yongda Aocheng Automobile Sales and Service Co., Ltd. (上海永達奧誠汽車銷售服務有限公司) of Yongda Automobile Group from May 2012 to March 2014. Mr. Tao joined us in November 2001 and he has held a number of managerial positions in the Group, such as sales manager and general manager of the Taiyuan Baozen Store, sales manager and deputy sales manager of the Chinese brand and Audi brand and sales consultant of the Shanghai Volkswagen Brand. Mr. Tao graduated from Shanghai Jiao Tong University (上海交通大學) with a major in automotive construction in 2001 and obtained a degree of Master of Business Administration at Fudan University (復旦大學) in 2020.



## Directors and Senior Management

**SONG Jiamin (宋佳敏)**, aged 46, was re-designated as the assistant to our president on March 11, 2025, responsible for the management of the converged media marketing center and public affairs, assisting the President of the Group in operation and management of automobile sales service business, assisting in management in the work relating to Baozen Business Division, and responsible for management of companies in North China under the Baozen Business Division, and companies in Jiangsu and Shanxi provinces under the HIMA brand of the New Energy Business Division. Mr. Song joined us in 2003 and has over 20 years of working experience in the automotive industry. He successively served as the general manager of Nantong Baozen Automobile Sales and Service Co., Ltd. (南通寶誠汽車銷售服務有限公司), Wuxi Baozen Automobile Sales and Service Co., Ltd. (無錫寶誠汽車銷售服務有限公司), Beijing Baozen Baiwang Automotive Sales & Service Co., Ltd. (北京寶誠百旺汽車銷售服務有限公司) and Shanghai Baozen Yuexin Automobile Sales and Service Co., Ltd. (上海寶誠悅鑫汽車銷售服務有限公司). Mr. Song served as the marketing chief officer and assistant general manager of Shanghai Baozen Zhonghuan Automobile Sales and Service Co., Ltd. (上海寶誠中環汽車銷售服務有限公司) from October 2007 to June 2013, and the assistant director of the marketing center of Yongda Automobile Group from June 2003 to October 2007. Mr. Song graduated from Shanghai Tongji University (上海同濟大學) with a major in mechanical manufacturing and automation in 2003 and obtained a degree of Master of Business Administration at China Europe International Business School (中歐國際工商學院) in 2021.

**SUN Tianya (孫天涯)**, aged 37, was re-designated as the assistant to our President on February 9, 2026, responsible for the operation and management of the new energy vehicle sales and service business of our Group, and participates in digital transformation and user operation works of the Group. Mr. Sun joined us in June 2015 and has over 10 years of working experience in the automotive industry. Since April 2021, he has been serving as the general manager of Shanghai Yongda New Energy Automobile Group Co., Ltd. (上海永達新能源汽車集團有限公司), where he is responsible for daily operation and management. From June 2016 to April 2021, he successively served as the general manager of Wuxi Yongda Zhipeng Automobile Sales Service Co., Ltd. (無錫永達之鵬汽車銷售服務有限公司) and Nanjing Yongda Zhipeng Automobile Sales Service Co., Ltd. (南京永達之鵬汽車銷售服務有限公司). From June 2015 to June 2016, he served as the assistant to general manager of Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. (無錫永達東方汽車銷售服務有限公司). From February 2012 to June 2015, he worked in Porsche (China) Motors Ltd. (保時捷(中國)汽車銷售有限公司) as a sales planning specialist. Mr. Sun graduated from Purdue University in December 2011 with a bachelor's degree in marketing management.

**WU Yuxiao (吳宇瀟)**, aged 37, was appointed as the intern assistant to our president on February 9, 2026, responsible for the Group's financial sharing and financial digitization works. Mr. Wu joined us in November 2023 and has served as the deputy director of the Group's financial management center since March 2025. He served as the assistant to director of the Group's financial management center and deputy manager of the finance department of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) from November 2023 to March 2025. Prior to joining the Group, Mr. Wu served as a senior financial analyst of Ant Smart Security Technology Co., Ltd. (螞蟻智安安全技術有限公司) from April 2023 to November 2023, and a senior audit manager of PricewaterhouseCoopers Zhong Tian LLP from October 2012 to April 2023. Mr. Wu graduated from the University of Nottingham Ningbo China with a degree in financial management in 2010 and obtained a degree of Master of Science in Finance from the University of St. Andrews in the United Kingdom in 2011.



# Report of Directors

## PRINCIPAL ACTIVITIES

We are a leading passenger vehicle retailer and comprehensive service provider in China focusing on luxury and ultra-luxury brands and owns strong luxury and ultra-luxury products portfolio. We operate 4S dealerships by way of distribution and agent agreement for many automobile brands, mainly including luxury and ultra-luxury brands such as BMW/MINI, Mercedes-Benz, Audi, Porsche, Jaguar/Land Rover, Bentley, Volvo, Cadillac, Lincoln and Lexus, mid-to-high-end brands such as Buick, Volkswagen and Toyota, and independent new energy automobile brands such as HIMA, IM, Xiaopeng and smart.

The principal activities of the Group are as follows:

- (i) sale of automobiles;
- (ii) provision of after-sales services;
- (iii) provision of automobile operating lease services; and
- (iv) distribution of automobile insurance products, automobile financial products and suppliers' vehicles.

There were no significant changes in the nature of the Group's principal activities during the year.

## RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the Consolidated Financial Statements on pages 146 to 269 of this annual report.

## FINAL DIVIDEND

Having considered the Group's results for this year and in light of the current operating environment, the Board considers it prudent and appropriate to retain cash to ensure adequate liquidity and maintain a resilient balance sheet. Accordingly, the Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025. The Board will continue to review the Group's dividend policy in due course, taking into account the Group's profitability, cash flow and balance sheet position.

## SHARE CAPITAL

Details of the issued shares of the Company during the year are set out in note 29 to the Consolidated Financial Statements.



## Report of Directors

### DEBENTURES ISSUED

No debentures were issued by the Company during the year ended December 31, 2025.

### RESERVES

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 150-151 of this annual report.

### DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company has distributable reserves of RMB3,348 million in total available for distribution.

### FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 270 of this annual report.

### BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year are set out in note 31 to the Consolidated Financial Statements.

### PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2025, the Company does not have any property held for development and/or sale or investment with any percentage ratio (as defined in Article 14.04(9)) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) exceeding 5%. Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the Consolidated Financial Statements.

### CONTINGENT LIABILITIES

Save as disclosed on page 22 of this annual report, the Company did not have any material contingent liabilities as at December 31, 2025.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors, the Company has maintained the amount of public float as required under the Listing Rules as at the date of this annual report.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the “**Articles of Association**”) and Laws of the Cayman Islands (the jurisdiction where the Company was incorporated), and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.



## TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares of the Company. If Shareholders are unsure about the taxation implications of the purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the shares of the Company, they should consult an expert.

## BUSINESS REVIEW

### Overview and performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 9 to 24 of this annual report.

### Environmental Policies and Performance

The Group is committed to the rational use of resources and energy, energy conservation and emissions reduction, and actively addressing climate changes. Regarding the rational use of resources, the Group has always attached importance to improving energy use efficiency and strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Conserving Energy*, and other laws and regulations, has always advocated low-carbon operations and incorporates minimizing resource utilization into daily operations and management, and has set long-term targets for the use of power and water. Regarding emissions reduction, the Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Integrated Wastewater Discharge Standard*, and other relevant environmental laws and regulations, and has designed a scientific discharge system to mitigate the impact of the pollutants generated during our operations on the environment. Regarding addressing climate changes, the Group attaches great importance to effectively addressing climate changes throughout its operations. The Group strictly follows the government's guidelines on dealing with extreme weather and develops emergency plans and countermeasures based on the actual situations of the Group to minimise the impact of climate changes on daily operations and personal safety.

The Group is mainly engaged in automobile sales and services, which is not an energy-intensive industry and has a limited impact on the environment. However, the Group appreciates the importance of understanding the Group's environmental impact and thrives to take action to reduce its footprint and raise environmental awareness. The Group has been encouraging the recycling of used parts of repair and maintenance tools and oil and liquid products, and strengthening the utilization of waste materials to raise the environmental awareness of our employees. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water and taking certain resource-saving measures during its operations. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

### Compliance with Relevant Laws and Regulations

On intellectual property protection — the Group's passenger vehicle sales business is subject to the Administrative Measures on Automobile Sales (the "**Measures**"). The Group, an "automobile dealer" as classified under the Measures, has taken particular care to comply with the supplier's requirements relating to the intellectual property rights associated with its brand, such as trademarks, labels and store, and has also adhered to the relevant regulations of local municipal and commercial development authorities.



## Report of Directors

On product quality and customer protection — the Group's passenger vehicle sales business and automobile rental business is subject to the *Product Quality Law of People's Republic of China* and the *Customer Protection Law of People's Republic of China*. The Group adopted measures to keep products for sale and rental in good quality, and monitored the labeling of products, making sure not to forge or falsely use another manufacturer's authentication marks. In relation to customer protection, the Group has been observing the provisions of the Customer Protection Law and other relevant laws and regulations regarding personal safety and protection of property, providing consumers with true information in relation to goods and services, ensuring that the actual quality of goods and services is consistent with the relevant advertisements, product descriptions or samples.

Our privacy protection — with China introducing the Personal Information Protection Law in 2022, the Group acted strictly in accordance with the relevant regulations. It established the *Management Measures for Strengthening Prevention of Customer Information Risks* to regulate the relevant processes. The Group also conducted group-wide training, requiring employees to clearly explain the usage and purpose of information when collecting from customers and obtain the customers authorization, follow the corresponding application and approval procedures when using customers' information, and sign a customer information confidentiality agreement when cooperating with third parties, to ensure secured customers' information management and protection of customers' privacy.

Our action against bribery and corruption — the Group holds a “zero tolerance” attitude towards bribery and corruption and strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery*, and other relevant laws and regulations. The Group established the internal *Management Regulations on Integrity of Management Personnel* as a criterion for regulating employee behavior, adopted the *Anti-Corruption Policy* to promote and support anti-corruption laws and regulations, and established a *Whistleblowing Policy* for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the audit and compliance committee of the Company (“**Audit and Compliance Committee**”) about possible improprieties in any matter related to the Group. In addition, the Group established the integrity contracting system – all employees, commissioned managers and senior executives of the Group must sign the “Commitment on Integrity and Self-discipline”, and commit to jointly stopping commercial bribery to safeguard the brand image and long-term interests of the Group.

On labor protection — the Group has been committed in complying with the requirements of the *Labor Law of People's Republic of China*, the *Law of People's Republic of China on Employment Contracts* and the *Social Insurance Law of People's Republic of China* in order to safeguard all employee rights and interests. All employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and are entitled to annual pension. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group has also made contributions to a defined contribution mandatory provident fund for all employees in Hong Kong. No forfeited contribution under this fund is available to reduce the contribution payable in future years. Further, the Group has been committed to complying with relevant laws and regulations on work and occupational safety of employees of the Group. The Company believes that all of our facilities and operations are in material compliance with the relevant labor and safety laws and regulations.

On taxation — the Group is subject to various taxation. Details of such taxes and compliance of the Group with such applicable tax laws are set out in notes 8 and 30 to Consolidated Financial Statements in this annual report.



On corporate compliance — the Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (the “**SFO**”) and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”) for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”).

### **Key Relationships with Stakeholders**

With the goal of developing into a preeminent international enterprise, a trustworthy public company and a green enterprise, the Company actively fulfills its social responsibility. The Group, with high quality products and services, is committed to creating good internal and external corporate relationships, building a harmonious enterprise and serving the harmonious society to undertake its responsibilities for employees, customers, suppliers and the Shareholders.

With respect to human resources management, the Group has been devoting continuous efforts in three aspects, namely, talent introduction, talent training and performance appraisal. A description of the Group’s policies on human resources management is set out in the Management Discussion and Analysis section on page 24 of this annual report.

With respect to customer retention management, the Group has been committed in providing personalized, comprehensive, innovative and convenient services with high quality to our customers. Adhering to the concept of enhancing customer experience, the Group has provided services and e-commerce platforms to improve customers’ satisfaction and attract new customers to visit the Group’s outlets.

The Group has been successful in establishing a strong cooperation relationship with automobile manufacturers and has been entering into stable agreements including dealership and authorization agreements with them. In order to maintain a strong cooperation relationship, the Group will continue to focus on promoting win-win philosophy and encouraging experience, resources and knowledge sharing with the manufacturers. The Group also aims to further strengthen their communications with the manufacturers by engaging them through business negotiations, business meetings, visits, gatherings, relationship-building events and project cooperation.

The Group recognizes the importance to protect the interests of Shareholders and the importance of having an effective communication with them. The Group believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback it receives from the Shareholders. This has been done through annual general meetings, extraordinary general meetings, corporate communications, interim and annual reports and results announcements.



## Report of Directors

### **Key Risks and Uncertainties**

#### ***Risk of fluctuations in financial conditions and operating results of automobile manufacturers***

The Group, being a passenger vehicle retail services provider operating 4S dealerships and providing after-sale and other comprehensive services, relies on and is subject to significant influence from automobile manufacturers. If there are fluctuations in the financial conditions and operating results of the automobile manufacturers, the manufacturers may not, among other things, enter into or renew dealership and authorization agreements on terms that are reasonable or acceptable to the Group. Or if there are labor disputes involving automobile manufacturers, it could result in an interruption in the delivery of new passenger vehicles to the outlets, shortage of new passenger vehicles and may significantly increase the labor costs as a result of negotiations to resolve the labor disputes. Or if, the Group open up more outlets to the extent possible in response to the demand from the automobile manufacturers to increase sales outlets, this could result in a certain degree of risk in terms of investment returns. All of these factors could in turn impose a downward pressure on the Group's margins which could reduce and affect the Group's revenue and profitability as well as its financial conditions and operating results. In order to manage the Group's exposure to the aforementioned risk, the Group will continue to maintain and further develop the diversity of its brand portfolio by strengthening the communication between the Group and automobile manufacturers.

#### ***Risk of damage to brand recognition***

Although the Group has successfully established the Group's "永達 (Yongda)" brand and registered it with the Trademark Office of State Administration for Industry and Commerce in 2005, the Group may have difficulties in maintaining brand recognition if there are, among other things, a deterioration in service quality and dealership management, a decline in premium in value attributed to the Group's business compared to that of the competitors, and unauthorized use and infringement of the Group's brand, trademarks and other related intellectual property rights. In such event, the Group may not be able to effectively compete for customers and new authorizations from automobile manufacturers to open outlets and the Group's business, financial condition, results of operations and growth aspects may be materially and adversely affected. In order to maintain and ensure there is adequate protection for the Group's brand, trademarks and other related intellectual property rights, the Group will continue to develop goodwill for the Group's name (including its brand name, logos etc.), monitor for infringers, develop and establish policies and strategies for all the Group's intellectual property including all trademarks and brand names.

#### ***Risk of amendments to government policies, vehicle consumption policies, fiscal policies and other legal risks***

The PRC Government's policies on passenger vehicle purchases and ownership and the PRC Government's measures on automobile sales implemented from time to time may materially affect the Group's business because of their influence on the automobile industry and consumer behaviors. Changes in the fiscal regimes in the PRC, such as the introduction of new taxes and increases in tax rates, may affect the profitability of the Company. The PRC Government's speeding up the promotion and application of new energy vehicles may also bring an impact on the automobile industry. In addition, as consumers are increasingly aware of product safety relating to product quality and the quality of vehicle repair and maintenance, it is possible that the Group may face product quality related legal disputes.



On the other hand, passenger vehicle sales may be affected by quotas or other measures imposed by local governments to control the number of passenger vehicles in the cities where the Group's network are located. These policies may lead to changes in local economic conditions, the competitive environment and ability of potential customers to purchase passenger vehicles and may have an impact on the Group's business, financial condition, results of operations and growth prospect.

In order to minimize the impact of the aforementioned risks, the Group has started launching the sale of new energy vehicles and aims to strengthen its communication with the local governments and regulators in relation to possible amendments to relevant policies.

### **Market Risks**

The Group is exposed to various types of market risks, including currency risk, interest rate risk, credit risk and liquidity risk. Details of such risks are set out in note 41 to the Consolidated Financial Statements in this annual report.

### **Significant Investments, Material Acquisitions and Disposals**

For the year ended December 31, 2025, the Company did not hold any significant investments or conduct any major acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in this annual report, during the year ended December 31, 2025 and up to the date of this annual report, the Company has no plans to make significant investments or purchase capital assets in the future.

## **PROSPECTS**

A description of the future development in the Company's business is provided in the Chairman's Statement and the Management Discussion and Analysis on pages 7 to 8 and pages 23 to 24 respectively of this annual report.

## **OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

Save as disclosed in this annual report, the Directors are not aware of any circumstances which would give rise to a disclosure obligation under Rules 13.20 to 13.22 of the Listing Rules.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period need to be brought to the attention of the Shareholders.

# Report of Directors

## DIRECTORS

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

### Executive Directors

Mr. CHEUNG Tak On (*Chairman*)

Mr. XU Yue (*Vice-chairman, President and Chief Executive Officer*)

Mr. CAI Yingjie (*Vice-chairman*)

Mr. WANG Zhigao (*Vice-chairman*)

Mr. TANG Liang (*Vice-president*)

### Non-executive Director

Ms. CHEN Yi (*re-designated with effect from March 31, 2026*)

### Independent Non-executive Directors

Ms. ZHU Anna Dezhen

Mr. LYU Wei

Mr. MU Binrui (*resigned with effect from January 1, 2026*)

Mr. SUN Minjie (*appointed with effect from January 1, 2026*)

Mr. SUN Minjie was appointed as an independent non-executive Director with effect from January 1, 2026. He had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on November 17, 2025 and he has confirmed that he understood his obligations as a director of a listed issuer.

In accordance with article 104(1) of the Articles of Association, one-third of the Directors will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with article 99(3) of the Articles of Association, any Director appointed by the board of Directors to fill a casual vacancy or as an addition to the existing board of Directors will hold office until the first annual general meeting of the Company after his appointment and be eligible for re-election.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 25 to 32 of this annual report.

Save as disclosed in this annual report, there are no other changes in the information of Directors and chief executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from their respective effective date of appointment, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

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

## INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended December 31, 2025, the Company did not receive any notification from any of the independent non-executive Directors about any subsequent change of circumstances which may affect his/her independence. The Company considers that the independent non-executive Directors have been independent from the date of their appointments to December 31, 2025 and remain so as of the date of this annual report.

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

As at December 31, 2025, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (A) Long positions in the Company's shares ("Shares")

Name of Director	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On <sup>(1)</sup>	Founder of a discretionary trust	405,509,500	21.861
	Interest of controlled corporation	167,080,000	9.007
	Beneficial owner	9,303,000	0.502
Mr. XU Yue <sup>(4)</sup>	Beneficial owner	3,158,000	0.170
Mr. CAI Yingjie <sup>(2)</sup>	Interest of controlled corporation	45,788,000	2.468
	Beneficial owner	674,500	0.036
Mr. WANG Zhigao <sup>(3)</sup>	Interest of controlled corporation	9,570,500	0.516
Ms. CHEN Yi	Beneficial owner	537,000	0.029
Mr. TANG Liang	Beneficial owner	1,005,000	0.054

## Report of Directors

### Notes:

- (1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited acts as its trustee and the beneficiaries of which are Mr. CHEUNG Tak On and certain of his family members (the **"Family Trust"**). Palace Wonder Company Limited (柏麗萬得有限公司) (**"Palace Wonder"**) is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) (**"Regency Valley"**), which is in turn wholly-owned by HSBC International Trustee Limited, as the trustee of the Family Trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.
- (ii) Asset Link Investment Limited (**"Asset Link"**) is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 167,080,000 Shares held by Asset Link.
- (iii) Mr. CHEUNG Tak On also holds 9,303,000 Shares as beneficial owner.
- (2) Mr. CAI Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited (**"Ample Glory"**) and he is deemed to be interested in the 45,788,000 Shares held by Ample Glory. He also holds 674,500 Shares as beneficial owner.
- (3) Mr. WANG Zhigao holds 100% of the issued share capital of Golden Rock Global Investment Company Limited (**"Golden Rock"**) and he is deemed to be interested in the 9,570,500 Shares held by Golden Rock.
- (4) Mr. XU Yue holds 3,158,000 Shares as beneficial owner.

### (B) Long positions in underlying Shares

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	Approximate Percentage of Shareholding (%)
Mr. XU Yue	Beneficial owner	7,200,000	0.388
Ms. CHEN Yi	Beneficial owner	864,000	0.047
Mr. TANG Liang	Beneficial owner	3,825,000	0.206

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



## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

### Long positions in the Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Palace Wonder <sup>(1)</sup>	Beneficial owner	405,509,500	21.861
Regency Valley <sup>(1)</sup>	Interest of controlled corporation	405,509,500	21.861
HSBC International Trustee Limited <sup>(1)</sup>	Trustee	405,509,500	21.861
Asset Link <sup>(2)</sup>	Beneficial owner	167,080,000	9.007

#### Notes:

- (1) Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiaries of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.
- (2) Asset Link is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 167,080,000 Shares held by Asset Link.

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



## Report of Directors

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the year and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### **DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS**

Save as disclosed in the section headed “Our History and Reorganization — Onshore Reorganization” in our prospectus dated June 29, 2012 and save for their respective interests in the Group, none of the Directors and controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2025.

We have received an annual written confirmation from our controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, in respect of the compliance with the provisions of the deed of non-competition entered into between the Company and the controlling Shareholders (the “**Deed of Non-competition**”).

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition in respect of the financial year ended December 31, 2025 based on the information and confirmation provided by or obtained from the controlling Shareholders, and were satisfied that the controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, have duly complied with the Deed of Non-competition.

### **CONNECTED AND CONTINUING CONNECTED TRANSACTIONS**

Among the related party transactions disclosed in note 44 to the Consolidated Financial Statements, the following transactions constitute connected transactions or continuing connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. Except as disclosed below, other related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with the Listing Rules in respect of the connected transactions and continuing connected transactions below. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.



### **2023 New Properties Leasing Agreement**

On December 29, 2023, the Company entered into a new properties leasing agreement, as the lessee, with Yongda Holding, as the lessor (the “**2023 New Properties Leasing Agreement**”) whereby Yongda Holding and its relevant subsidiaries (“**Yongda Holding Group**”) agreed to lease certain properties to the Group for a term of three years commencing on January 1, 2024 and ending on December 31, 2026. The Directors were of the view that it was beneficial for the Group to enter into the 2023 New Properties Leasing Agreement, through which the Group is able to continue to use the land and properties to avoid any disruption to operations due to relocation and also save the relocation costs. For details of the 2023 New Properties Leasing Agreement, please refer to the announcement of the Company dated December 29, 2023.

After taking into consideration of, among others, the estimated maximum annual rent not exceeding RMB45 million, the annual caps of the right-of-use asset recognized under the 2023 New Properties Leasing Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are RMB125,684,000, RMB125,684,000 and RMB125,684,000, respectively. For the year ended December 31, 2025, the total rental paid or payable by the Group to Yongda Holding Group was RMB39,607 thousand, and the right-of-use asset balance was RMB42,662 thousand. The rental payable under the 2023 New Properties Leasing Agreement shall be calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar properties in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties and shall be no less favorable than that can be offered by an independent third party. As one or more of the applicable percentage ratios for the annual caps under the 2023 New Properties Leasing Agreement for the three years ending December 31, 2026 are more than 0.1% but less than 5%, the continuing connected transactions contemplated under the 2023 New Properties Leasing Agreement are exempt from the circular (including independent financial advice) and shareholders’ approval requirements but subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules. The leased properties under the 2023 New Properties Leasing Agreement are mainly used for the Group’s 4S dealerships, city showrooms, repair and maintenance service centers and offices.

As Yongda Holding is a majority-controlled company held by an immediate relative and a family member of Mr. CHUNG Tak On, being the Controlling Shareholder and a Director of the Company, Yongda Holding is a connected person of the Company and the transactions contemplated under the 2023 New Properties Leasing Agreement would therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Deloitte Touche Tohmatsu has confirmed in its letter to the Board that, with respect to the Group’s continuing connected transactions: (i) nothing has come to its attention that causes it to believe that the continuing connected transactions have not been approved by the Board; (ii) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) with respect to the aggregate amount of the continuing connected transactions under the 2023 New Properties Leasing Agreement, nothing has come to its attention that causes it to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

The Directors of the Company, including independent non-executive Directors, have reviewed and confirmed that the above continuing connected transactions were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; (iii) according to the relevant agreement (including the pricing principle and guidelines set out therein) governing them on terms that are fair and reasonable and in the interests the Shareholders as a whole; and (iv) the Company has complied with the pricing guidelines and has adopted internal control measures when determining the prices and terms of the transactions conducted during the year mentioned above.



## Report of Directors

For the work carried out by the management of the Company to confirm: (a) whether the relevant transaction has been carried out in accordance with the pricing policy or mechanism under the framework agreement; and (b) whether the internal control procedures of the Company are sufficiently effective to ensure that the relevant transaction is carried out properly, please refer to “Risk Management and Internal Controls” on pages 71 to 73 of this annual report.

Save for disclosed above, during the year, the Group have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

### **DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE**

Saved as disclosed in “Connected and Continuing Connected Transactions” section above, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of our Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2025 or at the end of the year ended December 31, 2025.

### **CONTRACT OF SIGNIFICANCE**

Save as disclosed in the “Connected and Continuing Connected Transactions” section above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended December 31, 2025.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this annual report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

### **DIRECTORS’ PERMITTED INDEMNITY PROVISION**

Pursuant to the Articles of Association, the Company shall indemnify and hold harmless out of the assets of the Company, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Director (including alternate Directors or person serves at the request of the Company as a Director) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative in which judgment is given in his favour, or in which he is acquitted, against all liability and loss suffered and expenses (including attorneys’ fees) reasonably incurred by such Director. The Company has arranged appropriate directors’ liability insurance coverage for the Directors during the year ended December 31, 2025. Except for aforementioned directors’ liability insurance, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.



## STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2025, the Group had 13,243 employees (including employees in all regions of the Group). The remuneration of the employees includes salaries and allowances. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group offers competitive remuneration packages to the Directors, and the Board is delegated by the Shareholders at general meeting to fix the Directors' remuneration. The emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the employees' remuneration and Directors' remuneration during the year are set out in note 9 and note 10 to the Consolidated Financial Statements, respectively. No loans, quasi-loans or other dealings in favor of Directors, their controlled bodies corporate and their connected entities at any time during the year ended December 31, 2025. No consideration was provided to or received by third parties for making available the services of a person as a Director or in any other capacity while as a Director during the year ended December 31, 2025.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**2013 Share Option Scheme**") pursuant to Chapter 17 of the Listing Rules on October 10, 2013, which was terminated on June 1, 2023. No further share option has been or will be granted under the 2013 Share Option Scheme since its termination, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2013 Share Option Scheme. For further details of the termination of the 2013 Share Option Scheme, please refer to the announcement of the Company dated March 24, 2023 and the circular of the Company dated April 26, 2023.

The Company has adopted a new share option scheme pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons ("**Eligible Person(s)**") for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible Persons include (a) any Director of the Company or employee of the Group (including persons who are granted share options under the Share Option Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Persons to the grant of any share options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from June 1, 2023, after which period no further share option shall be granted. Therefore, as at the date of this annual report, the remaining life of the Share Option Scheme was approximately seven years and two months.



## Report of Directors

Under the Share Option Scheme, the Board shall be entitled to determine the grant of share options and the number of share options to be granted to the relevant grantees taking into account such factors as the Board may consider appropriate. The Company shall not make any further grant of share options which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Option Scheme and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at June 1, 2023, excluding the share awards and/or share options lapsed under the share schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (the “**Share Incentive Schemes**”). The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Option Scheme and the Listing Rules.

No share option shall be granted to any Eligible Person if, at the relevant time of grant, the number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any share options or awards lapsed in accordance with any share scheme(s) of the Company) to the relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting of the Company.

The exercise price of share options is determined by the Board and shall be at least the highest of (i) the closing price of the Company’s Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Company’s Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a Share.

The vesting period is determined at the Company’s discretion and is set out in the offer letters to the grantees. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of a grant. An share option must be held by the grantee for at least 12 months before the share option can be exercised, unless a shorter vesting period is granted at the discretion of the Board and/or the remuneration committee of the Company (the “**Remuneration Committee**”) as deemed appropriate under circumstances prescribed by the Share Option Scheme. The Board shall specify in an offer letter a date by which a grantee must accept an offer, being a date no later than 28 days after the date on which the share option is offered or the date on which the conditions for the offer are satisfied, if any. No payment shall be made upon acceptance of the offer.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Option Scheme, was 179,502,551 as at January 1, 2025, and 179,902,551 as at December 31, 2025. No option shall be granted to any service provider under the Share Option Scheme, and thus there is no service provider sublimit under the Share Option Scheme. As at the date of this annual report, the number of Shares available for issue under the Share Option Scheme amounted to 205,562,551 Shares, representing approximately 11.08% of the total number of issued Shares.



Details of movements during the year ended December 31, 2025 in the share options granted under the 2013 Share Option Scheme are as follows:

Category and name of grantee	Number of Share Options							Date of grant of share options	Vesting period of share options <sup>(1)</sup>	Exercise period of share options	Closing price of the Company's Shares		Weighted average closing price of the Company's Shares	
	As at January 1, 2025	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	As at December 31, 2025	Exercise price of share options <i>HK\$ per share</i>				Exercise price of share options immediately before the grant date <i>HK\$ per share</i>	Immediately before the exercise dates <i>HK\$ per share</i>	At dates of share options exercise <i>HK\$ per share</i>	
<i>Executive Directors</i>														
XU Yue	1,000,000	-	-	-	-	1,000,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-	
CHEN Yi	264,000	-	-	-	-	264,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-	
TANG Liang	825,000	-	-	-	-	825,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-	
Other employees in aggregate	1,721,000	-	-	-	-	1,721,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	-	-	

*Note:*

- (1) The vesting of share options granted under the 2013 Share Option Scheme would be subject to the performance criteria to be satisfied by the grantees as determined by the Board and/or the Remuneration Committee and specified in the respective offer letters, which may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).

## Report of Directors

Details of movements during the year ended December 31, 2025 in the share options granted under the Share Option Scheme are as follows:

Category and name of grantee	Number of Share Options						Date of grant of share options	Vesting period of share options <sup>(1)</sup>	Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's Shares immediately	Weighted average closing price of the Company's Shares	
	As at January 1, 2025	Granted during the year <sup>(2)</sup>	Cancelled during the year	Exercised during the year	Lapsed during the year	As at December 31, 2025					before the grant date of share options HK\$ per share	Immediately before the exercise dates HK\$ per share	At dates of share options exercise HK\$ per share
<i>Executive Director</i>													
XU Yue	6,200,000	-	-	-	-	6,200,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
CHEN Yi	600,000	-	-	-	-	600,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
TANG Liang	3,000,000	-	-	-	-	3,000,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	-	-
Other employees in aggregate <sup>(3)</sup>	4,800,000	-	-	50,000	-	4,750,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	2.32	2.38

### Notes:

- (1) The vesting of share options granted is subject to the performance criteria to be satisfied by the grantees as specified in the respective offer letters of the share options, which comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).
- (2) Employee participants include employees of the Group.



## AMENDED EMPLOYEE PRE-IPO INCENTIVE SCHEME

The Company's employee pre-IPO incentive scheme (the "**Employee Pre-IPO Incentive Scheme**"), the details of which are set out in the paragraph headed "Employee Pre-IPO Incentive Scheme" in Appendix IV to the Company's prospectus dated June 29, 2012, was conditionally approved and adopted by a resolution of the Directors on April 3, 2012. The purpose of the Employee Pre-IPO Incentive Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Any employees, Directors (other than independent non-executive Directors) and members of the senior management of the Company, but excluding (a) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (b) any other person that the Board may determine from time to time, may participate in this scheme. The Company adopted the Employee Pre-IPO Incentive Scheme mainly to provide incentive or reward with its existing Shares to the employees, directors and members of senior management of the Group for their contribution to, and continuing efforts to promote the interest of, the Group.

The Remuneration Committee has full power and authority to (a) propose, select or determine which beneficiary is entitled to an award; (b) determine the amount of the award for each selected beneficiary; and (c) make the relevant award to the beneficiaries under the Employee Pre-IPO Incentive Scheme. Only the dividend payments on the Shares held by BOCI Trustee (Hong Kong) Limited ("**BOCI HK Trustee**") via special purpose vehicle under the Employee Pre-IPO Incentive Scheme (the "**Scheme Shares**") will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme. The BOCI HK Trustee, as the trustee holding unvested Shares of the Employee Pre-IPO Incentive Scheme, 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. Under the Pre-IPO Employee Incentive Scheme, the total number of Shares underlying the restricted Shares to be granted from time to time must not, in any event, exceed 5% of the number of the Shares in issue on such date without the Board's prior approval. There is no maximum entitlement of each participant under the Employee Pre-IPO Incentive Scheme.

Subject to the terms of the Employee Pre-IPO Incentive Scheme and the specific terms and conditions applicable to each grant of the award, the restricted Shares awarded shall be subject to a vesting period as determined by the Board or the Remuneration Committee, and to the satisfaction of performance and/or other conditions to be determined by the Board or the Remuneration Committee as specified in the notice of grant of award under the Employee Pre-IPO Incentive Scheme. There is no consideration for application or acceptance of the award granted nor purchase price of restricted Shares awarded.

Unless terminated earlier by a resolution of the Board made in accordance with the terms of the trust deed, the Employee Pre-IPO Incentive Scheme has a term of 80 years from the listing date of the Company. Therefore, as at the date of this annual report, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 66 years and three months. On termination of the Employee Pre-IPO Incentive Scheme, BOCI HK Trustee will transfer the Scheme Shares to Shanghai Yongda Holding (Group) Limited ("**Yongda Holding**"), unless the board of directors of Yongda Holding requests the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of directors of Yongda Holding satisfies the reasonable requirements for the time being of BOCI HK Trustee, the articles of association of the Company and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

## Report of Directors

On August 30, 2013, the Board resolved to amend the Employee Pre-IPO Incentive Scheme (the “**Amended Scheme**”) to the effect that, in addition to the previously allowed cash awards, awards of restricted share awards could be granted to eligible persons pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) and members of the senior management of the Group, but excluding (i) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (ii) any other person that the Board may determine from time to time. For further details of the amendments to the Employee Pre-IPO Incentive Scheme, please refer to the announcement of the Company dated August 30, 2013.

On June 18, 2020, the Board resolved to amend the Amended Scheme (the “**2020 Amended Scheme**”) to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited. The 2020 Amended Scheme is funded purely by existing Shares of the Company. As at the date of this annual report, the number of Shares available for issue under the 2020 Amended Scheme amounted to 30,429,205 Shares, representing approximately 1.64% of the total number of issued Shares.

Details of movements in the restricted Shares granted under the 2020 Amended Scheme during the year ended December 31, 2025 are as follows:

Category and Name of grantee	Number of awards of the restricted Shares						As at December 31, 2025	Date of grant of the awards	Vesting period of the awards <sup>(3)</sup>	Purchase price of restrict Shares HK\$ per share	Weighted average closing price of the Company's shares		
	As at January 1, 2025	Granted during the year <sup>(1)</sup>	Vested during the year	Cancelled during the year	Lapsed during the year	Closing price of the Company's shares immediately before the grant date of the awards HK\$ per share					Immediately before the vesting dates HK\$ per share	At dates of awards vested HK\$ per share	
Employees in aggregate <sup>(3)</sup>	-	200,000	200,000	-	-	-	August 6, 2025	Vested at the date of grant	0	2.18	2.18	2.19	

### Notes:

- (1) The average fair value of awards of the restricted Shares granted on August 6, 2025 was RMB1.92 per Share at the date of grant. For the fair value of awards granted at the date of grant and the accounting standard and policy adopted, please refer to note 34 to the Consolidated Financial Statements.
- (2) The restricted Shares awarded were subject to the satisfaction of performance and/or other conditions, such as attainment or performance of milestones by any member of the Group, the grantee or any group of grantees, to be determined by the Board or the Remuneration Committee as specified in the notice of grant of awards.
- (3) These grantees are neither Directors nor the five highest paid individuals during the year ended December 31, 2025.



## SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on June 1, 2022, which was amended pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the “**Amendment Date**”). The specific objectives of the Share Award Scheme are (i) to recognize the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The eligible participants (the “**Eligible Participants**”) of the Share Award Scheme include (a) any Director of the Company or employee of the Group (including persons who are granted awards (the “**Award(s)**”) under the Share Award Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Participants to the grant of any awards shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

Unless terminated earlier by the Board pursuant to the provisions of the Share Award Scheme, the Share Award Scheme shall be valid and effective for ten years commencing from June 1, 2022 (the “**Trust Period**”), being the date on which the Share Award Scheme was adopted, after which period no further Awards will be granted under the Share Award Scheme. Therefore, as at the date of this annual report, the remaining life of the Share Award Scheme was approximately six years and two months.

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than those being excluded pursuant to the provisions of the Share Award Scheme) for participation in the Share Award Scheme as a selected participant (the “**Selected Participant**”). Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Group, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Subject to the provisions of the Share Award Scheme, the Board may grant such number of Awards to any Selected Participant at such consideration and on and subject to such terms and conditions as it may in its absolute discretion determine. The consideration shall be determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company’s historical share-based incentive scheme, the trend of the Company’s Share price in recent years and the actual situation of the Company. Except for such consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the grant notice by the Selected Participant who accepts the Award (the “**Awardee**”) to the Company where applicable, no other purchase price shall be paid for the Awards.

The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice, unless a shorter vesting period is granted at the discretion of the Board and/or the Remuneration Committee as deemed appropriated under circumstances prescribed by the Share Award Scheme. Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Awardee and all requirements applicable to such Awardee as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Awardee pursuant to the provision of the Share Award Scheme shall vest in such Awardee in accordance with the vesting schedule as set out in the grant notice. In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 business days prior to the vesting date, the Awards which would have otherwise vested in such Selected Participant shall automatically lapse.



## Report of Directors

The Company shall not make any further grant of Awards which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme after the Amendment Date and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at the Amendment Date, excluding the share awards and/or share options lapsed under the Share Incentive Schemes. The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Award Scheme and the Listing Rules.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Award Scheme, was 179,502,551 as at January 1, 2025, and 179,902,551 as at December 31, 2025. No Award shall be granted to any service provider under the Share Award Scheme, and thus there is no service provider sublimit under the Share Award Scheme. As at the date of this annual report, the number of Shares available for issue under the Share Award Scheme amounted to 205,562,551 Shares, representing approximately 11.08% of the total number of issued Shares.

The maximum number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding share options or awards lapsed in accordance with any share scheme(s) of the Company) to a Selected Participant in the 12-month period up to and including the date of grant of the relevant Awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the Shareholders in a general meeting of the Company. The approval of independent non-executive Directors (excluding any independent non-executive Directors who is a proposed Selected Participant) is required for each grant of Awards to a Director, chief executive, or a substantial Shareholder or any of their respective associates. Where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company or any of their associates would result in the total number of Shares issued and to be issued in respect of all awards granted under any share award scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any awards lapsed in accordance with respective award share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules. Where any grant of Awards to a substantial Shareholder or an independent non-executive Director, or their respective associates would result in the total number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules.

During the year ended December 31, 2025, no awards have been granted, vested, cancelled or lapsed under the Share Award Scheme. There were no unvested awards as at January 1, 2025 or December 31, 2025 under the Share Award Scheme.



During the year ended December 31, 2025, there was (i) no Director, chief executive or substantial shareholder of the Company or their respective associates, or other employees with options and awards granted or to be granted, (ii) no participant with options and awards granted and to be granted in any 12-month period exceeding 1% of the Shares of the Company in issue (excluding treasury shares, if any), and (iii) no related entity participant and service provider with options and awards granted, and no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares of the Company in issue (excluding treasury shares, if any), under the share schemes of the Company and shall be disclosed in this annual report.

As no options and awards were granted under the 2013 Share Option Scheme, the Share Option Scheme and the Share Award Scheme during the year ended December 31, 2025, the disclosure requirement under Rule 17.07(3) of the Listing Rules is not applicable to the Company for the purpose of this annual report.

### **EQUITY-LINKED AGREEMENT**

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2025.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year ended December 31, 2025, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 25.0% and 42.8%. The percentage of the total sales attributable to the Group's five largest customers was below 30% of the total sales in the Group.

To the best knowledge of our Directors, none of our Directors or any of their close associates or any Shareholders (which to the best knowledge of our Directors owned more than 5% of number of the Company's issued shares) had a material interest in our five largest suppliers or customers.

### **CHARITABLE DONATIONS**

The donations by the Group for the year ended December 31, 2025 amounted to RMB5,000,000.

### **BREACH OF LOAN AGREEMENT**

During the year ended December 31, 2025, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

## Report of Directors

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

During the year ended December 31, 2025, the Company repurchased a total of 47,242,000 ordinary shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$105,063,386. Particulars of the repurchases are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	10,751,000	2.59	2.09	25,489,695.00
March 2025	2,000,000	2.69	2.59	5,329,000.00
April 2025	5,959,000	2.73	2.30	14,930,720.80
May 2025	7,150,000	2.59	2.38	17,874,485.00
June 2025	5,000,000	2.33	2.18	11,201,330.00
July 2025	1,200,000	2.17	2.08	2,569,800.00
August 2025	1,000,000	2.12	2.03	2,065,900.00
September 2025	4,050,000	2.20	1.92	8,228,635.00
October 2025	3,900,000	1.95	1.75	7,175,570.00
November 2025	3,832,000	1.72	1.54	6,169,950.00
December 2025	2,400,000	1.77	1.60	4,028,300.00
<b>Total</b>	<b>47,242,000</b>			<b>105,063,385.80</b>

The repurchase of the Company's shares during the year ended December 31, 2025 was effected by the Directors pursuant to the general mandates granted to the Directors at the annual general meetings dated June 5, 2024 and May 30, 2025, with a view to benefiting the Company and the Shareholders by enhancing the net asset value per share and/or earnings per share.

A total of 10,751,000 shares repurchased from January 14, 2025 to January 24, 2025 and a total of 21,309,000 shares repurchased from March 31, 2025 to July 2, 2025 were cancelled on April 10, 2025 and August 18, 2025, respectively. As at the date of this annual report, a total of 16,521,000 shares repurchased from August 28, 2025 to January 16, 2026 are pending cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (or sold treasury shares, if any) during the year ended December 31, 2025. As at December 31, 2025 and as at the date of this annual report, the Company did not hold any treasury shares.



## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 of the Listing Rules and has complied with the code provisions in the CG Code during the reporting period.

## AUDITOR

The Consolidated Financial Statements of the Group for the year ended December 31, 2025 have been audited by Deloitte Touche Tohmatsu, certified public accountants.

Deloitte Touche Tohmatsu shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

## RECORD DATE OF AGM

Shareholders whose names appear on the register of members of the Company at the close of business on June 23, 2026 (Tuesday) (the “**Record Date**”) will be entitled to attend the forthcoming annual general meeting to be held on June 26, 2026 (Friday) (the “**AGM**”). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

By order of the Board  
**Cheung Tak On**  
*Chairman of the Board*

The PRC, March 31, 2026



# Corporate Governance Report

The Board of the Company is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2025.

## CORPORATE CULTURE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. All Directors are committed to acting with integrity, led by example, and promoting the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the CG Code in Appendix C1 to the Listing Rules effective on or before December 31, 2025.

The CG Code sets out (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices and the Company was in compliance with the code provisions of the CG Code during the year ended December 31, 2025.



## A. THE BOARD

### 1. Responsibilities

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board has established several Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

### 2. Delegation of Management Function

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group and overall strategies, risk management and internal control systems, notifiable and connected transactions, nomination of directors and company secretary, and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transaction is entered into.

### 3. Board Composition

During the reporting year and up to the date of this annual report, the Board of the Company comprises the following Directors:

#### **Executive Directors**

Mr. CHEUNG Tak On (*Chairman*)  
Mr. XU Yue (*Vice-chairman, President and Chief Executive Officer*)  
Mr. CAI Yingjie (*Vice-chairman*)  
Mr. WANG Zhigao (*Vice-chairman*)  
Mr. TANG Liang (*Vice-president*)

#### **Non-executive Director**

Ms. CHEN Yi (*re-designated with effect from March 31, 2026*)

#### **Independent non-executive Directors**

Ms. ZHU Anna Dezhen  
Mr. LYU Wei  
Mr. MU Binrui (*resigned with effect from January 1, 2026*)  
Mr. SUN Minjie (*appointed with effect from January 1, 2026*)



## Corporate Governance Report

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in our prospectus dated June 29, 2012 and in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board and senior management.

During the year ended December 31, 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 at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board for the year ended December 31, 2025. The Directors are entitled to seek independent professional advice in performing their duties at the Company's expense. During the year ended December 31, 2025, the Company did not receive any notification from any of the independent non-executive Directors about any subsequent change of circumstances which may affect his/her independence. The Company has considered the independence of each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers all independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules during the reporting year. The Board has duly reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

#### 4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors has entered into a service contract with the Company for a term of three years with effect from their respective effective date of appointment unless terminated by not less than one month's notice in writing served by either the executive Directors or the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself or herself for re-election by Shareholders at the first annual general meeting after appointment.



**5. Induction and Continuing Development for Directors**

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she understands the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development materials for the Directors were arranged by the Company and its professional advisers.

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

Names of Directors	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
<b>Executive Directors</b>		
Mr. CHEUNG Tak On	✓	✓
Mr. CAI Yingjie	✓	✓
Mr. WANG Zhigao	✓	✓
Mr. XU Yue	✓	✓
Ms. CHEN Yi	✓	✓
Mr. TANG Liang	✓	✓
<b>Independent non-executive Directors</b>		
Ms. ZHU Anna Dezhen	✓	✓
Mr. LYU We	✓	✓
Mr. MU Binrui	✓	✓

# Corporate Governance Report

## 6. Board Meetings and General Meetings

### **Number of Meetings and Directors' Attendance**

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Board met 4 times during the year ended December 31, 2025 for discussing and approving, among others, the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2024, unaudited interim results for the six months ended June 30, 2025, declaration of final dividend, connected transactions and continuing connected transactions.

The attendance records of each Director at the Board meetings and general meeting are set out below:

Name of Director	Attendance/Number of Board Meetings*	Attendance/Number of General Meeting(s)**
Mr. CHEUNG Tak On	4/4	1/1
Mr. CAI Yingjie	4/4	1/1
Mr. WANG Zhigao	4/4	1/1
Mr. XU Yue	4/4	1/1
Ms. CHEN Yi	4/4	1/1
Mr. TANG Liang	4/4	1/1
Ms. ZHU Anna Dezhen	4/4	1/1
Mr. LYU Wei	4/4	1/1
Mr. MU Binrui	4/4	1/1

\* 4 Board meetings were held during the year ended December 31, 2025 on March 28, 2025, May 30, 2025, August 26, 2025, and December 12, 2025 respectively.

\*\* During the year ended December 31, 2025, one annual general meeting was held on May 30, 2025.



### ***Practices and Conduct of Meetings***

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice will generally be given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

## **B. CHAIRMAN AND CHIEF EXECUTIVE**

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

Mr. CHEUNG Tak On is the Chairman of the Board, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for setting the strategic vision, direction and goals of our Group and he participated in our Group's strategic and key operational decision-making processes. He is the primary responsible person for ensuring that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole. He holds a meeting with the independent non-executive Directors without other directors present at least annually.

Mr. XU Yue is our Vice-chairman, President and Chief Executive Officer, who is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, Mr. CHEUNG Tak On as the Chairman coordinates with the management to provide adequate, complete and reliable information to all Directors for consideration and review.

# Corporate Governance Report

## C. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Audit and Compliance Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Stock Exchange and the Company.

The majority of the members of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### 1. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with code provisions under E.1.2 of the CG Code. The Remuneration Committee currently consists of two independent non-executive Directors, being Ms. ZHU Anna Dezhen and Mr. LYU Wei, and one executive Director, being Mr. WANG Zhigao. The chairperson of the Remuneration Committee is Ms. ZHU Anna Dezhen.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; (iii) determining or making recommendation to the Board on the terms of the remuneration package of the Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and making recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters. The Remuneration Committee held two meetings during the year ended December 31, 2025 to review, among others, the remuneration policy and structure of the Company, consider and make recommendation to the Board on the remuneration for independent non-executive Directors as well as the proposal on special incentive of senior management, and assess performance of executive Directors. No grant was made during the year ended December 31, 2025 which requires review by the Remuneration Committee pursuant to Rules 17.03F, 17.06B(7) and (8) of the Listing Rules.



The attendance records of the Remuneration Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Ms. ZHU Anna Dezhen	2/2
Mr. WANG Zhigao	2/2
Mr. LYU Wei	2/2

Details of the Directors' remuneration are set out in note 10 to the Consolidated Financial Statements.

The remuneration payable to the senior management of the Company (who are not the Directors) for the year ended December 31, 2025 is shown in the following table by band:

Remuneration band (RMB)	Number of individuals
500,001 – 1,000,000	4
1,000,001 – 1,500,000	2
1,500,001 – 2,000,000	1

## 2. Audit and Compliance Committee

The Board has established the Audit and Compliance Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as code provisions under D.3 and A.2 of the CG Code. The Audit and Compliance Committee currently consists of three independent non-executive Directors, being Ms. ZHU Anna Dezhen, Mr. LYU Wei and Mr. SUN Minjie. Mr. MU Binrui ceased to act as, and Mr. SUN Minjie was appointed as the member of the Audit and Compliance Committee with effect from January 1, 2026. The chairperson of the Audit and Compliance Committee is Ms. ZHU Anna Dezhen, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit and Compliance Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence and objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring the policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; (vi) developing, reviewing and monitoring the code of conduct applicable to the employees and Directors; (vii) overseeing and monitoring the risk management and internal control systems of the Company on an ongoing basis and review with the Company's external auditor and senior management at least annually; (viii) reviewing the

## Corporate Governance Report

risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems; and (ix) reviewing the Company's internal audit function to ensure coordination within the Group and between the Company's internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

The Audit and Compliance Committee has (i) considered and reviewed the accounting principles and practices adopted by the Group, (ii) discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held two meetings during the year ended December 31, 2025 to, among others, review the unaudited interim results and report for the six months ended June 30, 2025, review the financial reporting and the compliance matters, review compliance with the corporate governance policy and practice, develop and review Group's policies and practices on corporate governance and make recommendations to the Board, review and monitor the training and continuous professional development of Directors and senior management, review and monitor the Group's policies and practices on compliance with legal and regulatory requirements, develop, review and monitor the code of conduct applicable to employees and Directors, review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report, review the audited annual results and financial report for the year ended December 31, 2024, review the financial, operational and compliance monitoring, review the risk management and internal control, review the work of the internal and external auditors, review the service fees due to the external auditor as well as review the re-appointment of external auditors.

The attendance records of the Audit and Compliance Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Ms. ZHU Anna Dezhen	2/2
Mr. LYU Wei	2/2
Mr. MU Binrui	2/2

The Company's annual results for the year ended December 31, 2025 have been reviewed by the Audit and Compliance Committee on March 31, 2026.



### 3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with code provisions under B.3 of the CG Code. The Nomination Committee currently consists of two executive Directors, being Mr. CHEUNG Tak On (who is the Chairman of the Board) and Mr. XU Yue, and three independent non-executive Directors, being Ms. ZHU Anna Dezhen, Mr. LYU Wei and Mr. SUN Minjie. Ms. ZHU Anna Dezhen was appointed as a member of the Nomination Committee with effect from May 30, 2025, and Mr. MU Binrui ceased to act as a member of the Nomination Committee with effect from January 1, 2026. Mr. XU Yue and Mr. SUN Minjie were appointed as members of the Nomination Committee with effect from March 31, 2026. The chairperson of the Nomination Committee is Mr. CHEUNG Tak On. The Nomination Committee reviews the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes (if any) to it.

The primary duties of the Nomination Committee include, but are not limited to (i) with reference to the Nomination Policy, identifying, selecting and recommending to the Board suitable candidates to serve as Directors and presidents of the Company, and formulating plans for succession for both executive Directors and non-executive Directors; (ii) reviewing the structure, size, composition and diversity of the Board as well as the Board Diversity Policy, and assisting the Board in maintaining a board skills matrix; (iii) overseeing the process and supporting for evaluating the performance of the Board; (iv) developing, recommending to the Board and monitoring nomination guidelines for our Company; and (v) assessing the independence of independent non-executive Directors.

The Nomination Committee held two meetings during the year ended December 31, 2025 to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to assess the independence of the independent non-executive Directors, to consider the credentials of the independent non-executive Director candidate, and to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2025 annual general meeting of the Company.

The attendance records of the Nomination Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Mr. CHEUNG Tak On	2/2
Mr. LYU Wei	2/2
Mr. MU Binrui ( <i>resigned on January 1, 2026</i> )	2/2
Ms. ZHU Anna Dezhen ( <i>appointed on May 30, 2025</i> )	1/2



## Corporate Governance Report

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process. When nominating a particular candidate for Director, the Nomination Committee will consider amongst others (1) integrity and character; (2) factors including gender, age, cultural, educational background, ethnicity, skills, knowledge, experience, etc.; (3) board diversity that a candidate can bring to the Board; (4) commitment in respect of available time (factors to be taken into account include public directorships already held by the candidates); (5) independence criteria as required under the Listing Rules for candidates for independent non-executive Directors; and (6) the experience or knowledge of the candidate that are relevant to the Company's business and corporate strategy and in international operations.

In short, proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director. The Nomination Committee will review such information of the potential candidates and may either conduct interviews with the candidates; or request candidates to provide additional information and documents if it considers necessary; or conduct any background check (if necessary). Meeting of a Nomination Committee will be called for the members to discuss the credentials of the proposed candidates and assess their qualifications based on the factors set out above. The Nomination Committee may also invite nominations of suitable candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election and re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measurable objectives as set out in the Board Diversity Policy, details of which are set out in subsection headed "Diversity" below. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of gender, knowledge, experience and skills of the Directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.



## D. DIVERSITY

The Board has adopted the Board Diversity Policy, a summary which is set out below:

**Purpose:** The Board Diversity Policy aims to set out the approach to achieve diversity of the Board.

**Board Diversity Policy Statement:** With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

**Measurable Objectives:** Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board Diversity Policy is well implemented as evidenced by the fact that our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of passenger vehicle dealership, automobile sales service business, automobile finance business, business administration, investment management and general corporate management. Moreover, there are both male and female Directors ranging from 48 years old to 69 years old with different and experience from different industries and sectors. In particular, given that two out of nine of our Directors are female, our Board will, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, use its best endeavors to actively identify female individuals suitably qualified to become our Board members. The Company targets to maintain the current level of female representation on the Board, and in any event not less than the requirements under the Listing Rules.

One-fifth of our senior management are female, and we have witnessed a balanced gender ratio in the workforce with a male to female ratio of approximately 9:5 as at December 31, 2025. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.



## Corporate Governance Report

### **E. MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 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.

### **F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING**

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The management has provided sufficient explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

### **G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION**

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 141 to 145 of this annual report.

The external auditor of the Company will be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year, the remuneration paid to the external auditor of the Company in respect of audit services for the year ended December 31, 2025 amounted to RMB6,920,000, and the remuneration paid to the external auditor of the Company in respect of tax advisory services amounted to RMB290,000.

The auditors of the Company have not changed in the past three years.



## H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board has delegated the Audit and Compliance Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit and Compliance Committee;
- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and
- Internal auditors provide independent assurance to the Board, the Audit and Compliance Committee and the management concerning the effectiveness of risk management and internal control systems.

## Corporate Governance Report

During the reporting period, major works performed by the management in relation to risk management and internal control included the following:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Group's performance; assessing and evaluating the identified risks according to their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;
- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit and Compliance Committee regarding the status of the systems;
- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;
- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and
- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. were in place.
- the management reviewed the continuing connected transactions have been conducted in accordance with the pricing policies under the 2023 New Properties Leasing Agreement, and ensured the risk management and internal control systems are adequate and effective to ensure that the continuing connected transactions are so conducted.

The internal audit function of the Company monitored the internal governance of the Company and provided independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executives in charge of the internal audit function reported directly to the Audit and Compliance Committee. The internal audit reports on control effectiveness were submitted to the Audit and Compliance Committee in line with agreed audit plan approved by the Board. During the reporting period, the internal audit function carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Company through, amongst others, examination of risk-related documentation prepared by operation units and the management and conducting interviews with employees at all levels. The senior executives in charge of the internal audit function attended meetings of the Audit and Compliance Committee to explain the internal audit findings and responded to queries from members of the Audit and Compliance Committee.



The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and on a “need-to-know” basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as signing of confidentiality agreement with potential parties, pre-clearance on dealing in the Company’s securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit and Compliance Committee reviewed such arrangement regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the reporting period, the Audit and Compliance Committee reviewed the effectiveness of the risk management and internal control systems of the Company. The annual review included works such as (i) review of reports submitted by heads of operation units or departments and the management regarding the implementation of the risk management and internal control systems; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems and the works of the internal audit function. Such discussions include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions; (iii) evaluation on the scope and quality of management’s ongoing monitoring of the risk management and internal control systems; (iv) review of the effectiveness of the internal audit function to ensure coordination within the Group and between the Company’s internal and external auditors and to ensure the internal audit function is adequately resourced and has appropriate standing within the Group; and (v) made recommendations to the Board and the management on the scope and quality of the management’s ongoing monitoring of the risk management and internal control systems.

On the basis of the aforesaid, during the year ended December 31, 2025, the Audit and Compliance Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal controls of the Company.



## Corporate Governance Report

### **I. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS**

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company has an implementable and effective shareholders' communication policy in place in the year ended December 31, 2025. The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website at [www.ydauto.com.cn](http://www.ydauto.com.cn), where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. To solicit and understand the views of shareholders and stakeholders, the Company has also set up channels and procedures for shareholder's enquiries, details of which are set out in subsection headed "Shareholders' Rights" below. The management of the Company reviewed the implementation and effectiveness of the shareholders' communication policy during the year ended December 31, 2025 and the results were satisfactory, having considered that the Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

### **J. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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

### **K. DIVIDEND DISTRIBUTION POLICY**

Under the dividend distribution policy of the Company, the declaration of dividends is at the discretion of the Board subject to the applicable laws and the Articles of Association. The amount of dividends to be declared and paid are based upon, among other things, the Group's general business conditions, financial results, cash flows, capital requirements, interests of the Shareholders and any other factors which the Board may deem relevant.

Subject to the Cayman Companies Act and the Articles of Association, no dividend may be declared in excess of the amount recommended by the Board and the dividends are declared from statutory distributable reserves.

As at December 31, 2025, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.



## L. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors. Meanwhile, the procedures for Shareholders to (i) convene an extraordinary general meeting; (ii) direct their enquiries to the Board; and (iii) put forward proposals at Shareholders' meetings are available.

General meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene the meeting shall be reimbursed to them by the Company.

Shareholders holding not less than one-tenth of the total number of the Company's voting shares shall be entitled to propose new proposals in writing to the Company. The Company shall include in the agenda for the meeting the matters in the proposals that fall within the scope of duties of the Shareholders' meeting. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's principal place of business in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office for the attention of the Company, not less than six weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company at Unit 5708, 57/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairperson, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and the Stock Exchange after the relevant shareholders' meeting.



## Corporate Governance Report

### M. JOINT COMPANY SECRETARIES

Ms. SO Ka Man (“**Ms. SO**”) of Vistra Services Limited, an external service provider, has served as a joint company secretary of the Company since November 25, 2020. Ms. SO is currently a director of company secretarial services of Vistra Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. SO is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute (“**HKCGI**”) and The Chartered Governance Institute. Ms. SO is a holder of the Practitioner’s Endorsement from HKCGI. Ms. SO obtained a bachelor’s degree in arts (accountancy) from the Hong Kong Polytechnic University. Mr. WANG Zhigao, our executive Director and Vice-chairman, is Ms. SO’s primary contact person at our Company.

Ms. ZHANG Hong (“**Ms. ZHANG**”) has served as another joint company secretary of the Company since March 20, 2018. Ms. ZHANG is currently a Vice-president of the Group. In March 2021, the Stock Exchange has agreed that Ms. ZHANG has the qualifications required to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. Ms. ZHANG worked and communicated closely with Ms. SO to discharge the functions of joint company secretaries during the year.

During the year ended December 31, 2025, each of Ms. ZHANG and Ms. SO has undertaken over 15 hours of professional training to update their skills and knowledge.

Mr. XU Yue and Ms. SO have been engaged by the Company as authorized representatives under the Listing Rules.

### N. GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to Shareholders through the optimization of the debt and equity balance. There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company’s liability to continue as a going concern.



# Environmental, Social and Governance Report

## I. ABOUT THIS REPORT

### Report Overview

This report is the tenth environmental, social and governance report (collectively referred to as the “ESG Report,” or the “Report”) published by China Yongda Automobile Services Holdings Limited (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as “the Group”, “Our Group”, “Yongda Group”, “Yongda”, or “we”), and aims to report to stakeholders on the Group’s specific initiatives and performance in practicing the concept of sustainable development and fulfilling corporate social responsibility during the 2025 financial year. Through transparent disclosure, this Report presents the Group’s management measures and achievements in respect of environmental, social and governance (hereinafter referred to as “ESG”) for 2025, with a view to further enhancing the Group’s performance in the field of sustainable development.

### Scope of the Report

This Report covers the Group’s overall business performance from January 1, 2025 to December 31, 2025 (hereinafter referred to as the “Reporting Period”), including new passenger vehicle sales, repair and maintenance services, automobile extended products and services, agency services for automobile finance and insurance products, used vehicle business, vehicle leasing services, and new energy vehicles services. The scope of the Report is consistent with that of the annual report, and includes the Company and its 209 subsidiaries.

### Reporting Guidelines and Principles

This Report is prepared in accordance with the requirements of Appendix C 2, the Environmental, Social and Governance Reporting Guide (the “Guide”), to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX” or the “Stock Exchange”)— and relevant documents published by the Stock Exchange. This Report has complied with the “mandatory disclosure requirements” and the “comply or explain” provisions set out in the Guide. Except for the provisions that the Group considers inapplicable to its business operations or in respect of which partial disclosure is provided, the relevant explanations are set out in the corresponding sections.

This Report has been prepared in accordance with the reporting principles set out in the Guide, namely materiality, quantitative, balance and consistency:

#### Materiality

Based on its communication mechanism with stakeholders, the Group has identified the ESG matters that are material to them and assessed the extent of the direct or indirect materiality of such matters to the Group and stakeholders.

#### Quantitative

The Group quantifies key performance indicators and discloses quantitative data in accordance with the requirements of the Stock Exchange’s Environmental, Social and Governance Reporting Guide. The calculation methodologies and assumptions adopted for the data presented in this Report are also disclosed.

#### Balance

In this Report, the Group presents its environmental, social and governance efforts in a fair and objective manner.

#### Consistency

The Group has adopted a consistent approach to data disclosure. Comparative data are presented in this Report, and the statistical methodologies and any changes to key performance indicators are identified.



# Environmental, Social and Governance Report

## Board Statement

The Board of the Group attaches great importance to ESG matters. The Board integrates sustainable development into the Group's development strategy, and has established and implemented a scientific and professional ESG Governance Structure, with enhanced and duly implemented roles, responsibilities and authorities at all levels thereunder, so as to strengthen the Board's oversight of and participation in the Group's ESG matters. Taking into account the external socio-economic macro environment and the Group's development strategy, the Group conducts dynamic assessments of the materiality of ESG issues, discusses and determines the Group's ESG risks and opportunities, and places the management and enhancement of key issues as the annual work priorities for sustainable development.

The Board assumes overall responsibility for formulating and reviewing the Group's ESG management policies, strategies, priorities and targets, and for regularly monitoring the progress of target implementation and assessing the relevance of such ESG targets to the Group's business, with a view to achieving the Company's long-term, balanced and high-quality sustainable development.

The Group has not identified any false information, misleading statements or material omissions in this Report. Upon confirmation by the ESG Committee, this Report was reviewed and approved by the Board on March 31, 2026, and the Board is responsible for the authenticity and validity of the information contained herein.

## Sources of Information

The data and information contained in this Report are primarily derived from the Group's internal documents and statistical data, and have been compiled, consolidated and reviewed by the relevant departments. Unless otherwise stated, all monetary amounts in this Report are denominated in Renminbi.

## Report Access and Feedback

This Report is available for download on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Group's official website (<http://www.ydauto.com.cn>). This Report is prepared in both Chinese and English. In the event of any ambiguity between the Chinese and English versions, the Chinese version shall prevail.

For further enquiries, or if you have any comments, suggestions or feedback on the content of this Report, please contact the Group by email at [ir@ydauto.com.cn](mailto:ir@ydauto.com.cn).

## II. BUILDING SUSTAINABILITY • DEVELOPMENT

With consumers' environmental awareness continuing to be strengthened and the rapid growth in domestic new energy vehicles (NEV) ownership, the Group has focused on three strategic pillars—"electrification, digitalization and shared mobility"—and, on the basis of firmly grounding itself in its principal businesses, the Group has been actively committed to expanding its new energy business. In 2025, the Group continued to deepen its efforts in the NEV business and entered into comprehensive strategic cooperation with leading domestic new energy automaker brands. Aiming to proactively drive innovation in the battery lifecycle business, we pursue business collaboration with professional industry partners across four areas, namely battery testing, battery maintenance, battery extended warranty service and battery repair, with a view to covering the entire lifecycle of new energy power battery usage and bringing new growth opportunities to the Group.



## Awards and Honors

Awarding Organization	Award Title
Central Leading Group for Publicity, Ideological and Cultural Work	National Civilized Unit
Cailian News Agency	ESG Pioneer Enterprise
Tengyi Technology	2025 National Supercar Marketing Group
China Automobile Dealers Association	Top 100 Used Car Dealer Enterprises
China Automobile Dealers Association	Top 50 New Energy Used Vehicles Dealer Enterprises
China Automobile Dealers Association	Pioneer Enterprise in New Energy Transformation
China Automobile Dealers Association	Enterprise Practicing Public Welfare Responsibility
FAW Audi	FAW Audi Meritorious Dealer Group Award
Porsche	Porsche Outstanding Dealer
FAW Audi	FAW Audi Excellent Partner Award
BMW	Most Promising BMW M Certified Dealer Award
XPeng Motors	Service Assurance Honors List
SAIC IM	Operations Cornerstone Award, Innovative Marketing Award
HIMA (HarmonyOS Intelligent Mobility Alliance)	Shanxi Smart Selection Vehicles H1 Benchmark Award
HIMA (HarmonyOS Intelligent Mobility Alliance)	Integrated Operations Benchmark Award
HIMA (HarmonyOS Intelligent Mobility Alliance)	National Customer Centre Gold Award Sales Team
HIMA (HarmonyOS Intelligent Mobility Alliance)	XIANGJIE 72h First-Sales Gold Award Sales Team
HIMA (HarmonyOS Intelligent Mobility Alliance)	January–September Campaign Vanguard Second Prize
HIMA (HarmonyOS Intelligent Mobility Alliance)	September Regional Sales Benchmark Store
Smart China Eastern Region Sales Centre	Smart Eastern Region Team Honor Awards

## Used NEV Circularity Business

The Group regards the used NEV circularity business as a key initiative for advancing resource recycling and utilization. By promoting synergies with the battery recycling business, the Group enhances vehicle circular utilization efficiency and the professional standards of its service system.

In terms of service coverage, the Group's existing testing equipment and products such as battery degradation insurance products cover approximately 99% of used NEV in the market, basically achieving full-scenario service coverage and gaining recognition from partner sales channels and customers.



## Environmental, Social and Governance Report

In terms of resource circularity, battery testing has reduced the assessment costs of used vehicles, the battery extended warranty service has alleviated users' concerns over product use, and battery care and maintenance equipment has effectively extended battery life. Together, these three businesses improve resource utilization efficiency and promote the circularity of NEV.

To support the development of the circularity business, the Group has continued to enhance the overall operational capabilities of its new energy business. In 2025, sales of independent new energy brands reached 25,900 units, representing a year-on-year increase of 40.1%; after-sales repair and maintenance revenue amounted to RMB512 million, representing a year-on-year increase of 65.1%; throughout the year, the Group operated 46 independent new energy brands outlets, laying the foundation for vehicle sourcing, quality assurance and service implementation for the used car circularity business.

### Battery Circularity Business

The Group takes “Inspection- Care- Warranty- Repair” as its core strategic focus of its business, and continues to enhance its battery full-lifecycle service system, enhance business model upgrades, and improve resource utilization efficiency.

In 2025, the Group focused its business on battery care and maintenance and repairs, with battery testing and extended warranty develop in synergy as supporting businesses. In particular, the battery care and maintenance business recorded rapid growth, with increasing contribution to revenue from less than 10% to 35%, and expanded to external stores through its cooperation network.

In terms of its business model, the Group has transitioned from a single product output to an integrated solutions offering of “Smart Equipment + Standardized Services + Data Value”, thereby enhancing service professionalism.

In respect of specific business initiatives:

- **Battery Testing:** With a focus on strengthening synergies with the used NEV business, the Group enhanced the accuracy of battery assessment in used-vehicle transactions.
- **Battery Care and Maintenance:** The Group launched an intelligent all-in-one unit for power battery care and maintenance, integrating testing with care and maintenance, thereby extending battery life and improving resource utilization efficiency.
- **Battery Extended Warranty Service:** Offering a range of protection plans tailored to diverse customer needs, thereby stabilizing sales volume and revenue.
- **Battery Repair:** Focusing on refined operations of the existing customer base to enhance efficiency and service quality.

The Group also strengthens technology investment and the development of a collaborative ecosystem, deepening cooperation with industry associations, insurance companies and various mobility service providers, thereby providing robust support for the development of the battery recycling business.



### III. MAINTAINING INTEGRITY • GOVERNANCE

As one of China's leading nationwide automobile dealership groups, the Group has consistently upheld its business philosophy of "Customer-centric, efficiency-prioritized, open and mutually beneficial, and sustainability", and regards responsibility as the cornerstone of corporate development. We continue to focus on maintaining a balanced relationship among society, operational performance and the environment. We are committed to creating long-term value for all stakeholders, and, in the course of business development, we adhere to business ethics and fulfill our corporate citizenship responsibilities.

#### 3.1 Corporate Governance

The Group strictly complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other applicable laws, regulations and regulatory documents relating to the corporate governance of listed companies. By establishing a robust corporate governance system, the Group strengthens the foundation of internal control management and creates sustainable economic benefits.

We have established the Board as the highest decision-making body, and have put in place a compliant and efficient corporate governance structure with clearly defined authority and responsibilities. The Group's Board is responsible for the overall coordination and oversight of material matters arising from the Company's business operations, and has established an Audit and Compliance Committee, a Remuneration Committee and a Nomination Committee. The detailed authority and responsibilities of the Board and each committee are available on the Company's website under the "Investor Relations" section and on the Stock Exchange's website. For further details, please refer to the "Corporate Governance Report" in the 2025 Annual Report.

We regularly provide Directors with training and briefings on professional knowledge and skills, as well as legal and regulatory developments. During the Reporting Period, we organized training for Directors on compliance policies, including the latest requirements for climate-related information disclosures and a summary of updates to corporate governance policies.

#### 3.2 ESG Governance Structure

Yongda is committed to the principles of sustainable development and continues to enhance its ESG management system. We strive to promote harmonious integration between the Group and the environment and society, improve ESG management standards and performance, and provide support for the Company's sustainable development-related initiatives. In accordance with relevant ESG policies and guideline requirements, we have established a top-down ESG governance framework with clearly defined authority and responsibilities. During the Reporting Period, we continued to optimise the governance framework in line with our ESG management needs.

# Environmental, Social and Governance Report



Key Responsibilities	
The Board	Lead and assume responsibility for the Company's ESG governance, determine the ESG management framework, review ESG strategies, policies and targets, and ensure that the Company establishes effective ESG risk management and internal control systems.
Environmental, Social and Governance Committee (the "ESG Committee")	<ul style="list-style-type: none"> <li>• Formulate, and review and approve ESG standards and targets, and report work progress to the Board on an annual basis;</li> <li>• Oversee ESG and sustainable development strategies and the advancement of related initiatives, and coordinate cross-departmental implementation;</li> <li>• Monitor ESG industry developments and standards, conduct peer benchmarking, and analyze climate-related risks and opportunities;</li> <li>• Assess the impact of ESG on stakeholders, manage climate-related risks, and develop necessary mitigation action plans;</li> <li>• Organize ESG and climate governance training to ensure the capabilities of the working group;</li> <li>• Review the ESG Report, liaise with rating agencies and investors, and ensure compliance with relevant HKEX requirements.</li> </ul>



### Key Responsibilities

#### ESG Working Group

- Assist the ESG Committee in completing matters relating to reporting to the Board;
- Collect climate-related policies, technology trends and industry developments in China and overseas, to provide reference for the Committee in formulating its climate strategy;
- Support ESG policy and practice research, including collecting ESG standards, regulatory developments and best practices in the PRC and overseas, proposing recommendations for policy enhancement, and providing a basis for the formulation and revision of the Group's ESG framework;
- Maintain an up-to-date understanding of HKEX policies relating to ESG reporting and deliver ESG knowledge and awareness training;
- Support the implementation of ESG- and climate-related initiatives, establish risk identification and assessment mechanisms, and conduct regular reviews and analysis;
- Coordinate relevant departments to develop climate risk response measures and opportunity identification plans, monitor implementation effectiveness, and provide feedback to the Committee;
- Promote the incorporation of climate-related risks into the Company's overall risk management framework, and support the enhancement of risk management and control procedures;
- Coordinate the drafting of the ESG report, including setting out work requirements, collecting and consolidating information, overseeing progress, submitting it to the Committee for consideration and approval, and publishing it as required;
- Liaise with various intermediaries, index and rating agencies, and institutional investors, and cooperate in carrying out relevant work.

#### ESG Execution Group

Covering all functional centers and the Group's dealership outlets, responsible for implementing the relevant objectives and plans established by the ESG Working Group.

# Environmental, Social and Governance Report

## 3.3 Stakeholders Communication

The Group considers stakeholders' expectations and requirements an important factor in formulating its sustainable development strategy, and identifies specific areas for actions relating to stakeholders through a range of approaches. At present, the Group's key stakeholders include, but are not limited to, investors, government and regulatory authorities, employees, customers, suppliers, non-governmental organizations and communities. Ongoing communication with stakeholders and proactively listening to their views and concerns are an integral part of the Group's daily operations. The Group's principal communication channels with stakeholders and stakeholders' key expectations of the Group are detailed in the table below:

Stakeholders	Stakeholder expectations of the Group	Key communication channels
Investors	<ul style="list-style-type: none"> <li>Safeguarding shareholders' rights and interests</li> <li>Timely and accurate disclosure of relevant information</li> <li>Enhancing corporate governance</li> <li>Compliance in operation</li> <li>Business and financial strategy</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Press releases and announcements</li> <li>External reports</li> <li>Information published on the Company's website</li> <li>Online and offline investor briefings</li> <li>Telephone or email</li> </ul>
Government/regulatory authorities	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Workplace occupational health and safety</li> <li>Creating economic value and promoting employment</li> <li>Enhancing well-being of stakeholder communities</li> <li>Undertaking environmental responsibilities</li> <li>Responding to national policies</li> <li>Fulfilling tax payment obligations in accordance with the law</li> </ul>	<ul style="list-style-type: none"> <li>Compliance reporting</li> <li>Supervision and inspections</li> <li>Applications for licenses and permits</li> <li>Compliance meetings</li> <li>Engaging in dialogue with government authorities in our operational locations</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Safeguarding labor rights and interests</li> <li>Competitive remuneration and benefits</li> <li>Workplace health and safety protection</li> <li>Training and career development</li> <li>Employee engagement and democratic participation in policy-making</li> <li>Corporate culture</li> <li>Employees' physical and mental well-being</li> </ul>	<ul style="list-style-type: none"> <li>Labor union/Employees' Representative Congress</li> <li>Safety and compliance meetings</li> <li>Training and career development</li> <li>Telephone or email</li> <li>Group announcements or publications</li> <li>Team-building activities</li> <li>Yongda "Cloud University"</li> <li>Group office platform and Enterprise WeChat</li> </ul>



Stakeholders	Stakeholder expectations of the Group	Key communication channels
Customers	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Product quality</li> <li>• Privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Key customer forums</li> <li>• Structured communication</li> <li>• Visits to operational sites</li> <li>• Group WeChat Official Account</li> <li>• 24-hour customer service hotline and email</li> <li>• Online customer review platform</li> <li>• Customer satisfaction follow-up survey</li> <li>• Yongda Automobile App</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier onboarding management</li> <li>• Supplier evaluation</li> <li>• Safeguarding suppliers' rights and interests</li> <li>• Supplier collaboration</li> <li>• Joint compliance with business ethics and applicable national laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Tendering and seminars</li> <li>• Supplier onboarding and evaluation</li> <li>• On-site visits</li> <li>• Senior management meetings</li> <li>• Day-to-day business communication</li> </ul>
Non-governmental organizations	<ul style="list-style-type: none"> <li>• Investment in local development</li> <li>• Participation in local community programs</li> <li>• Undertaking environmental responsibilities</li> <li>• Fair sharing of benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Direct communication</li> <li>• Visits to operational sites</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Local development</li> <li>• Promoting employment</li> <li>• Undertaking environmental responsibilities</li> <li>• Creating opportunities for local goods and service providers</li> <li>• Participation in public welfare initiatives</li> <li>• Organizing community activities</li> </ul>	<ul style="list-style-type: none"> <li>• Community outreach and exchanges</li> <li>• Meetings with key focus groups</li> <li>• Procurement requirement notices</li> <li>• Recruitment notices</li> <li>• Discussions with local governments and organizations</li> <li>• Group official website</li> </ul>

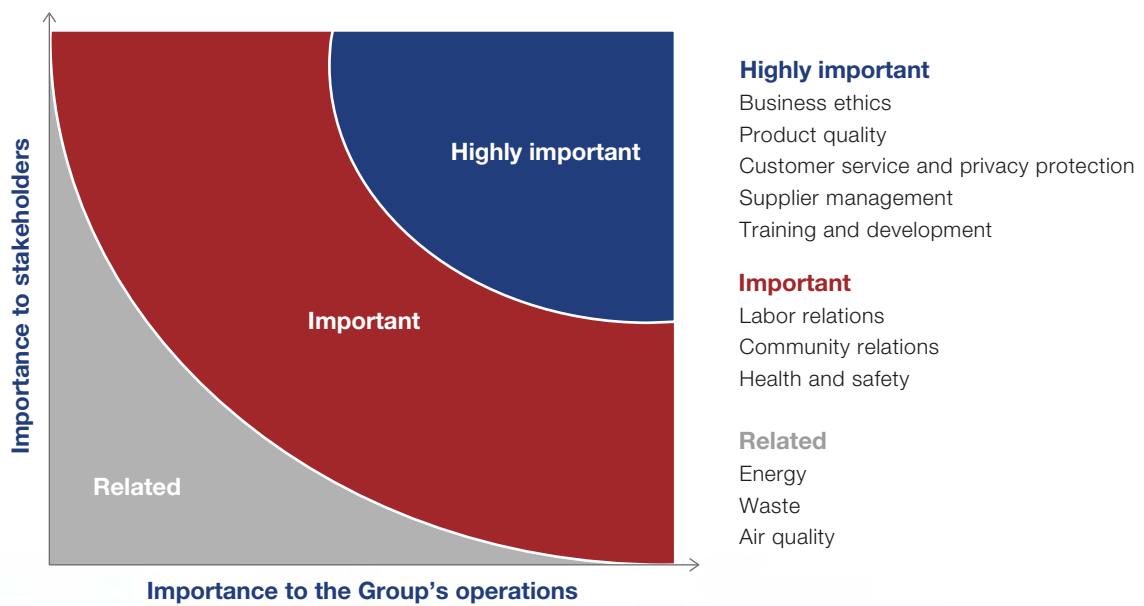
# Environmental, Social and Governance Report

## 3.4 Materiality Assessment

Yongda places emphasis on the identification, assessment and management of sustainable development issues, and proactively gathers stakeholders' feedback and recommendations on sustainable development-related matters. In 2025, we reviewed and refined the ESG material topics through a three-step process of "topic identification – research and assessment – review and confirmation", updated the materiality matrix, and reported the results to the Board.

During the Reporting Period, the Group engaged in communications and surveys with stakeholders both within and outside the Group, and received various recommendations. Taking into account the industry context, development status and strategic planning, the Group also identified a total of 11 ESG topics based on two dimensions: their significance to the Group's operations and their significance to stakeholders. The Group has assessed and prioritized these matters to reflect the Group's environmental and social impacts, better respond to stakeholders' expectations and requirements, and identify them as key areas of focus for the Group's sustainable development.

The materiality issue matrix is shown in the figure below:



## 3.5 Risk Management

The Group has established a comprehensive internal risk management code and risk control system, and is committed to developing an all-round risk prevention and control framework covering all departments of the Group and the entire business process, so as to ensure steady operations and sustainable development in a rapidly changing market environment.



To further strengthen risk management, the Group has established a Group Prevention and Control Task Force comprising the Group President, members of the management team and heads of functional centers, whose core responsibilities are to identify and assess the various risks facing the Group, including ESG risks, business operation risks, financial risks and other core areas. By continuously strengthening full-process management across pre-event prevention, in-event monitoring and post-event response for risk management, we comprehensively identify and scientifically assess various risks, while fully considering potential ESG-related opportunities, thereby achieving balanced development between risk control and opportunity identification.

Through the following regularized mechanisms, the Group's Risk Prevention and Control Working Group continuously optimizes and enhances the Group's risk management framework:

- **Monthly regular work meetings:** Regularly review the progress of risk management work, and promptly identify and address potential risks.
- **Quarterly reporting to the Board:** Report to the Board on the latest developments and effectiveness of risk management work, to ensure the Board's oversight and guidance of such work.
- **Ad hoc special meetings:** Convene special meetings to conduct in-depth analysis and implement response measures in respect of unexpected risk incidents or material risk topics.

Through the effective operation of the above mechanisms, the Group continues to adjust and optimize its risk prevention and control management requirements, enhances its capabilities in risk prevention and response, minimizes the potential economic losses arising from various risk incidents, and provides a solid foundation for the Group's achievement of sustainable development.

### 3.6 Intellectual Property Protection

As the Group does not engage in the production, research, or development of proprietary products in its day-to-day operations, the core of its intellectual property protection work focuses on coordinated control and management with brand partners. The Group strictly complies with the requirements of relevant laws and regulations, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and does not engage in any act of infringement, misappropriation or other conduct that infringes upon the valid and enforceable intellectual property rights of third-party vendors. Across all business segments and operational processes, including sales operations and vehicle maintenance and repair services, the Group exercises stringent control over all branded vehicles and the products used for maintenance and repair, and only selects compliant products that have been officially certified by the relevant brands. The Group strictly prevents counterfeit, substandard and non-brand-certified products from entering its operations, fulfills its integrity commitments to business partners, and safeguards customers' lawful rights and interests.

During the Reporting Period, there were no material intellectual property infringement incidents that could have a significant adverse impact on the Group's business. The Group has, in all material respects, strictly complied with all applicable intellectual property-related laws, regulations and regulatory requirements.

### 3.7 Privacy Protection: Fostering Mutual Trust

The Group places the protection of customer information and privacy at the forefront of its operations and management. In strict compliance with applicable laws and regulations, the Group has established comprehensive management standards and implementation measures to ensure that, across the full lifecycle of customer information—collection, storage, use and disposal—the principles of legality, prudence and confidentiality are adhered to, thereby providing comprehensive protection for customer information security.

At the institutional level, the Group strictly complies with the Personal Information Protection Law and other applicable laws and regulations, and has established the Management Measures on Strengthening Customer Information Risk Prevention to further standardize customer information management processes throughout the entire information lifecycle. Meanwhile, the Group has strengthened requirements on employees' confidentiality responsibilities by requiring all employees to sign a Confidentiality Agreement upon commencement of employment, clearly defining their confidentiality duties and obligations in respect of customer information during their employment; employees leaving the Group are also required to sign an Exit Acknowledgement, reinforcing their continuing confidentiality obligations following cessation of employment.

At the operational level of information processing, the Group maintains stringent controls over management requirements at each stage: when collecting customer information, the Group is required to clearly inform customers of the purpose of collection and the scope of use, and to obtain customers' explicit authorization; when using customer information, the Group strictly implements an application and approval process to ensure that such use is lawful and transparent; when cooperating with third parties, the Group enters into customer information confidentiality agreements, binding counterparties by contract to safeguard customer information security and privacy protection throughout the entire cooperation process.

In addition, the Group strengthens its safeguards for customer privacy and security through systematic training and end-to-end supervision mechanisms. Regularly organize and deliver dedicated training on customer information protection to comprehensively enhance employees' awareness of privacy protection, standardize staff operational practices, and ensure that all employees strictly comply with relevant information management requirements; Meanwhile, the implementation of customer information authorization management, use requirements and other related measures is incorporated into the scope of routine inspections to ensure that all protection measures are effectively implemented. For responsible parties that fail to act in accordance with the requirements, the Group will impose penalties in accordance with applicable laws and regulations, strengthen accountability and enforcement, and safeguard customer privacy and security in an all-round manner.

On the supplier management front, the Group has also put in place stringent privacy protection requirements, explicitly requiring suppliers to establish robust information security and privacy management systems, and prohibiting suppliers from obtaining any customer information from the Group through unlawful means or in a manner that violates business ethics.

During the Reporting Period, the Group did not record any incidents of customer information or privacy breaches.



### **3.8 Business Ethics**

Operating in compliance with laws and regulations and adhering to business ethics are core management principles that the Group has long upheld. We are committed to establishing a compliance management system aligned with industry best practices, and to continuously fostering an anti-corruption culture, strengthening employees' awareness of integrity, and ensuring that the Group consistently maintains high ethical standards in its business operations.

#### ***Business Ethics Governance Framework***

The Group strictly complies with relevant laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China and the Interim Provisions on Prohibiting Acts of Commercial Bribery. Taking into account the Group's operational practices, the Group has established internal management policies, including the Management Measures for Integrity Practice by Management Personnel, Yongda Group Provisions on Further Strengthening Suppliers' Integrity Management and the Anti-Corruption Policy, to standardize the business ethics requirements applicable to all employees and suppliers in business activities, and to strictly manage and oversee misconduct such as corruption and bribery, unfair competition, conflicts of interest, extortion, fraud and money laundering.

#### ***Implementation and Oversight of Integrity Governance***

The Group continues to build a professional compliance management team. The Group's discipline inspection function is responsible for the management and oversight of compliance in the operations of each subsidiary. In respect of the signing of undertakings, the Company arranged senior executives, directors and general managers to sign on-site the "Integrity Practice Undertaking" and the "Integrity Management Accountability Letter"; The Group facilitated 1,015 management personnel to sign online the "Anti-bribery Undertaking (Non-acceptance of Bribes)". Through supplementary signing procedures at the enterprise level, the Group achieved 100% execution of undertakings by all 8,628 employees, thereby achieving full coverage of integrity commitments.

At the same time, the Group's Discipline Inspection Commission enhanced its inspection mechanism and, carried out comprehensive inspections of 112 subsidiaries in 2025, conducting 475 employee interview sessions. The inspections focused on the inspection of implementation of integrity education, execution of policies and procedures, rectification of identified issues, and management personnel's performance of duties, with particular emphasis on core areas including the management team's fulfillment of responsibilities and accountability, compliance with rules and discipline, integrity and self-discipline, internal conduct and culture development, and cost control. The inspection work was conducted in strict accordance with the principles of "pre-inspection assessment, in-inspection in-depth investigation, and post-inspection follow-up supervision," with a view to "hearing the truth, ascertaining the facts, and driving rectification." Timely reminders were issued and corrective guidance preventing emerging risks was provided, thereby further standardizing corporate management.

With respect to supplier integrity management, the Group has established and enhanced the relevant agreements, convenes an annual supplier conference to provide integrity and compliance briefings, and delivers education on integrity and discipline. The Group requires 100% of suppliers to sign the "Yongda Group Supplier Non-Bribery Agreement" and handwrite the undertaking clauses; by linking the relevant agreements through the procurement management system, the Group has achieved 100% online execution. In addition, the Group has implemented an integrity declaration and verification mechanism for supplier settlements to reinforce supplier compliance management.



## Environmental, Social and Governance Report

Guided by the integrity culture philosophy of “Always being mindfulness, operating transparently, exercising power for the public interest, and managing with clear bottom lines,” the Group delivers business ethics and integrity training to all employees and suppliers through a combination of online and offline channels, thereby enhancing organization-wide compliance awareness while cultivating a distinctive integrity culture brand.

- **Group quarterly meeting training:** strengthen integrity education for members of the Board, all management personnel, and key staff across functional bodies;
- **New employee training:** explain integrity principles to new employees and guide them in establishing sound professional values;
- **Supplier training:** including convening supplier integrity agreement signing meetings, conducting online discussions prior to the issuance of quarterly integrity settlement confirmations, and providing integrity reminder education in suppliers’ WeChat groups during holiday periods;
- **Integrity-themed education and training:** Conducted once per quarter at the Group level, with four sessions in total during the year, and all management personnel organized to participate;
- **Featured integrity initiatives:** In 2025, the Group launched the “Integrity Culture Call” themed campaign as an innovation to stimulate grassroots engagement. A total of 178 creative works were submitted by 103 entities, covering a range of formats including AI animation, rap, calligraphy, and handicrafts, thereby developing integrity-culture communications with distinctive Yongda characteristics;
- **Pre-appointment interview mechanism:** Pre-appointment interviews were conducted with newly appointed general managers of “entities with identified issues”, during which the issues identified were communicated, root causes were analyzed, requirements were clarified, and awareness of integrity in the performance of duties was strengthened.

During the Reporting Period, the Group did not identify any concluded corruption litigation cases of material significance against Yongda or its employees.

### **Whistleblowing Management**

To further strengthen internal oversight, we formulated the “Whistleblowing Policy” and made it publicly available on the Company’s official website, providing multiple complaint channels, including email, telephone, the “Sunshine Yongda” WeChat Official Account, the OA office platform, the customer service platform, and integrity supervision public notice boards posted by each subsidiary. These channels are designed to encourage employees to report any matters involving suspected misconduct and to ensure the confidentiality of the reporting process, thereby protecting whistleblowers from retaliation. The Company has formulated the Whistleblowing Policy to safeguard whistleblowers’ rights and interests, and undertakes that, without the whistleblower’s consent, the Company shall not, in any manner, publicly disclose or make public the whistleblower’s personal information or the content of the report. In addition, we accept anonymous reports and protect whistleblowers from retaliation in any form.



The handling process for complaints and whistleblowing cases strictly follows six stages—“accepting reports, refining leads, conducting investigations and verification, enforcing discipline and imposing penalties, conducting admonitory interviews, and implementing corrective actions”—to ensure standardized, orderly procedures and closed-loop management.

#### Whistleblowing Channels

Email: [ydjw@96818.com.cn](mailto:ydjw@96818.com.cn)

Postal address: Building 3, No. 299 Ruijin South Road, Shanghai

Hotline: +86 18721231348, +86 021-63026789-712 or 740

Correspondence Address: Room 304, Building 3, No. 299 South Ruijin Road, Shanghai, Yongda Group  
Discipline Inspection Commission Postcode: 200023

During the Reporting Period, the Group did not record any material incidents of non-compliance with the business ethics code, including money laundering, insider trading, and conflicts of interest.

## IV. UPHOLDING COMMITMENT • ENVIRONMENTAL PROTECTION

The Group focuses on the automobile sales and services industry and is not an energy-intensive industry; therefore, its environmental impact is limited. However, the Group is fully aware of the environmental responsibilities that enterprises should assume in the course of development and translates the principles of Sustainable Development into action in its day-to-day operations. The Group has established an environmental management system, encompassing a range of environmental management elements, including an environmental management organization, responsibility management, environmental assessment, environmental training and the emergency response plan, and is committed to managing the resources used by the Group in a responsible manner and, to the extent practicable, minimizing carbon emissions and the generation of waste.

### 4.1 Low-carbon Operations: Rational Use of Resources

The Group has consistently attached importance to enhancing the efficiency of energy and resource utilization and strictly complies with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and other applicable laws and regulations. The resources used by the Group mainly include electricity, gasoline, diesel and municipal water supply consumed for the Group's offices and daily operations.

## Environmental, Social and Governance Report

During the Reporting Period, the Group's total energy consumption was 113,376.41 MWh (2024: 111,727.89 MWh), including electricity consumption of 99,600.00 MWh (2024: 96,041.00 MWh), gasoline consumption of 13,141.16 MWh (2024: 14,845.88 MWh) and diesel consumption of 635.25 MWh (2024: 841.01 MWh). Energy consumption intensity was 947.09 MWh per 10,000 square meters (2024: 845.2 1 MWh per 10,000 square meters), representing a year-on-year increase of 12.05%, due to a reduction in the operating area eligible for inclusion this year compared with the previous reporting period, the energy intensity increased even though total energy consumption remained largely stable. In addition, during the Reporting Period, the Group's total water consumption was 799,772.00 tonnes (2024: 816,113.00 tonnes), and water consumption intensity was 6,680.91 tonnes per 10,000 square meters (2024: 6,173.79 tonnes per 10,000 square meters), representing a year-on-year increase of 8.21%, due to decrease in the operating area included in this year's statistics, the water consumption per unit area increased, despite the total water usage remaining largely unchanged.

During the Reporting Period, the Group's total greenhouse gas emissions were 55,453.72 tonnes. Of which, the Group's Scope 1 direct greenhouse gas emissions primarily arose from gasoline consumption; in 2025, greenhouse gas emissions, calculated as carbon dioxide equivalent, were approximately 3,775.43 tonnes. The Group's Scope 2 indirect greenhouse gas emissions mainly arose from purchased electricity, 2025 emissions amounted to approximately 51,476.53 tonnes. Scope 3 indirect greenhouse gas emissions mainly originate from waste generated during operations. The emission volume in 2025 was approximately 201.75 tonnes. Going forward, the Group will gradually expand the scope of Scope 3 emission accounting to more comprehensively reflect value chain-related emissions.

The Group has consistently upheld the principles of Sustainable Development, proactively promoted low-carbon office practices, and embedded the concept of reducing resource consumption into its day-to-day operational management framework. We have established long-term targets for energy use and water resource utilization, and implemented resource-conservation measures across all aspects of our operations. At present, the Group has established long-term targets for energy use and water resource utilization, respectively:

### In terms of electricity consumption

The Group is committed to continuously enhancing the efficiency of electricity use and will proactively advance rooftop photovoltaic power generation projects in the future, thereby reducing building energy consumption and promoting low-carbon energy use.

### In terms of water consumption

The Group is committed to keeping annual water consumption below the approved water allocation set by the water supply company.

During the Reporting Period, the Group primarily implemented resource-saving initiatives across all aspects of its operations through the following measures.



### Water saving

We regularly checked water pipes and fire hoses for leakage, pay close attention to monthly water consumption and abnormalities, and publicized to improve employees' awareness of water conservation, to effectively reduce annual water consumption.



### Electricity saving

We upgraded the hardware and interior finish to gradually replace the ordinary lamps with energy-saving lamps, got rid of unnecessary electric equipment, used air conditioners according to seasonal temperatures, set the air conditioner temperature at 26°C, and regularly popularized energy conservation knowledge.



### Paper saving

In principle, staff are required to adopt electronic means such as Email and WeChat for business reporting and issuing notices whenever possible; necessary paper materials should be printed using different types of paper in proper printing modes; for example, using a new piece of paper and single-sided printing for external documents, and double-sided printing for important internal reporting materials.

## 4.2 Proud to Go Green: Reducing Pollutant Emissions

The Group strictly complies with relevant environmental laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Integrated Wastewater Discharge Standard, and the Measures for the Administration of Pollutant Discharge Permits. In respect of the major emissions generated during the Group's operations, the Group has established a scientific and reasonable pollutant discharge system to mitigate the environmental impacts of such emissions. The Group also strengthens promotion and training for employees on energy conservation and cost reduction, enhances Group-wide awareness of energy conservation and cost reduction, and promotes the efficient use of resources.

### **Waste Discharge Management**

The Group attaches great importance to waste discharge management and is committed to promoting sustainable waste disposal through waste reduction measures. Our waste mainly includes domestic waste, waste rubber, scrap iron, and waste plastics. In 2025, the Group proactively maintained cooperation with suppliers on overall waste discharge management and sought sustainable disposal methods.

With respect to non-hazardous waste management, the Group has adopted a series of measures to reduce waste generation:

- **Classification and disposal:** Establish standardized operating procedures for the classification, storage, collection, and disposal of non-hazardous waste, and maintain record-keeping ledgers for the storage and handling of non-hazardous waste.
- **Third-party collaboration:** Enter into waste treatment agreements with third-party companies possessing appropriate environmental qualifications, so as to maximize the recovery and utilization of recyclable portions of discarded parts and components.



## Environmental, Social and Governance Report

- **Repair and reuse:** For damaged and obsolete furniture, as well as printing and photocopying equipment, priorities repair and refurbishment for reuse to reduce the generation of solid waste.
- **Strengthen training for maintenance personnel:** Focus on strengthening training for maintenance personnel to enhance maintenance skills and efficiency, reduce waste arising from improper operations, and promote precision maintenance by minimizing unnecessary parts replacement through accurate diagnostics, thereby reducing the volume of waste generated.

With respect to hazardous waste, the Group complies with the Technical Specification for the Setting of Hazardous Waste Identification Signs and the Standard for Pollution Control on Hazardous Waste Storage, and urges its subordinate enterprises to implement the relevant work (including updating identification signs) in accordance with the new requirements. Each year, we access the Hazardous Waste Management Information System to submit information including the “Management Plan” and the “Entrusted Collection and Disposal Contract”, and maintain a hazardous waste register. For hazardous waste such as waste engine oil and spent batteries, we record the quantities generated, disposed of and in inventory on a strict basis, to ensure that all hazardous waste is handled and disposed of through lawful and compliant channels, and we conduct regular supervision and inspections of hazardous waste management.

To ensure green operations, we set targets for waste discharge. By reducing, reusing and recycling waste, we minimize waste generation as far as practicable and avoid unnecessary consumption.

During the Reporting Period, the Group generated 39,830.10 tonnes of non-hazardous waste, with an emissions intensity of 332.72 tonnes per 10,000 square meters, representing a increase of 5% year-on-year; the Group also generated 3,301.55 tonnes of hazardous waste, with an emissions intensity of 27.58 tonnes per 10,000 square meters, representing an increase of 16.26% year-on-year, mainly attributable to the growth in vehicle maintenance and repair service performance.

### **Air Emissions Management**

The Group’s air emissions primarily comprise nitrogen oxides, sulphur oxides and particulate matter generated from the operation of daily office vehicles, customer rental vehicles, rescue vehicles and test-drive vehicles, as well as a small amount of exhaust gas generated during vehicle repair operations. To effectively manage exhaust emissions, the Group has established clear exhaust-emission management targets and is advancing emission-reduction initiatives through multiple measures.

With respect to vehicle exhaust management, the Group continues to replace fuel-powered company vehicles with NEV, thereby reducing exhaust emissions arising from business travel at source; meanwhile, the Group scientifically plans test-drive routes and optimizes driving paths to minimize the impact of tailpipe emissions on the surrounding environment. With respect to maintenance-related exhaust management, the Group has installed exhaust purification systems in key locations such as spray-and-bake booths, set up enclosed rooms at paint pre-treatment stations with exhaust purification equipment installed in parallel, replaces purification consumables such as filter media and activated carbon on a regular basis based on business volume, and strictly implements equipment maintenance plans to ensure exhaust gases are discharged only after treatment meets the relevant standards.



During the Reporting Period, the Group actively responded to the call of the government and environmental protection authorities by comprehensively adopting water-based paints in automotive repair and paint-spraying operations to replace conventional solvent-based paints, thereby leveraging the lower volatile organic compounds (VOCs) content of water-based paints to significantly reduce air emissions; At the same time, the Group continued to promote the regional panel beating and painting center model, enhancing spraying efficiency while effectively controlling the consumption of paint auxiliary materials and energy costs, thereby further strengthening air-emissions management.

During the Reporting Period, the Group's total exhaust emissions amounted to 13.08 tonnes, comprising nitrogen oxides of 12.16 tonnes, particulate matter of 0.90 tonnes, and sulphur oxides of 0.02 tonnes, with emissions intensity of 0.11 tonnes/10,000 square meters.

#### ***Wastewater Discharge Management***

The Group's wastewater mainly falls into two categories, namely car-wash wastewater and domestic wastewater. The Group adopts segregated collection and differentiated treatment for different types of wastewater to ensure compliant wastewater discharge.

In respect of car-wash wastewater, the Group has installed filter screens and grit chambers in the car-wash areas to filter and treat the wastewater, ensuring that it meets the required standards before discharge into the municipal wastewater pipeline; meanwhile, sediment in the grit chambers is regularly handled through standardised hazardous waste disposal; In respect of domestic wastewater, the Group has established a routine monitoring and management mechanism, with dedicated personnel conducting regular inspections of domestic wastewater discharge, verifying whether discharge volume and discharge indicators comply with the relevant standards, and, promptly implementing targeted remedial measures to strictly control domestic wastewater discharge risks where any abnormality is identified.

### **4.3 Climate Action: Responding to Climate Change**

The Group places emphasis on effectively responding to climate change throughout its operations, and has adopted proactive measures to enhance its capability to respond to extreme weather events and related disruptions. We fully recognize that climate change presents both risks and opportunities. Accordingly, the Board continues to monitor relevant factors to enhance our ability to respond to climate-related risks and challenges.

#### ***Governance***

The Group has established a three-tier ESG governance framework comprising the Board, the ESG Committee and the ESG working group to manage ESG matters, including climate change. For details, please refer to the "ESG Governance Structure" section of this Report.

#### ***Strategy***

Taking into account the characteristics of our operations and our upstream and downstream value chain, the Group identifies climate-related risks and opportunities in accordance with the ESG Reporting Code under the Listing Rules of The Stock Exchange (including the mandatory disclosure requirements and the "comply or explain" provisions), with reference to disclosure frameworks such as International Financial Reporting Standards Sustainability Disclosure Standard No. 2—Climate-related Disclosures (IFRS S2), and takes proactive actions to address climate change risks and seize development opportunities.

# Environmental, Social and Governance Report

Impact on the Group	Potential Financial Impact	Impact Time Horizon	Magnitude of Financial Impact	The Group's Response Measures
<b>Physical Risks</b>				
<p><b>Acute Risks</b></p> <p>Risks of supply chain disruption resulting from sudden extreme weather and climate events (e.g. typhoons, heavy rainfall and high temperatures), threats to employee health, etc.</p>	<p>Operational losses arising from supply chain disruptions, and related medical and compensation expenses arising from impacts on employee health</p>	<p>Short-term</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>Strengthen daily management, enhance awareness among all personnel of climate change and extreme weather, and implement safety inspections and heat-stress care measures</li> <li>Conduct emergency drills on a regular basis to enhance emergency response capabilities</li> <li>Continuously monitor extreme weather alerts and strengthen corresponding emergency response plan measures</li> <li>Establish a temporary climate emergency response task force, requiring task force members to remain on standby with devices switched on 24 hours a day, so as to ensure timely response measures in the event of an incident</li> <li>Enhance the resilience of corporate infrastructure and strengthen risk mitigation capabilities, such as reinforcing and upgrading buildings, drainage systems, emergency power supply and other facilities</li> </ul>
<p><b>Chronic risk</b></p> <p>Sea level rise, rising average temperatures, changes in precipitation patterns, and more extreme variability in climate patterns</p>	<p>Declining store revenue, with increased expenditure required for facility protection and maintenance</p>	<p>Medium to long term</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>Incorporate chronic risks associated with geographic location into site selection considerations, and implement enhanced protection measures for stores-in-operation in areas that may experience heavy rainfall</li> </ul>



Impact on the Group	Potential Financial Impact	Impact Time Horizon	Magnitude of Financial Impact	The Group's Response Measures	
<b>Transition risk</b>					
<b>Policies and regulations</b>	Policies on energy conservation and emissions reduction are becoming increasingly stringent. If the Group fails to meet regulatory requirements, it will be exposed to compliance risks, including penalties.	Incurring expenditures for fines, increasing the costs of rectification and compliance-related investments	Medium to long term	High	<ul style="list-style-type: none"> <li>• Closely monitor relevant regulatory laws and regulations, proactively identify non-compliance risks, and take corresponding actions</li> <li>• Enhance the Group's environmental management capabilities and improve internal management systems</li> <li>• Optimize and enhance the monitoring and management of environmental data to reduce non-compliance risks</li> </ul>
	Stakeholders expect the Company to enhance the transparency of information disclosure and to impose stringent requirements on emissions and other related indicators	Increasing input costs for information disclosure and emissions management	Medium to long term	Medium	
	Regulatory requirements and industry standards continue to evolve, placing increasingly stringent demands on the Company's responsiveness and adaptability	Additional costs are required for operational adjustments and alignment with relevant standards	Medium to long term	Medium	
<b>Technology</b>	In the context of the dual-carbon agenda, emissions-reduction technologies require higher investment costs	Increased procurement of emissions-reduction technologies and higher R&D expenditure have intensified cost pressures	Medium to long term	Medium	<ul style="list-style-type: none"> <li>• Enhance pre-investment risk assessment, establish a corresponding risk-tiering assessment framework, and mitigate potential investment risks</li> <li>• Reduce risk through cost-benefit analysis</li> </ul>
	Investing in new technologies may increase corporate expenditure	Corporate expenditure may increase; if technology deployment is ineffective, it may result in a waste of funds	Medium to long term	Medium	

# Environmental, Social and Governance Report

Impact on the Group	Potential Financial Impact	Impact Time Horizon	Magnitude of Financial Impact	The Group's Response Measures	
<b>Market</b>	Customer demand for low-carbon products is increasing, and demand for low-carbon products in the market is also rising	Product upgrades and increased R&D investment; failure to make timely adjustments may lead to a decline in revenue	Medium to long term	Medium	<ul style="list-style-type: none"> <li>Closely monitor market changes and industry trends on a timely basis, and promptly identify demand signals for low-carbon products</li> <li>Strengthen suppliers' risk response capabilities; encourage suppliers to explore the R&amp;D and production of NEV and establish cooperation mechanisms</li> </ul>
	Increased supply chain procurement pressure, affecting product supply stability	Higher procurement expenditure, compressing the Company's profit margins	Medium to long term	High	
<b>Reputation</b>	Customers and the market are increasingly focused on the Company's sustainable development performance. Adverse publicity may affect the Company, while the resulting reputational risks are often overlooked.	Customer attrition leading to revenue declines and higher brand rehabilitation costs	Short-term	Medium	<ul style="list-style-type: none"> <li>Proactively identify customer preferences, develop a deeper understanding of consumer needs, and adjust operational and sales plans in accordance with regulatory requirements</li> <li>Increase the frequency of communication with stakeholders, enhance the transparency of disclosures relating to sustainable development and climate change, and broaden the Company's external communication channels</li> </ul>
	Stakeholders are concerned about negative news about the Company; reputational damage may adversely affect the Company and result in the loss of potential customers	Revenue decreases, and additional investment is required for reputation restoration	Short-term	Medium	
<b>Opportunities</b>					
<b>Technological opportunities</b>	Improved energy efficiency enhances operational efficiency and reduces operating costs.		Medium to long term	Medium	Enhance energy efficiency through technological innovation and management measures such as process improvements and equipment replacement; Establish a circular recycling and reuse system, and develop and use recyclable and circular materials
<b>Energy sources</b>	As the cost of renewable energy decreases, operating costs decrease accordingly.		Medium to long term	Medium	Increase the share of renewable energy used across the Group's business and operations



In light of The Stock Exchange's waiver arrangements (including waivers for reasonable information, capabilities and financial impact), the Report does not, for the time being, disclose details on financial impacts and climate-related scenario analysis, and instead focuses primarily on qualitative disclosures. In addition, we have not yet finalized a climate-related transition plan. The Group is committed to continuously enhancing relevant capabilities and will progressively refine its disclosures in future reports.

### **Risk Management**

Yongda has integrated climate change response into its corporate risk management framework and has established a clear process for managing climate-related risks.

<b>Risk Identification</b>	The Company regularly carries out identification of Climate-related Risks and opportunities, together with external professional consultants to analyse macro policy directions and industry development trends and, through internal communication, develop and update the list of Climate-related Risks and opportunities.
<b>Risk Assessment</b>	For the identified risks and opportunities, comprehensively assess the likelihood of occurrence and the severity of potential impacts, determine an overall risk rating, thereby prioritising climate change-related risks and highlighting material risks.
<b>Risk Response</b>	In respect of the material risks identified through the assessment, the Company formulates targeted response strategies and action plans, effectively managing risks through elimination, mitigation or transfer, while capturing relevant climate-related opportunities.
<b>Risk Monitoring</b>	Continuously monitor developments in Climate-related Risks and opportunities, periodically review and update the list of risks and opportunities, and establish a regular reporting mechanism to management, so as to ensure that the Board and management receive timely climate-related information to support decision-making.

### **Metrics and Targets**

To manage climate impacts systematically and advance the low-carbon transition, we have established a greenhouse gas accounting system and set clear emissions reduction targets. We will continue to enhance the identification and accounting of Scope 3 emissions, so as to obtain a comprehensive understanding of our carbon footprint.



## Environmental, Social and Governance Report

In respect of our emissions reduction targets, we have made a clear commitment: taking 2023 as the base year, we will reduce our greenhouse gas emissions intensity by 5% by 2028. We will review our Scope 1 and Scope 2 emissions data and progress against targets on an annual basis, and assess whether any adjustment is required. In respect of our longer-term carbon neutrality vision, we will closely monitor national policies and industry pathways, and will, as appropriate, formulate and publish a long-term strategy aligned with the national “Dual Carbon” goals.

During the Reporting Period, the Group did not incur any capital expenditures, nor record any financing or investment amounts, in relation to climate-related risks and opportunities, and no internal carbon price was set. For other cross-industry metrics, we have decided to apply a reasonable data exemption and, for the time being, not disclose the amounts and percentages of assets or business activities susceptible to the impacts of climate-related risks and opportunities.

#### 4.4 Circular Economy: Promoting Resource Regeneration

The Group has embedded the Circular Economy concept across the entire value chain of its new energy businesses and, through a dual-circulation system of “used car circularity + battery circularity”, effectively enhanced the full life-cycle utilization efficiency of vehicle and battery resources.

By integrating services including inspection, extended warranty and maintenance, the used car circularity business improves vehicle turnover efficiency and value, thereby enabling the reutilization of vehicle resources. The battery circularity business extends battery service life and increases the reuse rate through services including inspection, maintenance and repair, thereby maximizing the value of core resources.

In respect of circular economy performance:

- Cost reduction and efficiency enhancement: battery testing reduces assessment costs, and smart maintenance reduces battery degradation, thereby lowering users’ long-term costs.
- Resource conservation: the used car business promotes vehicle reuse, and the battery circularity business reduces the frequency of battery scrappage and replacement.
- Enhanced market recognition: a well-established circularity system has gained broad recognition from the industry and customers, strengthening business competitiveness and providing a reference for the industry’s circular economy practices.

The Group will continue to deepen the synergies of the dual circularity strategy, promote the standardization and technologization of its circularity system as well as the development of a collaborative ecosystem, actively participate in the formulation of industry standards, and contribute to achieving the goals of efficient resource utilization and green development.



## V. EXPERIENCING EXCELLENCE • QUALITY

In striving to become the preferred service brand for a smooth and worry-free vehicle ownership experience, the Group recognizes that high-quality products and customer service are the core drivers of corporate development. Accordingly, we have consistently upheld a customer-centric operating philosophy and established a series of quality inspection and service procedures, detailed for each operational stage, thereby putting the Group's philosophy into practice with a high sense of responsibility and effective measures.

### 5.1 Continuous Improvement: Safeguarding Product Quality

The Group takes battery testing, battery maintenance, and battery repair as the breakthrough points for its innovative business, relying on its battery extended-warranty services. The Group continues to optimize its product and service framework, driving an upgrade from single-product delivery to integrated solutions. Through technological innovation, synergies across sales channels and the enhancement of standards, the Group provides comprehensive assurance of product quality and service standards, while balancing customer value, industry responsibility and sustainable development, thereby reinforcing the quality foundation for business growth. Meanwhile, we have continued to extend and strengthen quality management and our customer service system across all business scenarios, covering core areas including new vehicles, used vehicles and after-sales maintenance, thereby fully upholding our quality responsibilities and service commitments.

#### ***Battery Care and Maintenance***

The Company regards battery care and maintenance and battery repair as key priorities in quality control and, supported by battery testing and battery extended warranty service, has established a quality system featuring "leading by core businesses, supporting businesses empowering". In September 2025, the Company launched an integrated intelligent power battery and battery care and maintenance unit, integrating functions including testing, intelligent battery care and maintenance, and effectiveness comparison, and it has now entered the pilot roll-out stage. The equipment can shorten the battery care and maintenance cycle, extend battery service life and reduce usage costs, thereby further enhancing the level of professionalization of battery care and maintenance services. With respect to the battery extended warranty service, the Company optimized its product portfolio to meet diversified needs, including long-term vehicle use, high-mileage usage and concerns over battery degradation, comprising three core products: battery lifetime warranty, mileage PLUS, and battery degradation insurance. In 2025, sales volume and revenue remained stable, providing customers with robust and reliable quality assurance. For details, please refer to the "Circular Economy: Promoting Resource Regeneration" section of this Report.

#### ***New Vehicle Acceptance***

In relation to the new vehicle business, the Group established a dual acceptance mechanism of "preliminary acceptance + pre-sale inspection", with clear requirements that preliminary acceptance be completed upon a new vehicle's arrival at the dealership and that a vehicle may only be formally delivered to the customer after passing the pre-sale inspection, thereby ensuring that each delivered vehicle meets the required standards.



## Environmental, Social and Governance Report

- **Preliminary acceptance:** Upon arrival of new vehicles at the dealership, the Group's warehousing and logistics department will first conduct preliminary acceptance, with a focus on checking the vehicle exterior, lighting system, onboard tools, number of keys, mileage and relevant information, and reconciling each item against the information on the manufacturer's delivery note to ensure consistency and accuracy.
- **Pre-delivery inspection:** Before new vehicles are formally delivered to customers, professional workshop technicians will carry out a comprehensive Pre-Delivery Inspection ("PDI") on the vehicle. The inspection covers more than 50 items, including the exterior, engine and body electrical systems, to comprehensively verify new-vehicle performance and ensure that the vehicle meets delivery standards.

### **Pre-owned Vehicle Certification**

In the pre-owned vehicle business, the Group adopts a full-process control model of "pre-acquisition inspection + pre-sale reconditioning" to strictly control vehicle quality. In response to the specific characteristics of pre-owned electric vehicles, the Group has additionally formulated dedicated management strategies to effectively safeguard consumers' rights and interests.

- **Pre-acquisition inspection:** The Group works with leading third-party service providers for maintenance-record and vehicle-condition checks to review vehicles' maintenance and repair records and claims histories, and to conduct rigorous quality inspections, thereby screening out vehicles with hidden risks, such as fire-damaged vehicles, flood-damaged vehicles and vehicles with structural damage.
- **Pre-sale Reconditioning:** In accordance with the "Vehicle Dispatch Standards of the Reconditioning Center", the Group's body and paint center performs standardized and professional reconditioning and refurbishment of used vehicles, ensuring that the used vehicles sold either meet the official certification requirements of each brand or pass Yongda's used retail vehicle certification covering 15 major categories and 178 items.
- **Used Electric Vehicle Services:** Focusing on the core pain points of used electric vehicle customers, the Group proactively explores battery testing and extended warranty services models, effectively reducing used-vehicle transaction risks and continuously enhancing consumers' vehicle purchase experience and satisfaction.

### **Post-repair Vehicle Completion Inspection**

For vehicles undergoing repairs, the Group ensures that identified faults are duly rectified by establishing corresponding inspection procedures and a customer follow-up mechanism.

- **Inspection procedures:** The Group strictly implements the "Automobile Maintenance Quality Inspection Regime", under which the inspection process is divided into three key stages, namely pre-inspection, in-process inspection and completion inspection. Clear inspection standards are established for each stage, with end-to-end quality control to safeguard repair quality and prevent non-conforming vehicles from being delivered.



- Customer follow-up:** Upon completion of vehicle repairs, the Group will proactively conduct a post-service follow-up within 3 working days to obtain a detailed understanding of the vehicle's operating condition; If the customer indicates that the vehicle continues to experience a fault, the Group will immediately invite the customer to return to the workshop and provide further inspection and rectification services free of charge, to ensure that the issue is fully resolved.

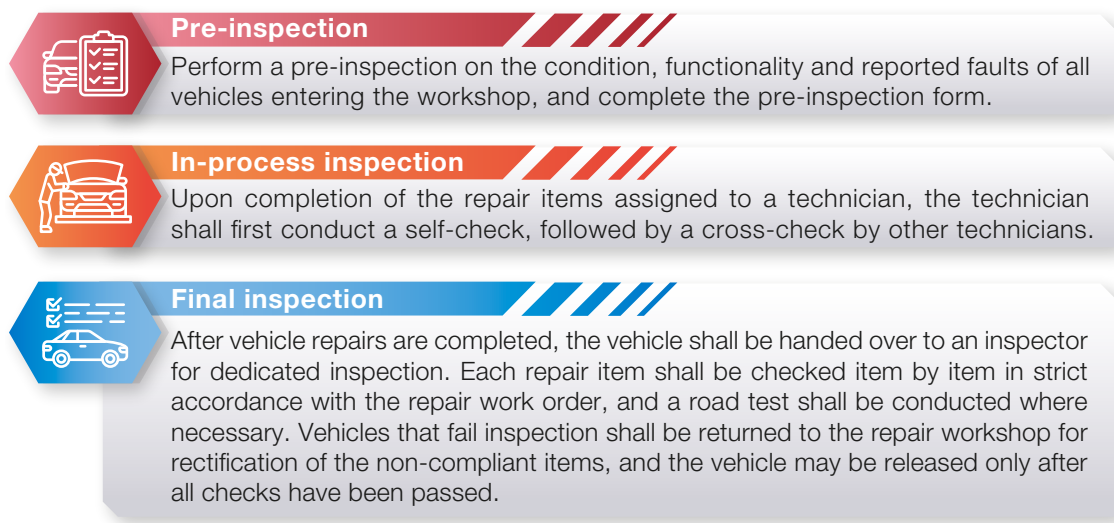


Figure: Vehicle Repair Inspection Workflow

As the Group's principal business involves automobile sales, the Group does not carry out product recalls. However, if a manufacturer announces a recall of specific batches of vehicles or products for safety reasons, we will contact each customer individually to explain the circumstances and guide them through the recall procedures. To safeguard consumers' rights and safety, the Group responds proactively to recall incidents, strengthens quality control and after-sales services, and ensures that recall efforts are carried out smoothly. In 2025, all product recalls were successfully handled.

## 5.2 Service-Centered: Delivering Sincere and Attentive Service

Customer satisfaction is fundamental to the Group's success. We have consistently regarded safeguarding consumer rights and interests and enhancing customer satisfaction as our top priorities, and we deliver an outstanding service experience to customers through digital technologies and innovative service models. In 2025, the Group further enhanced its one-stop service system and introduced a range of measures, committed to creating a more convenient and more attentive service environment for customers.

### **Customer-centric Service Standards**

The Group attaches great importance to customer service and has formulated and implemented the unified "Channel Service Standards" to standardize the service procedures of its subordinate entities. The standards cover the end-to-end service process across the pre-sale, sale and after-sale stages, including standards for codes of conduct, sales services, after-sales services, environmental facilities, management execution, and customer management. The standards are adjusted and updated annually based on customer feedback and the Group's internal management needs, in order to ensure the continuous enhancement of service quality.



## Environmental, Social and Governance Report

### **Diversified Online and Offline Services**

#### *New Media Marketing*

All the Group's advertising and promotional activities strictly comply with the Advertising Law of the People's Republic of China, ensuring that the content and format of sales personnel's promotional materials are lawful, compliant and appropriate, preventing exaggerated or false claims, and firmly safeguarding a fair and transparent sales and promotion environment.

In the context of the digital era, new media channels have become a core platform for enterprises' online marketing and promotional activities. Building on the rapid development of new media platforms such as Douyin, Xiaohongshu, and WeChat Channels, the Group has proactively explored innovative approaches to the deep integration of new media with automobile sales and services. In line with evolving trends in online and automotive marketing, the Group has systematically advanced the upgrade of its new media marketing model, enhanced the customer experience in a comprehensive manner, and developed service scenarios that are more convenient and efficient.

***In 2025, the Group's total leads generated via new media channels reached 98.80 thousand, representing an increase of 339% compared with last year; the proportion of channel leads as a share of total leads increased by nearly 15.70% year-on-year. Building on its industry-leading position in the automotive dealer account matrix on the Douyin platform, the Group continued to enhance the empowerment of new media marketing for its core businesses.***

#### *Yongda Auto APP and Mini Program*

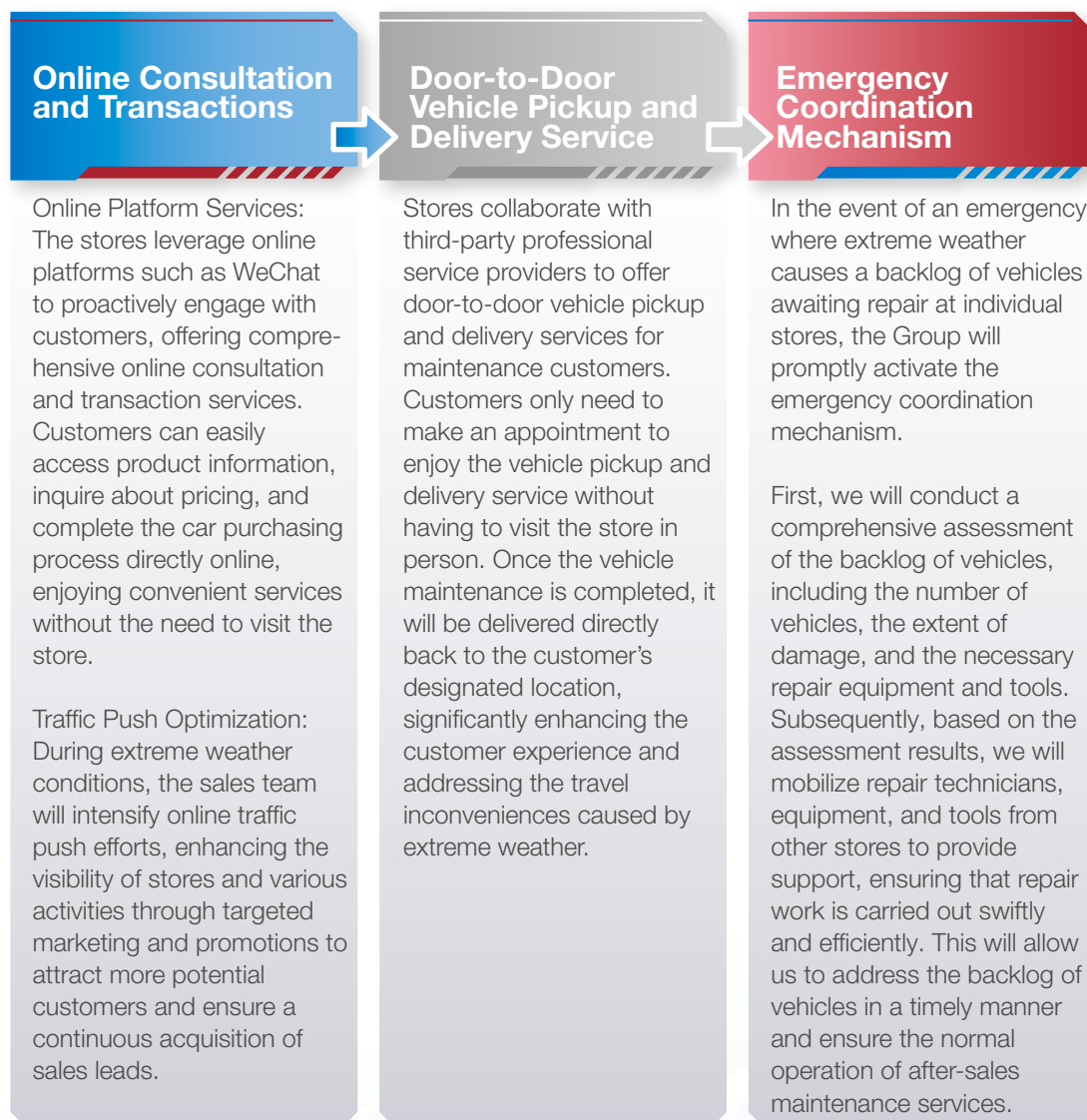
The Group has launched a digital platform integrating online and offline service scenarios—Yongda Auto APP. Positioned as a service ecosystem for car owners and car enthusiasts, the platform has enabled an integrated linkage between a range of online service scenarios and the offline service network.

As at the end of 2025, the Yongda Automobile App recorded a cumulative total of 2.1 million registered users, with 980,000 vehicles linked. During the year, the App platform completed a comprehensive rollout of full online coverage for key business scenarios, significantly enhancing the integration of online and offline services across user consumption scenarios. The Group leverages data analytics to develop user profiles and achieve refined operations, thereby supporting the subsequent creation and delivery of personalized content; Based on full lifecycle user management, the Group has developed differentiated operating strategies to continuously expand its user base and further unlock user value. At the same time, centering on four core modules—Service Centre, Mall Centre, Membership Benefits Centre and Interaction Centre—the Company further strengthened the platform's functional framework. Leveraging digital service tools, the Company established a closed-loop service model covering the full user lifecycle and, through scenario-based integration between the App and mini-program, provides users with comprehensive, 360-degree convenient services across all scenarios. The Group also launched an AI-powered smart vehicle selection assistant to further enhance the service experience, providing consumers with more efficient, intelligent and personalized vehicle purchasing services, and continuously advancing the implementation of its digital strategy and innovation in service models.



### Special Services in Extreme Weather

To address situations where extreme weather prevents customers from visiting dealerships, the Group’s subsidiary dealerships proactively implemented a range of measures to ensure the continued provision of automobile sales and after-sales maintenance services.



### Pre-owned Vehicle Transaction Service System

In the pre-owned vehicle business, the Group is committed to establishing a comprehensive pre-owned vehicle transaction service system and, through innovative optimization of an omni-channel, end-to-end transaction model, providing consumers with an honest, transparent and convenient service environment and a more professional and attentive pre-owned vehicle purchasing experience, thereby advancing the Group’s goal of becoming the “most respected automobile service platform”.

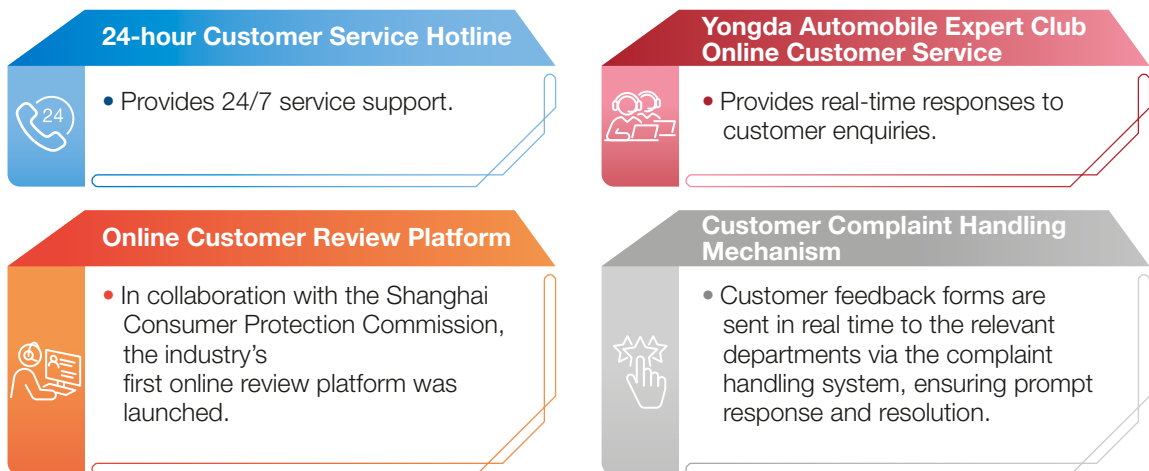
- **“2+1” omni-channel digital retail transaction model:** Integrating the Group’s more than 200 4S dealership outlets, Yongda used car chain malls, and the Yongda used car e-commerce platform to enable online vehicle browsing and transactions.

# Environmental, Social and Governance Report

- **Digital data centralized platform:** Leveraging centralized pricing and vehicle source allocation to achieve an organic integration of online and offline channels, and to build an operating system centered on full customer lifecycle management.
- **One-stop services:** Providing online customer service via the Yongda used car mini-program prior to purchase, and providing post-purchase quality assurance of at least 3 months / 5,000 kilometers, together with services including warranty and extended warranty, finance and insurance, detailing and accessories, repair and maintenance, and assessment and trade-in, thereby delivering an experience of “peace of mind in buying, comfort in service, and assurance in vehicle use.”

## Listening to Customers' Voices

The Group has established multiple feedback channels to ensure that customers' voices are responded to in a timely manner:



In 2025, the Group strengthened the implementation of its online customer review mechanism. Through on-site guidance by frontline staff to scan QR codes, the distribution of SMS links, and in-App review prompt notifications, the Group engaged customers via multiple touchpoints to ensure 100% participation in online reviews. Customers were encouraged to share their experiences and insights regarding in-store or online services. The Group also proactively communicated and exchanged views with customers, fostering interaction and resonance with customers. We regularly consolidate and assess customer reviews and continue to optimize and enhance our practices to ensure customer service performance.

In 2025, the Group's comprehensive customer evaluation score was 9.85 points (out of a total of 10 points). During the Reporting Period, we received a total of 79 complaints regarding our products and services, and the complaint handling completion rate was 100%. In addition, we cumulatively received approximately 230,000 customer reviews on online customer review platforms.

## Expansion of Customer Experience

Upholding the service philosophy of “Your Automotive Service Expert by Your Side”, the Group continued to roll out a number of online and offline initiatives in 2025, with the aim of providing customers with a better vehicle ownership experience and enhancing customer stickiness.



During the Reporting Period, the Group launched a three-month themed service-season initiative, “Care and Companionship—Yongda Service Season Warmly Launched”, with a focus on enhancing the Group’s overall service quality and driving continuous improvement in service standards. During the campaign, the Group held vehicle-owner seminars and invited professional instructors to brief users on vehicle maintenance knowledge, driving techniques and other topics, while incorporating interactive sessions to enhance user engagement; In parallel, the Group strengthened a user-oriented service mindset across all employees, promoted the effective implementation of user-service initiatives, generated positive word-of-mouth, and further reinforced the Group’s image as “Your Automotive Service Expert by Your Side”. During the service season, each subsidiary strictly enforced the implementation of fundamental service processes and service standards and, in line with its actual circumstances, rolled out various customer care and service enhancement initiatives to further improve customers’ experience and service satisfaction.

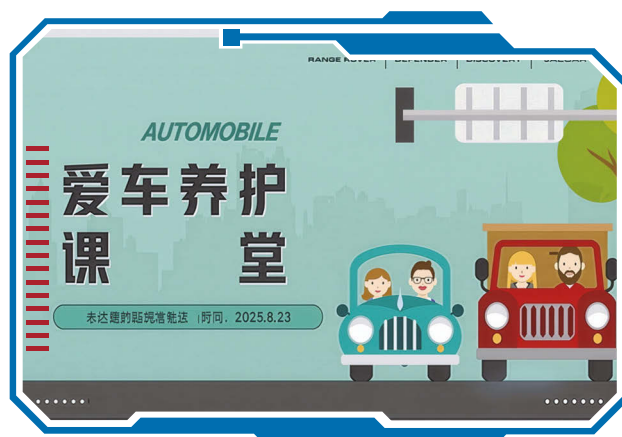


Figure: Care and Companionship—Yongda Service Season Warmly Launched

### 5.3 Good-faith Collaboration: Sustainable Supply Chain

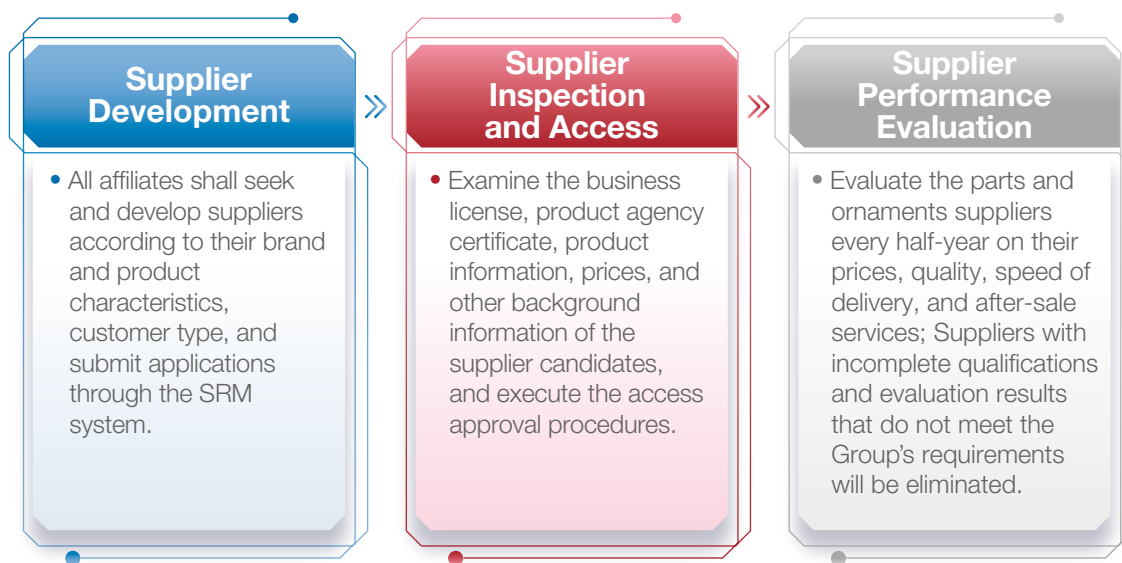
The Group maintains close working relationships with suppliers across automotive parts, vehicle accessories, maintenance equipment, office supplies and other categories, and remains committed to establishing an open, transparent, fair and sustainable supply chain system. With a view to standardizing supply chain management processes, the Group has established a series of management documents, including the “Guiding Opinions on Strengthening the Turnover Efficiency of Spare Parts and Interior Decoration Supplies” and the “Management Provisions on the Procurement of Automobile Maintenance Equipment and Tools”. In light of changes in the market environment, business development needs and management upgrade requirements, the Group reviews, updates and enhances the relevant policies and systems from time to time to ensure the standardization and applicability of supply chain management. Meanwhile, the Group has officially rolled out a Supplier Relationship Management System (SRM system), enabling full-process online operations for supplier onboarding, reconciliation, payment and report enquiries, thereby enhancing the efficiency of supply chain management.

#### **Supplier Lifecycle Management**

Leveraging the Supplier Relationship Management System (SRM), the Group systematically captures suppliers’ key data, including basic particulars, personnel information, financial information, and brand authorization credentials, thereby enabling unified lifecycle management of suppliers from onboarding and collaboration to evaluation and exit. Meanwhile, the Group implements a supplier categorization

## Environmental, Social and Governance Report

and management model. Suppliers are tiered and classified based on key indicators such as product quality, supply capability and service standards, and three-party price comparison and sourcing are conducted through the SRM system. The Group remains committed to selecting best-in-class suppliers and products; while ensuring supply quality, the Group effectively controls procurement costs and enhances overall supply chain efficiency.



### **Digital Procurement Platform**

The Group has developed a supplier-side mini-program and an enterprise-side mini-program, enabling real-time connectivity between suppliers and the Group's subordinate entities, thereby facilitating rapid quotation submissions and confirmation of business documents by suppliers, and enhancing communication efficiency and the convenience of transaction processing. A unified online digital procurement management platform has been implemented to automate and enhance transparency across the end-to-end procurement process, effectively reducing manual intervention and lowering compliance risks; in addition, by refining data relating to suppliers, materials and business processes and establishing robust data models, the Group has enhanced its supply chain governance effectiveness and cost optimization capabilities, driving the advancement of supply chain management towards digitalization and greater operational precision.

### **Sustainable Supply Chain Development**

The Group regards environmental and social risks as key considerations before engaging suppliers and is committed to building a green and responsible supply chain system. We ensure supply chain sustainability through stringent management measures and assessment criteria, and promote the joint fulfillment of social responsibilities by suppliers.

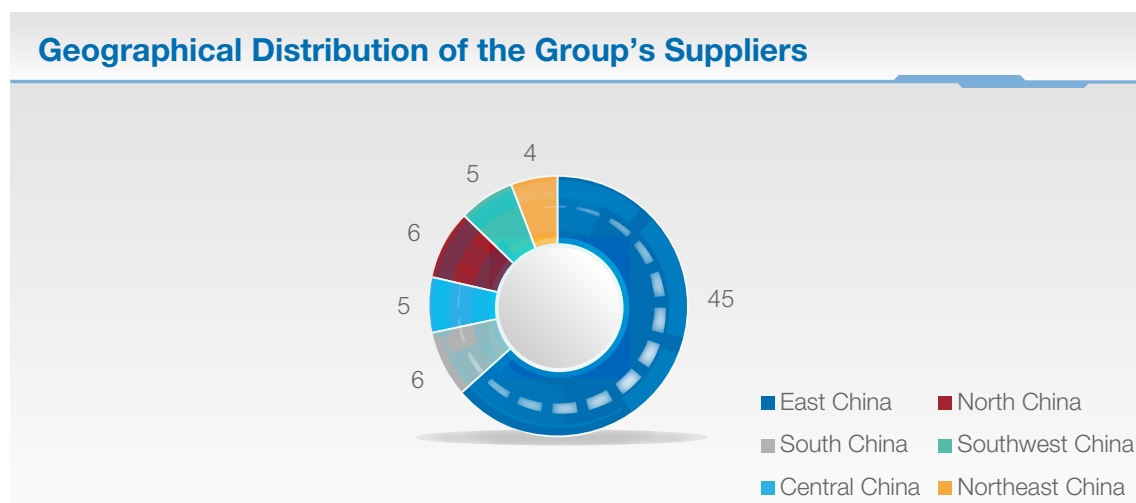
With respect to environmental risk management, except for parts procured through original equipment manufacturer (OEM) channels, the Group explicitly requires all cooperating suppliers to provide product authorization credentials, quality inspection reports, and environmental hazardous substance testing reports, to ensure that supplied products comply with relevant national environmental protection



requirements. For example, when selecting manufacturers of products such as floor mats, heat-insulation films, dashcams and car wraps, we conduct stringent due diligence to verify suppliers' compliance with relevant national environmental protection standards and require the provision of corresponding environmental credentials; When selecting paint suppliers, we clearly require suppliers to provide relevant supporting documents such as VOCs content test reports; where a supplier is unable to provide the required environmental compliance documentation, we will not engage in cooperation with such supplier. By setting stringent environmental eligibility thresholds for cooperation, we continue to promote greening of the supply chain and support the achievement of environmental sustainability.

In respect of social responsibility assessment, the Group takes into account suppliers' participation in charitable and public welfare activities—such as charitable donations, volunteer services and environmental initiatives—as one of the key bases for supplier admission and annual assessment. By conducting a comprehensive assessment of suppliers' environmental performance and their fulfillment of social responsibilities, the Group encourages suppliers to continuously enhance their capacity to discharge social responsibilities, thereby promoting the sustainable development of the supply chain.

In 2025, the number of suppliers that accounted for more than 90% of the Group's total procurement amount during the Reporting Period was 71, with the following regional distribution:



## VI. PRIORITIZING WORKFORCE DEVELOPMENT • TALENT

Employees are the Group's most valuable assets and the core driving force in advancing sustainable development. We remain committed to compliant and equal employment policies, provide competitive remuneration and benefits, support employees' career development, and foster a healthy and safe working environment, thereby laying a solid foundation for attracting and retaining talent across all categories.

### 6.1 People-Oriented: Labor Rights and Benefits

The Group has always adhered to a people-oriented management philosophy, and continues to enhance its policies and systems on employment, compensation and promotion, with a view to building a professional talent pool. Meanwhile, we foster a supportive, harmonious and friendly working environment for our employees, continuously enhancing their sense of well-being and belonging, thereby laying a solid foundation for the Group's sustainable healthy development.



## Environmental, Social and Governance Report

### **Employment Practices**

The Group places great emphasis on the compliance and sustainability of recruitment management, and strictly complies with applicable laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Law on the Protection of Minors, and the Provisions on the Prohibition of the Use of Child Labor. At the same time, the Group has developed standalone internal policy documents, including the Provisions on Optimizing Corporate Recruitment, Hiring and Onboarding Management and the Provisions on Strengthening the Management of Performance-Based Retention and Exit, which set out the recruitment process, selection criteria and the principles of equal employment, thereby ensuring that recruitment and promotion processes are standardized and institutionalized. In addition, the Group places emphasis on protecting candidates' privacy during the employment process by standardizing the procedures for the collection and use of background-check information, thereby safeguarding compliance and fairness throughout the recruitment process.

The Group has always regarded anti-discrimination as a core principle of its recruitment management. The Group has formulated an internal Human Rights Statement, which specifies that the principles of fairness and impartiality are upheld throughout the entire recruitment and employment process, and that any discrimination, differential treatment or preferential treatment that violates equal rights and interests—on the grounds of gender, age, nationality, race, religion, marital status, degree of disability, job grade or any other factor—is strictly prohibited. The Group is committed to fostering a fair and inclusive talent ecosystem. Meanwhile, the Group strictly complies with relevant national regulations and does not recruit or employ any persons under the age of 16. The Group firmly rejects the employment of child labor and any form of forced labor, ensuring that all labor practices comply with applicable laws and regulations. If any illegal or non-compliant conduct is identified during recruitment and employment, the Group will handle such matters strictly in accordance with its internal recruitment policies and relevant requirements, with zero tolerance.

In 2025, the Group continued to deepen the development of its diversified and inclusive talent and employment system, putting the concept of sustainable development into practice through concrete actions, rolling out multiple new diversity and inclusion initiatives, and achieving notable results:

- Provide employment safeguards for persons with disabilities by proactively hiring persons with disabilities for second-line support roles, such as customer service and reception, and offering equal employment opportunities;
- Promote the development of women's leadership and advance the effective implementation of gender equality in core positions;
- Step up school–enterprise collaboration efforts; multiple entities under the Group have successfully obtained accreditation as National Trainee Base(s), providing a wide range of internship opportunities for students.

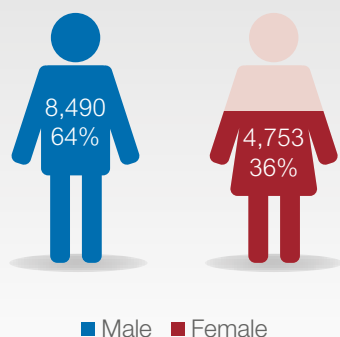
In safeguarding employees' rights and interests, the Group has implemented flexible working arrangements to help employees strike a reasonable work–life balance and enhance their well-being. All operating sites of the Group strictly implement an eight-hour work system and ensure that employees have at least one rest day each week. In accordance with local policies and relevant regulations, the Group provides



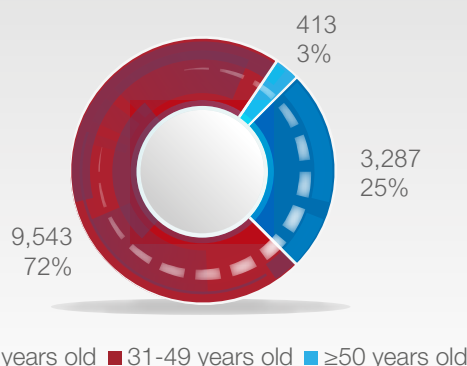
employees with statutory leave entitlements, including paid annual leave, marriage leave, maternity leave, sick leave and bereavement leave, fully respecting and safeguarding employees' preferences and legal rights to take leave and effectively protecting their entitlement to rest.

As at the end of the Reporting Period, the Group had a total of 13,243 employees, including 13,044 full-time employees and 199 part-time employees. Overall headcount decreased slightly as compared with the prior year, primarily due to the optimization of the Group's staffing structure and enhancements to human resources efficiency driven by the Group's strategy: on the one hand, the Group continued to advance the digital transformation of business and finance, piloted cross-store business operations and personnel sharing among enterprises within the same industrial park, and consolidated and integrated overlapping auxiliary support positions within the industrial park, thereby effectively improving human resources utilization efficiency; on the other hand, while the traditional segments have continued to unlock potential in labor productivity, the rapid growth of the new energy business and the large-scale rollout of new Hongmeng Zhixing stores have also created a substantial number of new job opportunities. As a result, overall headcount remained relatively stable, and the workforce structure became more rational and efficient. In 2025, the Group's employees, by gender, age and region, were as follows:

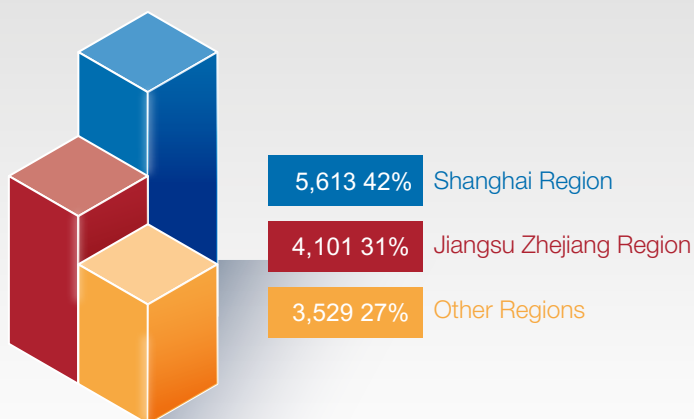
### Number of Employees by Gender



### Number of Employees by Age Group



### Number of Employees by Region





## *Environmental, Social and Governance Report*

### ***Remuneration System***

The Group recognizes that a fair and equitable remuneration system is critical to attracting and retaining high-quality talent. We are committed to offering competitive remuneration packages and, providing employees with a favorable environment for career development with reference to prevailing market practices and the Company's operating conditions.

Remuneration of the Group's employees mainly comprises two components, namely fixed salary and performance-based bonus. With clear evaluation criteria established for different positions and performance appraisals, the allocation of remuneration is designed, to the greatest extent practicable, to reflect role differentiation, the sharing of achievements and a pay-for-performance principle, thereby ensuring that all employees receive fair remuneration for their work. The Group also makes flexible remuneration adjustments each year in response to changes in the external environment and employee performance, with a view to ensuring that each employee receives remuneration commensurate with the value of their role and their individual contribution. The Group has consistently placed employee well-being at its core and, amid a complex market environment, has maintained the stability of its remuneration policies to ensure that employees' core rights and interests are not adversely affected by market fluctuations.

### ***Employee Care***

The Group has established a diversified and people-oriented benefits framework, fully providing statutory social insurance and housing provident fund contributions, annual leave, sick leave and various categories of paid leave, and has also arranged festive holiday care, high-temperature care and free working meals. In addition, the Group provides comprehensive support for employees' development and well-being, spanning work-life balance, family care, health and medical support, and assistance for families in hardship.

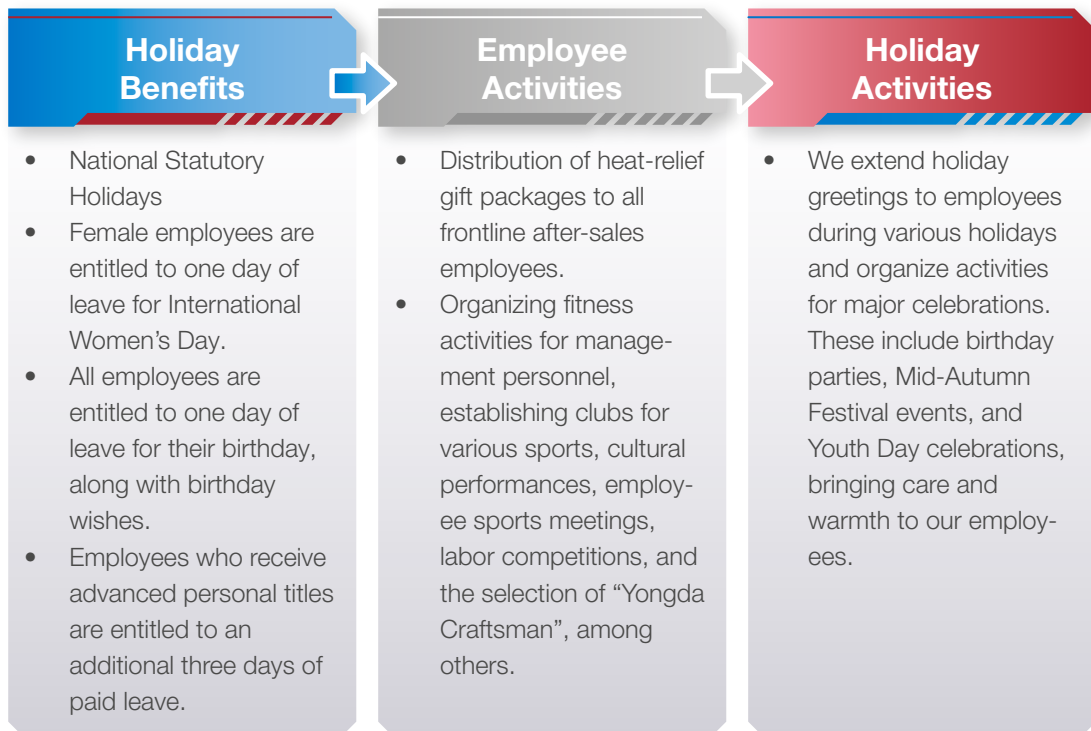
### ***Health and Medical Support***

In addition to providing health check-ups for all employees, the Group arranges annual dedicated premium health check-up sessions and VIP medical consultation services for core management personnel, including senior executives, directors and general managers, as well as their family members. Family members of senior executives and general managers on overseas assignment are also entitled to the same benefits. Meanwhile, the Group's employees and their immediate family members may also receive critical illness medical assistance and emergency assistance for sudden family incidents.



### **Work-Life Balance**

The Group attaches importance to employees' work-life balance and provides a wide range of benefits and activities to support and enrich employees' lives.



## Environmental, Social and Governance Report

### **Employee Care Initiatives**

The Group has consistently upheld its core philosophy of caring for employees and continues to strengthen the development of a culture of care. The Group's labor union effectively performs its functions by enhancing attention to employees' emotional well-being, providing psychological guidance and emotional support, and continuously strengthening the monitoring and engagement with employees from underprivileged families. The Group safeguards employees' work and daily lives in a comprehensive manner, conveys warmth through multiple measures, and enhances employees' sense of belonging and well-being.

### **Spring Festival warmth, heartfelt care for employees in hardship**

The Group effectively implemented its Spring Festival hardship-assistance initiative, focusing on the needs of employees' households facing difficulties. Through targeted identification and targeted support, the Group provided hardship-relief and support payments totaling RMB439,000 to 127 households in need. By taking practical actions to help address pressing difficulties, the Group enabled employees and their family members to feel the Group's care and warmth during the Spring Festival.





**Cool relief during high temperatures, care delivered directly to the frontline**

During the scorching summer, the Group implemented its high-temperature care initiatives. In light of the work characteristics of frontline employees, and with the participation of the Group's core management team who visited operating sites and frontline teams, the Group delivered cooling supplies and care to every frontline employee, effectively safeguarding their physical and mental well-being and demonstrating the Group's attention to and consideration for frontline employees.



## Honoring Elders on the Double Ninth Festival: Care That Conveys Warmth

To carry forward the traditional virtues of respecting and caring for the elderly, the Group implemented its Double Ninth Festival elder-care initiatives, clearly defined the scope of visits and support, and provided relief and care to employees' parents who are aged 65 and above and suffer from serious or critical illnesses, or are aged 75 and above and face financial difficulties. During the year, the Company extended visits and supports to a total of 101 eligible households, with total relief and support payments of RMB101,000. During the golden autumn season of the "Double Ninth Festival," the Group's member companies, on behalf of the Group, delivered Double Ninth Festival care-and-support payments and heartfelt letters to employees' parents one by one, thereby conveying Yongda's sincere care and concern for employees' parents.





### Culture Enriches the Mind; Diverse Activities Strengthen a Sense of Belonging

- Organized the “Bringing Culture Closer” themed campaign:** In 2025, the Group carefully planned and organised the “Bringing Culture Closer” themed campaign, introducing innovative formats. Through three creative initiatives—Fingertip Sweet Words, Energy Blind Box, and Mystery Flash Delivery, an “interactive community” was created for all Yongda people to share and exchange cultural insights. These initiatives embedded corporate culture into innovative branded merchandise, integrating it into employees’ “day-to-day work” while also providing on-demand corporate culture briefings directly to employees, enabling “immersive learning” and effectively bringing Yongda’s corporate culture to employees’ workplaces, minds, and daily life. Amid a challenging market environment, these initiatives effectively enhanced employees’ overall morale and sense of cultural engagement, further strengthening employees’ awareness, understanding and recognition of with the Group’s culture.
- Organized diversified employee engagement activities:** To enrich employees’ cultural life and alleviate work-related stress, the Group organized and implemented a series of staff activities, including “health seminars”, “Dragon Boat Festival sachet-making”, “fluid bear ornament-making” and “in-vehicle aromatherapy-making”. These activities balanced practicality with enjoyment, met employees’ diverse needs, and fostered a positive, harmonious and collegial working atmosphere.

## 文化周边派送计划

★ 指尖蜜语 ★

◦ 活动一：指尖蜜语 ◦

- 1.关注+评论“永达企业文化”微信公众号即可获得部分周边礼品;
- 2.评论内容:请用一句话描述你对永达企业文化的理解或感受;
- 3.如您的评论入选为“精选评论”将会获得全套文化周边大礼包。

★ 随机惊喜盲盒，精彩不停 ★

◦ 活动二：能量盲盒 ◦

能量盲盒惊喜开启，团建福利超燃来袭！拆一份未知的惊喜，收获满满的文化力量。集团下属各企业将逐步推出形式多样的团队活动，为各位同学送上永达能量盲盒。拆盒时刻，就是能量加满的时刻！

◦ 活动三：神秘闪送 ◦

神秘闪送突袭！企业文化天团空降派礼！注意！一支神秘的企业文化特派团将带着惊喜穿梭于集团各角落！你永远猜不到下一秒，谁是那个被幸运砸中的“天选之子”？

### 企业文化周边剧透



帆布包



鼠标垫



笔记本

## Environmental, Social and Governance Report

The Group's family-oriented care initiatives have been effectively implemented and have delivered tangible results, earning broad recognition and high commendation from employees and their family members, with overall feedback remaining positive.



### 6.2 Nurturing Talent: Employee Training and Development

The Group consistently regards employees' capability building and career development as core priorities, and is committed to providing diversified training channels and equal promotion opportunities to help employees enhance their professional knowledge and overall competencies, thereby steadily advancing the development of the Group's talent pipeline.

In 2025, in alignment with the Group's strategic objectives, we formulated and issued the "Notice on the Group's 2025 Learning Arrangements and Related Management Requirements" and the "2025 Group Annual Training Arrangements and Assessment Standards for Learning Objectives", thereby defining the employee development plan. We focused on the rollout and execution of learning programs centered on enhancing digital capabilities and reducing costs while improving efficiency, further strengthening the learning capabilities of all employees and effectively translating learning outcomes into work performance.

#### **Employee Training**

To overcome time and location constraints on training, enrich training resources and enhance learning efficiency, the Company comprehensively upgraded the Cloud University 2.0 platform in 2025, marking a strategic shift from a single learning tool to an all-round enabling ecosystem and providing all employees with convenient, efficient and diversified online learning channels.

- The number of active users for the year reached 11,453, with total active learning hours exceeding 630,000 hours, fully reflecting employees' high-frequency and stable learning habits;



- Total learning hours exceeded 270,000 hours, and learning participation reached 305,230 attendances; both the overall scale of learning and employee participation increased steadily compared with prior years;
- During the Reporting Period, 288 new internal courses were introduced, with content comprehensively covering multiple scenarios, including business operations in practice, upskilling and cultural communication, thereby providing robust support for enhancing employee capabilities and accumulating organizational knowledge and further strengthening the digital learning empowerment system.



Figure: Knowledge Base of the “Yun University” Course Platform

To address the development needs of employees across different roles and levels, the Company has implemented tiered, category-based targeted training, with a strategic focus on three groups—new-generation employees, professional talent and management personnel—and has developed dedicated training programs to ensure that training content is closely aligned with role requirements and career development pathways.

### New employee

#### Orientation and on-the-job training

Help new employees understand the company culture and the job duties to fit in as soon as possible.

### Professional talent

#### Internal business skills training and advanced certification training by external manufacturers

Help new employees understand the company culture and the job duties to fit in as soon as possible.

### Management personnel

#### Management ability enhancement training, general management courses, professional skill upgrading training

Help management personnel further expand their horizons and understand the company's development strategies.

# Environmental, Social and Governance Report

## **New Employee Training**

Taking into account the characteristics and needs of new-generation employees, the Company leverages the Yun University 2.0 platform to tailor 24 courses, covering workplace effectiveness, career planning, professional competencies and Generation Z themes. Through diversified approaches, including online learning and interactive exchanges, we enhance learning engagement, support participants in rapidly acquiring workplace skills, fostering a sound view of career development, and integrating smoothly into the Company, thereby building a pipeline of young talent.

## **Professional Talent Development**

To strengthen the professional talent pool, the Company has developed a team of internal technical trainers, leveraging their practical experience and professional expertise to facilitate efficient knowledge transfer and sharing within the Group. This initiative not only integrates quality internal resources and fosters an environment for mutual learning and knowledge sharing, but also supports the self-development of professional talent, builds a clearly structured multi-tier professional talent pipeline, and underpins the Company's business upgrading and technological innovation.

## **Management Training**

For management personnel, the Company delivered a range of targeted training programs, with a focus on enhancing their management capabilities and overall competencies. Through the dedicated "Online Classroom" training program, the Company delivered eight courses from March to October, structured around four key themes, adopting a "self-registration + mandatory module requirement" mechanism. Total participation exceeded 6,300 attendances, with average participation of over 800 attendances per course, effectively covering management personnel at all levels and helping them update management concepts and enhance management skills.

The Group places high importance on the capability development of its key management team, and continues to encourage and support related training initiatives. In 2025, with "inspiration-driven growth" as its innovation engine, the Company organized the core management team to undertake an in-depth study on the new paradigm of automotive marketing on Xiaohongshu, adopting a dual-track approach of "strategic training + scenario-based practical implementation" to systematically enhance the team's full-chain digital marketing execution capabilities from traffic insights to value conversion.

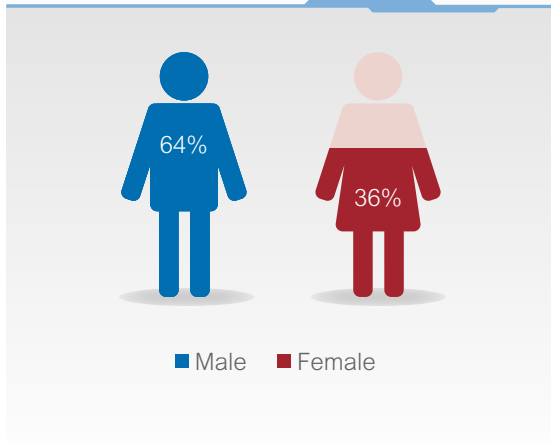


Figure: The Group's management conducted on-site visits to industry benchmark enterprises

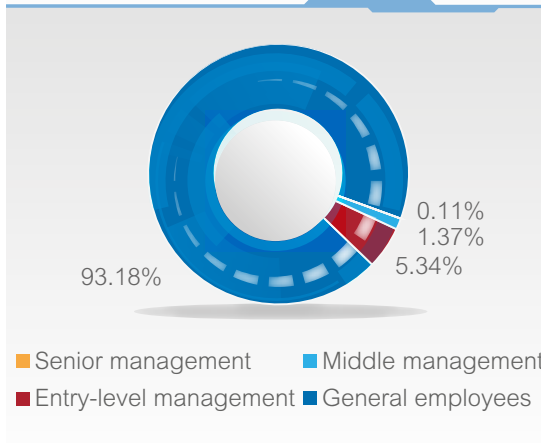


During the Reporting Period, the Group's total employee training hours amounted to 3,313,700 hours, and the average training hours per employee were 255.22 hours, broadly in line with last year's training level. Details of the percentage of employees trained and the average training hours are set out below:

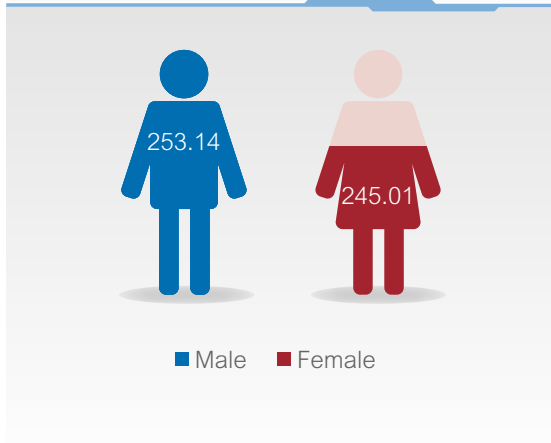
**Training participation rate of employees, by gender**



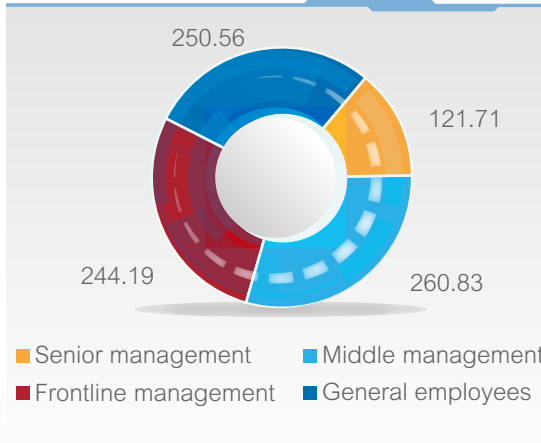
**Percentage of employees trained, by employee category**



**Average training hours per employee (hours), by gender**



**Average training hours per employee (hours), by employee category**



**Career Development**

The Group has established clear career development pathways for employees, providing a dual-track development model for professional and management personnel. Under the professional track, there are five levels: junior, intermediate, senior, principal and chief; under the management track, there are four levels: supervisor, manager, general manager and business unit director. Each level is further divided into one to three sub-levels based on employees' levels of competency and experience, forming a comprehensive promotion system. This framework is intended to motivate employees, through sustained effort and ongoing professional development, to progress annually in career grade, thereby providing clear direction and momentum for individual career development.

## Environmental, Social and Governance Report

The Group has established a two-way mobility mechanism between its professional talent pathway and managerial pathway, enabling employees, subject to their individual capabilities and career plans, to transition flexibly between the professional and managerial channels, or to make cross-stream transfers within the professional channel. This flexibility not only promotes the accumulation of experience across different professional fields, but also supports employees in developing cross-functional capabilities and enhancing their overall competitiveness. Whether employees ultimately pursue a professional specialist track or a managerial track, they are able to fully realize their potential in their respective roles and serve as a key driving force for the Group's development.

To foster employees' motivation for learning and enhance their technological innovation capabilities, the Group regularly organizes Group-wide technical skills competitions, covering multiple business streams, including sales, after-sales and new media. Through such competitions, employees can not only showcase their skills, but also identify areas for improvement through practice and further strengthen their professional capabilities. The skills competition not only provided employees with a platform for exchange and learning, but also strengthened collaboration among teams and heightened competitive awareness, thereby further fostering a positive learning culture of "learning from one another, catching up and striving to surpass". During the Reporting Period, the skills competition attracted active participation from a wide range of employees and brought forward a cohort of outstanding professionals with strong technical capabilities, providing solid support for the Group's business enhancement and service innovation.

### **Case: Developing elite leadership talent by focusing on the new energy sector**

Under the theme of "Empowering the Future • A New Green Journey", the Group's EMP6 Class inauguration ceremony and its first immersive session were held at Yongda Hongmeng Intelligent Mobility Baoshan Store. The EMP6 Class focuses on talent development for the Group's NEV business. Through innovative training programs and practice-based learning, it strengthens the strategic pipeline of talent for core roles across the Group's new energy operations.





### Case Study: Professional Talent Winning Multiple Skills Competition Awards

In August 2025, Mr. Cao Yajun, an employee of the Group, participated in the 7th Wuxi Skills Elite Competition – “Wuxi Artisans Cup,” organized by the Wuxi Municipal People’s Government. He achieved second place in the New Energy Vehicle Maintenance Technology category of the employee group. This accomplishment demonstrates his solid professional expertise and exceptional technical capabilities.



In December 2025, two Group employees, Mr. Yan Chengwang and Mr. Gu Wanquan, won second and third place respectively in the Automobile Maintenance Technician category of the 6th Vocational Skills Competition in Binhu District, under the “Wuxi Artisan – Masters Gather in Binhu” program. These awards not only represent high recognition of their individual skills, but also reflect the Group’s long-term commitment and tangible achievements in talent development.



## Environmental, Social and Governance Report

### 6.3 Safety First: Occupational Health and Safety

The health and safety of employees is the Group's foremost priority in its operations and development. We consistently implement the principle of "prevention first, combining prevention and control", and continue to enhance our safety management measures, further clarify management responsibilities and supervisory inspection mechanisms, and strive to provide employees with a healthy and safe working environment.

#### Occupational Health

The Group attaches great importance to occupational health management. In response to potential occupational hazards that may arise in the course of work, we have adopted a series of effective control measures as follows:

#### Personal Protective Equipment

Provide employees who may be exposed to occupational hazards with the necessary protective equipment, such as respirators, earplugs, safety goggles, insulating gloves and insulating safety shoes, to safeguard employees' occupational safety and health.

#### Environmental Testing and Health Examinations

Carry out regular workplace environmental testing and occupational health examinations for employees. Strengthen environmental management of office premises and production workshops to ensure that air quality complies with national standards. Employee health examinations include pre-employment, in-service and post-employment medical examinations to prevent occupational diseases and safeguard employees' health.

#### High-Temperature Protective Measures

For after-sales workshop employees working in ultra-high-temperature environments, the Group regularly distributes heatstroke-prevention and cooling supplies and high-temperature care packages to effectively prevent heatstroke and related workplace safety incidents.

#### Employee Fitness Activities

The Group organizes fitness activities (e.g. badminton, jogging and yoga) to encourage employees to participate actively.

#### Firefighting Facilities and Signage

Design, install and maintain firefighting facilities, safety signage, safety protective equipment and other items in accordance with relevant standards.



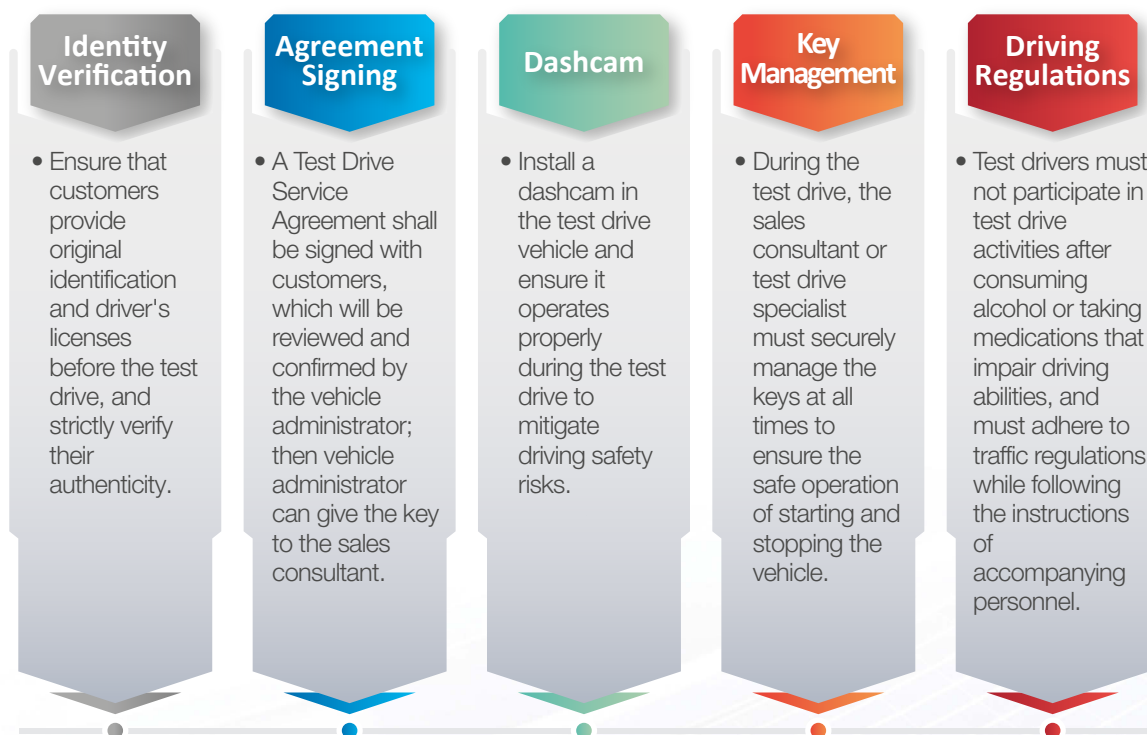
### **Safety Management**

The Group strictly complies with the Work Safety Law of the People's Republic of China and other relevant laws and regulations, and has formulated the Work Safety Management Provisions to specify work safety management requirements and delineate responsibilities. Each subsidiary has established a safety management task force and risk prevention and control responsibility agreements are signed with functional center directors, general managers, managerial personnel and employees, thereby establishing and improving a work safety accountability system at all levels.

At present, the safety risks faced by the Group are mainly concentrated in test-ride and test-drive safety, operational safety in maintenance workshops, and fire risks arising from the Group's day-to-day operations.

### **Test-Ride and Test-Drive Safety Management**

To safeguard the personal safety of test-ride and test-drive personnel, the Group has clearly defined the roles, responsibilities and accountabilities of its subsidiaries, sales consultants and test drivers in this process, primarily covering the following key points:





## Environmental, Social and Governance Report

### *Maintenance Workshop Safety Management*

To safeguard operational safety in maintenance workshops, the Group has established a safety inspection and hazard identification, investigation and rectification system.

- **Routine self-inspection:** Each subsidiary shall conduct one safety self-inspection on a daily basis, and the general manager shall participate in one comprehensive safety inspection each month.
- **Hazard rectification:** In respect of any safety hazards identified, immediate rectification shall be carried out or a rectification plan shall be formulated, with responsible persons clearly designated and rectification measures duly implemented.
- **Equipment maintenance:** Repair workshop equipment shall be subject to regular maintenance and overhaul strictly in accordance with the maintenance policy to ensure normal operation; any equipment presenting safety hazards shall be taken out of service immediately until it is fully repaired.

### *Fire Safety Management*

To prevent and reduce the occurrence of fire accidents, the Group convenes ad hoc meetings with safety officers-in-charge of its various entities to conduct case review and analysis sessions, thereby urging each entity to maintain continuous focus on fire safety management. In addition, the Group explicitly requires each entity to organize at least one fire drill for all staff each year, in order to strengthen employees' self-rescue capabilities in emergency situations and their emergency response and incident-handling capabilities in the event of an accident. Through fire drills, each entity can not only verify whether firefighting equipment is in proper working condition, but also ensure that all employees are familiar with where such equipment is located and are able to use it proficiently, thereby eliminating potential fire hazards at the earliest possible stage.

### *Safety Education and Training*

The Group attaches great importance to fostering employees' safety awareness and has established a comprehensive safety education and training system, with the aim of ensuring that employees possess the necessary safety knowledge and skills and are able to respond effectively to potential risks in their daily work.

The Group delivers safety education through multiple channels, including general safety knowledge training for new employees, job-specific safety knowledge briefings prior to assuming duties, and training on safe operating procedures, covering the identification of hazardous goods, protective measures and emergency response, thereby ensuring that employees possess the necessary safety knowledge. In addition, the Group carried out production safety awareness initiatives through channels such as the Company's newspaper and cultural walls, and recognized exemplary units and individuals in production safety, thereby further fostering a strong safety culture.



## VII. MAINTAINING PERSISTENT CARE • COMMUNITY

As a socially responsible corporate citizen, the Group has, while advancing its strategic development, remained committed to giving back to society, actively participating in community development, and proactively fulfilling its corporate citizenship responsibilities. Since the establishment of the Yongda Public Welfare Foundation in 2017, the Group has focused on the core directions of the “two cares” and “two focuses”—namely, care for children and care for the elderly, and focus on education and poverty alleviation—continuing to deepen its engagement across a range of public welfare programs, with cumulative charitable expenditures exceeding RMB100 million.

In 2025, the Group’s total contribution to public welfare and charitable initiatives reached RMB16.294 million. In recognition of its solid public welfare practices, the Group received three honors: “2025 Shanghai Civilized Traffic Public Welfare Cooperation Partner”, “2025 Charity Star Advanced Unit”, and “2025 Charity and Public Welfare Exemplar”. Through channels such as the Yongda public welfare and charity auction and the “Yongda Special Fund”, the Group broadly mobilized employees and customers to participate in charitable endeavors, and formulated the “Project Risk Prevention and Control System of the Shanghai Yongda Public Welfare Foundation” to ensure the standardized and efficient implementation of public welfare projects.

### 7.1 Warm Companionship: Care for the Elderly

Upholding the traditional virtues of respecting and caring for the elderly, we focus on the dual physical and psychological needs of older persons, innovate service models, and deliver care through heartwarming initiatives, helping older persons share the benefits of development and enjoy a happy and fulfilling later life.

#### Case: the “Love, By Your Side” Elderly Companionship Public Welfare Program

In 2025, the Yongda Public Welfare Foundation (the “Foundation”) launched this signature branded program in collaboration with relevant faculties and departments of Shanghai Normal University and Biyun Senior Care Home, delivering services through a “technology + companionship” model. Mobilized volunteers to provide warm companionship and interactive games, and launched an “AI Immersive Experience Workshop” to help older adults develop digital skills such as AI painting, thereby narrowing the digital divide and alleviating loneliness; During the Double Ninth Festival, we presented 3,000 care gift packs to 22 elderly care institutions in Pudong and carried out senior-care outreach activities, helping foster a positive social ethos of respecting, caring for and supporting older adults.



## 7.2 Safeguarding Growth: Caring for Children

With a focus on providing assistance to children in hardship and children with serious illnesses, we safeguarded children’s rights and interests in an all-round manner, built pathways to a better future through targeted philanthropic initiatives, and supported every child in enjoying equal opportunities for growth and development. In 2025, the Foundation implemented a total of 25 public welfare initiatives, including 12 initiatives in the areas of child care and critical illness assistance, providing support to 262 ill children from financially disadvantaged families and 15 underprivileged patients with heart disease, enabling them to regain a new lease on life and bringing hope to 277 families. Traffic-safety comic booklets were distributed to 200,000 primary school students citywide to help reduce the incidence of traffic accidents.

### Case: Shanghai–Inner Mongolia cross-regional collaboration to promote ethnic unity

Leveraging the Shanghai–Inner Mongolia collaboration framework, the Foundation has organized themed summer camps, namely “Deep Affection between Shanghai and Inner Mongolia: ‘Children’ Visit Shanghai” and “Deep Affection between Shanghai and Inner Mongolia: ‘Children’ Visit the Grasslands” for three consecutive years, providing children from the Ordos City Social Welfare Centre with a platform to broaden their horizons, facilitating in-depth exchanges between children from Shanghai and Inner Mongolia, sowing the seeds of ethnic unity, carrying forward the bond of “Shanghai and Inner Mongolia as One Family”, and strengthening awareness of the Chinese national community. In January 2025, the Ordos Social Welfare Center was officially commissioned to develop the autonomous region’s largest insect (butterfly) science education base. The base delivers science outreach through scenario-based, experiential and immersive formats, and has also established a study tour route focused on fostering a strong sense of community for the Chinese nation, thereby promoting the integration of ideological and political education with science outreach practice and supporting children’s all-round development.





**Case: “Little Hands in Big Hands—Walking the Safe Road Together” Traffic Safety Campus Program for Primary School Students**

In 2025, in collaboration with the Traffic Police Corps of the Shanghai Municipal Public Security Bureau and the Shanghai Municipal Working Committee of the Young Pioneers, the Foundation, rolled out the program. In addition to presenting comic-themed bookmarks to 200,000 first-grade entrants, it selected one representative school in each of 16 districts and counties to deliver a lively and engaging “Safety Knowledge” session for children, significantly enhancing traffic safety awareness among children in Shanghai.



**Case: Targeted Care Initiative for Children with Special Needs**

Partnered with the Eye & ENT Hospital of Fudan University to carry out programs providing care for children with microtia, congenital hearing loss and other conditions; since 2021, the Group has implemented the “Yongda Public Welfare · Snow Angel Care Program” for five consecutive years, with cumulative donations of RMB8 million to support the treatment of pediatric patients with hematological malignancies from underprivileged families; we initiated the “Shanghai–Xinjiang ‘Children’ Together, Building Dreams with Love” campaign, and partnered with the Eye & ENT Hospital to travel to Kashgar, Xinjiang to conduct ear-disease screening and microtia reconstruction surgeries, providing local children with free medical support and further strengthening ethnic unity and friendship between Shanghai and Xinjiang.



# Environmental, Social and Governance Report

## 7.3 Nurturing Hope: Empowering Education

We paid close attention to the development of education, with a focus on education equity and talent development, leveraging philanthropic initiatives to establish support platforms, encouraging educators to stay true to their original aspirations, and promoting deep integration and two-way empowerment between education and philanthropy. During the Reporting period, we sponsored a total of 175 students from low-income families, helping each child complete their studies.

### Case Study: Teachers' Day Public Welfare Outreach and Education Empowerment

During Teachers' Day, the Yongda Public Welfare Foundation partnered with Heqing Town to organize a celebration event, conveying greetings to frontline teachers and supporting the development of local education through the provision of supplies and moral encouragement, thereby mobilizing broader social support for education; through parallel initiatives such as jointly establishing practice bases with educational institutions and supporting university interns' service placements, we promote the deep integration of education and public welfare, thereby achieving two-way empowerment.



### Case: "Beautiful China " Rural Teaching Support Project

During the year, the Project provided targeted support to 8 volunteer teachers to deliver volunteer teaching services at schools including Xishi Primary School in Xintang Town and Magang Primary School in Sanrao Town, Raoping County, Guangdong. The subjects taught by the 8 teachers at their respective schools continued to focus primarily on core subjects, with 1 teacher serving as the school's designated art teacher. In total, 2,352 high-quality classes were delivered to 1,331 students across four schools. This not only nurtured outstanding talent with a strong sense of social responsibility and social innovation capabilities, but also promoted more balanced development of education in China.





#### 7.4 Pooling Strength: Working Together on Poverty Alleviation

The Group is committed to advancing targeted poverty alleviation, providing practical support to vulnerable and disadvantaged groups. During the Reporting Period, the Group provided assistance and extended support to a total of 1,977 individuals facing difficulties, including 94 disabled athletes, 69 uremia patients, 22 leukemia patients, 103 patients with malignant tumors, 140 families who had lost their only child, and 45 other individuals facing special difficulties; meanwhile, the Group presented Chinese New Year gift packs to 1,262 elderly persons.

## VIII.APPENDIX

### 8.1 Data Overview

#### *Environmental Category*

<b>A1.1 Types of emissions and related emissions data</b>				
	<b>Unit</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total NOx emissions	tonnes	12.16	11.61	11.43
Total SOx emissions	tonnes	0.02	0.02	0.03
Total PM emissions	tonnes	0.90	0.85	0.84
Total Air emissions	tonnes	13.08	12.48	12.30
Air emissions intensity	tonnes/10,000 m <sup>2</sup>	0.11	0.09	0.08

<b>A1.2 Total greenhouse gas emissions</b>				
	<b>Unit</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Direct greenhouse gas emissions (Scope 1)	tonnes	3,775.43	4,282.47	4,982.39
Indirect greenhouse gas emissions (Scope 2)	tonnes	51,476.53	51,870.16	68,756.47
Total greenhouse gas emissions (Scope 1 & Scope 2)	tonnes	55,251.96	56,152.63	73,738.86
Greenhouse gas emissions intensity (Scope 1 & Scope 2)	tonnes/10,000 m <sup>2</sup>	461.55	424.79	502.31
Other Indirect GHG Emissions (Scope 3)	tonnes	201.75	Not applicable	Not applicable
— Category 5: Waste Generated in Operations	tonnes	201.75	Not applicable	Not applicable
Total GHG Emissions	tonnes	55,453.72	56,152.63	73,738.86
GHG Emission Intensity	tonnes/10,000 m <sup>2</sup>	463.23	424.79	502.31

<b>A1.3 Total hazardous waste generated</b>				
	<b>Unit</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total hazardous waste generated	tonnes	3,301.55	3,135.85	3,102.84
Hazardous waste generation intensity	tonnes/10,000 m <sup>2</sup>	27.58	23.72	21.14

<b>A1.4 Total non-hazardous waste generated</b>				
	<b>Unit</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total non-hazardous waste generated	tonnes	39,830.10	41,786.47	56,148.93
Non-hazardous waste generation intensity	tonnes/10,000 m <sup>2</sup>	332.72	316.11	382.49

## Environmental, Social and Governance Report

A2.1 Total Energy Consumption by Type	Unit	2025	2024	2023
Electricity	MWh	99,600.00	96,041.00	98,598.00
Gasoline	MWh	13,141.16	14,845.88	16,931.90
Diesel	MWh	635.25	841.01	798.02
Total energy consumption	MWh	113,376.41	111,727.89	116,327.92
Energy consumption intensity	MWh/10,000 m <sup>2</sup>	947.09	845.21	792.42

A2.2 Total Water Consumption	Unit	2025	2024	2023
Total water consumption	tonnes	799,772.00	816,113.00	972,860.00
Water consumption intensity	tonnes/10,000 m <sup>2</sup>	6,680.91	6,173.79	6,627.11

### Social

B1.1 Total workforce by gender, employment type, age group, employee type and geographical region		2025	2024	2023
Total workforce		13,243	13,654	14,778
Gender	Male	8,490	8,524	9,096
	Female	4,753	5,130	5,682
Employment type	Full-time	13,044	13,613	14,778
	Part-time	199	41	0
Age group	≤30 years old	3,287	4,078	6,154
	31-49 years old	9,543	9,161	7,172
	≥50 years old	413	415	1,452
Employee type	Senior management	14	14	16
	Middle management	182	167	156
	Frontline management	707	773	857
	General employees	12,340	12,700	13,749
Region	Shanghai region	5,613	4,710	4,334
	Jiangsu-Zhejiang region	4,101	4,173	4,878
	Other regions	3,529	4,771	5,566

B1.2 Employee turnover rate by gender, age and region		2025	2024	2023
Gender	Male	31%	41%	25.67%
	Female	26%	31%	21.38%
Age group	≤30 years old	65%	68%	31.01%
	31-49 years old	17%	23%	20.73%
	≥50 years old	41%	40%	3.14%
Region	Shanghai region	28%	39%	27.46%
	Jiangsu-Zhejiang region	29%	44%	30.00%
	Other regions	32%	29%	14.67%



<b>B2.2 Number of workdays lost due to work injuries</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Number of workdays lost due to work injuries	0	0	0
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0

<b>B3.1 Percentage of trained employees by gender and employee category</b>		<b>2025</b>	<b>2024</b>	<b>2023</b>
Gender	Male	100%	100%	100%
	Female	100%	100%	100%
Employee type	Senior management	100%	100%	100%
	Middle management	100%	100%	100%
	Frontline management	100%	100%	100%
	General employees	100%	100%	100%

<b>B3.2 Average training hours completed per employee, by gender and employee category</b>		<b>2025</b>	<b>2024</b>	<b>2023</b>
Gender	Male	253.14	258.51	261.38
	Female	245.01	250.01	252.80
Employee type	Senior management	121.71	121.01	115.75
	Middle management	260.83	255.47	247.53
	Frontline management	244.19	240.46	242.72
	General employees	250.56	256.36	259.32

<b>B5.1 Number of suppliers by geographical region</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
East China	45	38	41
South China	6	5	8
Central China	5	5	2
North China	6	6	5
Northwest China	0	0	0
Southwest China	5	5	5
Northeast China	4	4	4

<b>B6.2 Complaints received in relation to products and services</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Number of complaints in relation to products and services	79	85	67

<b>B8 Community investment</b>		<b>2025</b>	<b>2024</b>	<b>2023</b>
Total community investment	RMB'000	1,629	2,521	2,200

# Environmental, Social and Governance Report

## Standards and methods for data calculation:

1. Greenhouse gases: types include carbon dioxide, methane, nitrous oxide and sulphur hexafluoride. Scope 1 greenhouse gas emissions are calculated based on the default values for typical fossil-fuel characteristic parameters published by the National Development and Reform Commission of the People's Republic of China; Scope 2 greenhouse gas emissions are calculated based on the average carbon dioxide emission factors for China's regional power grids published by the Ministry of Ecology and Environment of the People's Republic of China.
2. NOx, SOx, PM: Data are sourced from installed monitoring systems or monitoring conducted by third parties on a commissioned basis, and are calculated accordingly using the emission factors provided in the vehicle emissions calculation model (EMFAC-HK Vehicle Emission Calculation) published by the Hong Kong Environmental Protection Department.
3. Hazardous waste: Classified as "hazardous waste" in accordance with the definition set out in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, as mentioned in the Reporting Guidance on Environmental KPIs published by The Stock Exchange. Data sources are relevant records and ledgers.
4. Non-hazardous waste: All waste that does not fall within the scope of the "hazardous waste" definition under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal is classified as "non-hazardous waste". Data sources are relevant records and ledgers.
5. Water resource consumption: Data are sourced from the volume of municipal water purchased.
6. Energy consumption: The data are calculated using the consumption volumes of purchased electricity and fuels and the relevant conversion factors provided by the International Energy Agency.

## 8.2 Content Index of the Environmental, Social and Governance Reporting Guide

ESG Guide	Description	Disclosure Location/Remarks
<b>A. Environment</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	In respect of air emissions and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste, etc.: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Upholding Commitment · Environmental Protection
A1.1	Types of emissions and relevant emissions data.	Upholding Commitment · Environmental Protection
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where applicable, intensity (e.g., per unit of production and per facility).	Upholding Commitment · Environmental Protection; Data Overview
A1.3	Total hazardous waste generated (in tonnes) and, where applicable, intensity (e.g., per unit of production and per facility).	Upholding Commitment · Environmental Protection; Data Overview



ESG Guide	Description	Disclosure Location/Remarks
A1.4	Total non-hazardous waste generated (in tonnes) and, where applicable, intensity (e.g., per unit of production and per facility).	Upholding Commitment · Environmental Protection; Data Overview
A1.5	Describe the emissions targets set and the steps taken to achieve such targets.	Upholding Commitment · Environmental Protection
A1.6	Describe the methods for handling hazardous and non-hazardous waste, and describe the waste reduction targets set and the steps taken to achieve such targets.	Upholding Commitment · Environmental Protection
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Upholding Commitment · Environmental Protection
A2.1	Total direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) (in thousands of kilowatt-hours) and intensity (e.g., per unit of production and per facility).	Upholding Commitment · Environmental Protection; Data Overview
A2.2	Total water consumption and intensity (e.g., calculated per unit of output or per facility).	Upholding Commitment · Environmental Protection; Data Overview
A2.3	Describe the targets set for energy efficiency and the steps taken to achieve those targets.	Upholding Commitment · Environmental Protection
A2.4	Describe any issues in sourcing water sources that are fit for purpose, the targets set for water efficiency, and the steps taken to achieve those targets.	Upholding Commitment · Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, where applicable, the amount per unit of production.	Not disclosed: This is a non-material topic.
<b>Aspect A3: Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage such impacts.	Upholding Commitment · Environmental Protection
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	In respect of remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Prioritizing Workforce Development · Talent
B1.1	Total number of employees by gender, employment type (e.g., full-time or part-time), age group and geographical region.	Prioritizing Workforce Development · Talent; Data Overview
B1.2	Employee turnover rate, by gender, age group and region.	Data Overview

# Environmental, Social and Governance Report

ESG Guide	Description	Disclosure Location/Remarks
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Regarding the provision of a safe working environment and the protection of employees from occupational hazards: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Prioritizing Workforce Development · Talent; Data Overview
B2.1	The number and rate of work-related fatalities for each of the past three years (including the Reporting Period).	Data Overview
B2.2	Lost workdays due to work injury.	Data Overview
B2.3	Describe the occupational health and safety measures adopted, and the related implementation and monitoring methods.	Prioritizing Workforce Development · Talent
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on enhancing employees' knowledge and skills for fulfilling their job duties. Describe the training activities.	Prioritizing Workforce Development · Talent
B3.1	Percentage of employees trained, by gender and employee category (e.g. senior management, middle management, etc.).	Prioritizing Workforce Development · Talent; Data Overview
B3.2	Average number of training hours completed per employee, by gender and employee category.	Prioritizing Workforce Development · Talent; Data Overview
<b>Aspect B4: Labour Standards</b>		
General Disclosure	In relation to the prevention of child labour or forced labour: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Prioritizing Workforce Development · Talent
B4.1	Describe measures for reviewing recruitment practices to avoid child labour and forced labour.	Prioritizing Workforce Development · Talent
B4.2	Describe the steps taken to eliminate such situations when non-compliance is identified.	Prioritizing Workforce Development · Talent
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policy on managing environmental and social risks in the supply chain.	Experiencing Excellence · Quality
B5.1	Number of suppliers by geographical region.	Experiencing Excellence · Quality; Data Overview
B5.2	Describe the practices relating to supplier engagement, the number of suppliers that implement such practices, and the methods for implementing and monitoring such practices.	Experiencing Excellence · Quality
B5.3	Describe the practices relating to identifying environmental and social risks at each stage of the supply chain, and the associated methods for implementation and monitoring.	Experiencing Excellence · Quality



ESG Guide	Description	Disclosure Location/Remarks
B5.4	Describe the practices adopted in the selection of suppliers to promote the use of environmentally friendly products and services, and the related implementation and monitoring methods.	Experiencing Excellence · Quality
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information relating to the health and safety, advertising, labelling and privacy matters of the products and services provided, and remedial measures: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Experiencing Excellence · Quality
B6.1	Percentage of total products sold or shipped that are subject to recalls for safety and health reasons.	Not applicable; where product recalls are involved, such recalls are conducted directly by the OEM.
B6.2	Number of complaints received regarding products and services, and the handling methods.	Experiencing Excellence · Quality; Data Overview
B6.3	Describe practices relating to the protection of intellectual property rights.	Not disclosed: This is a non-material topic.
B6.4	Describe the quality assurance process and product recall procedures.	Experiencing Excellence · Quality
B6.5	Describe consumer data protection and privacy policies, and the related implementation and monitoring methods.	Experiencing Excellence · Quality
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	In relation to the prevention of bribery, extortion, fraud and money laundering: (a) Policy; and (b) Information on compliance with relevant laws and regulations that have a material impact on the issuer.	Maintaining Integrity · Governance
B7.1	The number of concluded corruption litigation cases brought against the issuer and/or its employees during the Reporting Period and the litigation outcomes.	Maintaining Integrity · Governance
B7.2	Describe preventive measures and reporting procedures, and the related implementation and monitoring methods.	Maintaining Integrity · Governance
B7.3	Describe the anti-corruption training provided to Directors and employees.	Maintaining Integrity · Governance
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities in which the Group operates and to ensure that its business activities take community interests into account.	Maintaining Persistent Care · Community
B8.1	Focus areas of contributions (e.g. education, environmental matters, labour needs, health, culture and sports).	Maintaining Persistent Care · Community
B8.2	Resources deployed in the focus areas (e.g. money or time).	Maintaining Persistent Care · Community; Data Overview

# Environmental, Social and Governance Report

Category	Sub-category	Description	Disclosure location/Notes
Governance		Governing body responsible for overseeing Climate-related Risks and opportunities	Maintaining Integrity · Governance; Upholding Commitment · Environmental Protection
Governance		Management's role in the governance processes, control measures and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Upholding Commitment · Environmental Protection;
Strategy	Climate-related Risks and opportunities	<p>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.</p> <p>For each Climate-related Risks and opportunity identified by the issuer, specify in detail the time horizon (short, medium or long term) over which it is reasonably expected to potentially affect the issuer.</p> <p>Explain how the issuer defines the short, medium and long term, and how these definitions are linked to its planning horizon for strategic decision-making.</p>	Upholding Commitment · Environmental Protection; Transitional relief applied; qualitative disclosure only
Strategy	Business Model and Value Chain	<p>Describe the current and expected impacts of Climate-related Risks and opportunities on the issuer's business model and value chain.</p> <p>Set out where Climate-related Risks and opportunities are concentrated within the issuer's business model and value chain (e.g., geographic regions, facilities and types of assets).</p>	Upholding Commitment · Environmental Protection; Transitional relief applied; qualitative disclosure only
Strategy	Strategy and decision-making	<p>Information on how the issuer has addressed and plans to address material climate risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set, and any targets required to be met under applicable laws or regulations.</p> <p>Information on how the issuer currently, and plans in the future, to allocate resources to support actions taken and planned in respect of how it has addressed and plans to address material climate risks and opportunities in its strategy and decision-making.</p>	Upholding Commitment · Environmental Protection; Transitional relief applied; qualitative disclosure only



Category	Sub-category	Description	Disclosure location/Notes
Strategy	Financial Position, Financial Performance and Cash Flows – Current Financial Impacts	<p>How Climate-related Risks and Opportunities affect the issuer’s financial position, financial performance and cash flows during the Reporting Period.</p> <p>Where material risks exist that would result in material adjustments to the carrying amounts of assets and liabilities in the relevant financial statements for the next Reporting Year, information on the Climate-related Risks and Opportunities identified in respect of how Climate-related Risks and Opportunities affect the issuer’s financial position, financial performance and cash flows during the Reporting Period.</p>	Upholding Commitment · Environmental Protection; Relief applied; qualitative disclosure only
Strategy	Financial Position, Financial Performance and Cash Flows – Anticipated Financial Effects	<p>The issuer, having considered its strategy for managing Climate-related Risks and opportunities and taking into account the following, expects how its financial performance will change over the short, medium and long term.</p> <p>Based on the issuer’s strategy for managing Climate-related Risks and opportunities, it anticipates how its financial results and cash flows will change over the short, medium and long term.</p>	Subject to the ‘comply or explain’ exemption
Strategy	Climate Resilience	<p>The issuer’s assessment of its climate resilience as at the reporting date.</p> <p>How and when climate-related scenario analysis is conducted in respect of Climate-related Risks</p>	Comply or explain exemption applies
Risk Management		The processes and related policies adopted by the issuer to identify and assess Climate-related Risks and opportunities, determine their relative priorities, and maintain ongoing monitoring.	Upholding Commitment · Environmental Protection
Risk Management		The processes adopted by the issuer to identify and assess Climate-related Risks and opportunities, determine their relative priorities, and maintain ongoing monitoring (including whether and how the issuer uses climate-related scenario analysis to identify information on climate-related opportunities).	Upholding Commitment · Environmental Protection; Scenario analysis is subject to exemption.
Risk Management		How the processes for the identification, assessment, prioritisation and monitoring of Climate-related Risks and opportunities are integrated into the issuer’s overall risk management process, and the extent to which they are integrated.	Upholding Commitment · Environmental Protection

## Environmental, Social and Governance Report

Category	Sub-category	Description	Disclosure location/Notes
Metrics and Targets	Greenhouse Gas Emissions	The issuer must disclose the absolute total gross greenhouse gas emissions during the Reporting Period (expressed in tonnes of carbon dioxide equivalent) and categorise them into: Scope 1 greenhouse gas emissions; Scope 2 greenhouse gas emissions; Scope 3 greenhouse gas emissions.	Data Overview
Metrics and Targets	Climate-related transition risks	The issuer must disclose the amount and percentage of assets or business activities that are subject to climate-related transition risks.	subject to the 'comply or explain' exemption
Metrics and Targets	Climate-related physical risks	The issuer must disclose the amount and percentage of assets or business activities that are subject to climate-related physical risks.	subject to the 'comply or explain' exemption
Metrics and Targets	Climate-related opportunities	The issuer must disclose the amount and percentage of assets or business activities that are associated with climate-related opportunities.	subject to the 'comply or explain' exemption
Metrics and Targets	Capital deployment	The issuer shall disclose the amount of capital expenditure, financing or investment in respect of Climate-related Risks and opportunities.	subject to the 'comply or explain' exemption
Metrics and Targets	Internal carbon pricing	<p>Whether and, if so, how the issuer applies carbon pricing in decision-making (e.g., investment decisions, transfer pricing and scenario analysis)</p> <p>The price per tonne of greenhouse gas emissions used by the issuer to assess the cost of its greenhouse gas emissions; or an appropriate negative statement confirming that the issuer does not apply carbon pricing in decision-making.</p>	Not applicable
Metrics and Targets	Remuneration	The issuer must disclose whether and how climate-related considerations are incorporated into its remuneration policy, or provide an appropriate negative statement.	The Company has not yet incorporated climate related factors into its remuneration policy at the current stage.
Metrics and Targets	Industry Metrics	The Exchange encourages issuers to disclose industry metrics relevant to one or more specific business models and activities, or industry metrics relevant to the common characteristics of companies participating in the relevant industry.	Exempted
Metrics and Targets	Climate-related Targets	The issuer must disclose the qualitative and quantitative climate-related targets it has set to monitor progress towards achieving its strategic objectives, as well as any targets that laws or regulations require the issuer to meet, including any greenhouse gas emissions targets.	Upholding Commitment · Environmental Protection



# Independent Auditor's Report

## **TO THE SHAREHOLDERS OF CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 146 to 269, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (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 the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional 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.

## Independent Auditor's Report



Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of non-current assets that exclude financial instruments</i>	
<p>We identified the impairment assessment of goodwill, other intangible assets, property, plant and equipment and right-of-use assets (collectively referred to non-current assets) as a key audit matter due to significance of the Group's non-current assets in the context of the Group's consolidated financial statements, combined with the complexity and significant judgements and management estimation involved in the assessment process.</p> <p>Goodwill and intangible assets with indefinite useful life are subject to impairment assessment at least annually or when there is an indication of impairment. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>In 2025, the automotive industry experienced intensified competition and price wars, with the Group's traditional engine vehicle brands facing significant pressure on sales volume and gross margins, resulting in an operating loss for the year. The Group concluded there was such indication and conducted impairment assessment as disclosed in Note 18.</p> <p>Determining whether these non-current assets are impaired required management's estimation of the value in use of the cash generating units ("CGUs"). The impairment assessment is dependent on management's identification of CGUs and certain significant inputs and assumptions including the discount rates, revenue growth rates and gross profit margin during the forecast period that involve the management's estimations.</p>	<p>Our procedures in relation to the impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the management's control processes over impairment assessment;</li> <li>• Evaluating the reasonableness of management's identification of impairment indications on non-current assets;</li> <li>• Evaluating the appropriateness of management's identification of CGUs and assessing the methodology used by the management to determine the recoverable amounts which are the value in use of CGUs;</li> <li>• Obtaining the value in use calculations of the CGUs and understanding the key management assumptions adopted in these calculations through enquiries with management;</li> <li>• Evaluating key inputs and assumptions used by the management in estimations of value in use, on sample basis, including discount rates applied, revenue growth rates and gross profit margin during the forecast period; and</li> </ul>



## Independent Auditor's Report

Key audit matter (continued)	How our audit addressed the key audit matter (continued)
<i>Impairment assessment of non-current assets that exclude financial instruments (continued)</i>	
<p>As at December 31, 2025, the Group recognized impairment for property, plant and equipment of RMB1,690,853,000, impairment for right-of-use assets of RMB93,720,000, impairment for goodwill of RMB1,275,993,000 and other intangible assets of RMB1,735,576,000, respectively for the year then ended. Details of such judgements and estimations are disclosed in Note 18 to the consolidated financial statements.</p> <p>We identified the impairment assessment of non-current assets as a key audit matter due to significance of these assets in the context of the Group's consolidated financial statements, combined with the complexity and significant judgements and management estimation involved in the assessment process.</p>	<ul style="list-style-type: none"><li>Evaluating the reasonableness of these cash flow projections with reference to the past performance and future prospects of respective CGU as well as our knowledge of the business.</li></ul>

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

In preparing the consolidated financial statements, the directors 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.

Those charged with governance are 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Jacky Wong Suk Hung.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

March 31, 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue			
Goods and services		54,234,979	62,965,292
Rental		364,749	454,937
Total revenue	5A/B	54,599,728	63,420,229
Cost of sales and services		(50,307,671)	(58,146,759)
Gross profit		4,292,057	5,273,470
Other income and other gains and losses	6	46,924	106,030
Distribution and selling expenses		(3,289,066)	(3,388,539)
Administrative expenses		(1,407,341)	(1,500,446)
Impairment losses recognized on other intangible assets, property, plant and equipment, right-of-use assets and goodwill	9	(4,796,142)	(40,453)
Impairment losses under expected credit loss ("ECL") model, net of reversal	9	(83,348)	(44,239)
Share of (losses) profits of joint ventures	19	(63)	4,511
Share of profits of associates	20	92,340	95,831
Finance costs	7	(233,921)	(297,597)
(Loss) profit before tax	9	(5,378,560)	208,568
Income tax credit (expense)	8	24,089	(43,198)
<b>(Loss) profit for the year</b>		<b>(5,354,471)</b>	165,370
(Loss) profit for the year attributable to:			
Owners of the Company		(5,071,549)	200,773
Non-controlling interests		(282,922)	(35,403)
		(5,354,471)	165,370
(Loss) earnings per share – basic	13	RMB (2.72)	RMB0.11
(Loss) earnings per share – diluted	13	RMB (2.72)	RMB0.11

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
<b>(Loss)profit for the year</b>	<b>(5,354,471)</b>	165,370
<b>Other comprehensive income (expense)</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	1,540	(2,234)
<b>Total comprehensive (expense) income for the year</b>	<b>(5,352,931)</b>	163,136
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	<b>(5,070,009)</b>	198,539
Non-controlling interests	<b>(282,922)</b>	(35,403)
	<b>(5,352,931)</b>	163,136

# Consolidated Statement of Financial Position

At December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	14	3,364,660	5,336,096
Right-of-use assets	15	2,739,775	2,987,842
Goodwill	16,18	314,428	1,590,421
Other intangible assets	17	1,114,205	2,902,044
Deposits paid for acquisition of property, plant and equipment		8,751	19,950
Deposits paid for acquisition of right-of-use assets		–	177,053
Equity instruments at FVTOCI	22	6,050	4,510
Financial assets at fair value through profit or loss (“FVTPL”)	21	310,207	345,746
Interests in joint ventures	19	46,195	47,620
Interests in associates	20	981,000	930,310
Deferred tax assets	30	148,073	463,512
Other assets	23	–	83,648
Time deposits	26	7,500	–
		<b>9,040,844</b>	14,888,752
<b>Current assets</b>			
Inventories	24	3,611,826	4,149,925
Trade and other receivables	23	5,196,800	6,218,622
Amounts due from related parties	44	55,705	58,697
Cash in transit	25	21,804	26,113
Time deposits	26	2,400	8,100
Restricted bank balances	26	4,110,018	8,238,387
Bank balances and cash	26	2,191,904	1,457,667
		<b>15,190,457</b>	20,157,511
<b>Current liabilities</b>			
Trade and other payables	27	8,923,268	12,934,471
Amounts due to related parties	44	43,029	33,398
Tax liabilities		803,336	840,420
Borrowings	31	1,607,491	1,565,963
Contract liabilities	28	1,253,309	1,524,387
Lease liabilities	32	240,061	239,918
		<b>12,870,494</b>	17,138,557

# Consolidated Statement of Financial Position

At December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>Net current assets</b>		<b>2,319,963</b>	3,018,954
<b>Total assets less current liabilities</b>		<b>11,360,807</b>	17,907,706
<b>Non-current liabilities</b>			
Borrowings	31	<b>1,306,928</b>	1,348,160
Lease liabilities	32	<b>1,298,722</b>	1,597,464
Deferred tax liabilities	30	<b>254,553</b>	745,404
		<b>2,860,203</b>	3,691,028
<b>Net assets</b>		<b>8,500,604</b>	14,216,678
<b>Capital and reserves</b>			
Share capital	29	<b>15,220</b>	15,564
Treasury shares	29	<b>(25,837)</b>	(7,342)
Reserves		<b>8,499,525</b>	13,873,055
Equity attributable to owners of the Company		<b>8,488,908</b>	13,881,277
Non-controlling interests	33	<b>11,696</b>	335,401
<b>Total equity</b>		<b>8,500,604</b>	14,216,678

The consolidated financial statements on pages 146 to 269 were approved and authorized for issue by the Board of Directors on March 31, 2026 and are signed on its behalf by:

**Cheung Tak On**  
DIRECTOR

**Xu Yue**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory surplus reserve	Treasury shares	Special reserve	Share-based payments reserve	FVTOCI reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (Note 29)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	15,963	559,923	2,977,824	(12,269)	34,593	280,595	(11,829)	10,095,320	13,940,120	458,331	14,398,451
Profit (loss) for the year	-	-	-	-	-	-	-	200,773	200,773	(35,403)	165,370
Other comprehensive expense for the year	-	-	-	-	-	-	(2,234)	-	(2,234)	-	(2,234)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(2,234)	200,773	198,539	(35,403)	163,136
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	3,531	3,531
Acquisition of non-controlling interests	-	-	-	-	(42)	-	-	-	(42)	(18)	(60)
Repurchase and cancellation of shares (Note 29)	(399)	(76,631)	-	4,927	-	-	-	-	(72,103)	-	(72,103)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(56,116)	(56,116)
Recognition of equity-settled share-based payments (Note 34)	-	-	-	-	-	28,850	-	-	28,850	-	28,850
Transfer to statutory reserve	-	-	111,684	-	-	-	-	(111,684)	-	-	-
Dividends recognized as distributions (Note 12)	-	-	-	-	-	-	-	(214,087)	(214,087)	-	(214,087)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(34,924)	(34,924)
At December 31, 2024	15,564	483,292	3,089,508	(7,342)	34,551	309,445	(14,063)	9,970,322	13,881,277	335,401	14,216,678
Loss for the year	-	-	-	-	-	-	-	(5,071,549)	(5,071,549)	(282,922)	(5,354,471)
Other comprehensive income for the year	-	-	-	-	-	-	1,540	-	1,540	-	1,540
Total comprehensive income (expense) for the year	-	-	-	-	-	-	1,540	(5,071,549)	(5,070,009)	(282,922)	(5,352,931)
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	4,201	4,201
Acquisition of non-controlling interests (Note 36)	-	-	-	-	(321)	-	-	-	(321)	(1,176)	(1,497)
Repurchase and cancellation of shares (Note 29)	(344)	(79,040)	-	(18,495)	-	-	-	-	(97,879)	-	(97,879)
Disposal of subsidiaries (Note 35)	-	-	-	-	-	-	-	-	-	(883)	(883)
Recognition of equity-settled share-based payments (Note 34)	-	-	-	-	-	34,289	-	-	34,289	-	34,289
Transfer to statutory reserve	-	-	83,262	-	-	-	-	(83,262)	-	-	-
Dividends recognized as distributions (Note 12)	-	-	-	-	-	-	-	(258,449)	(258,449)	-	(258,449)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(42,925)	(42,925)
At December 31, 2025	15,220	404,252	3,172,770	(25,837)	34,230	343,734	(12,523)	4,557,062	8,488,908	11,696	8,500,604



## Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

### Notes:

- a. As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve. An appropriation to such reserve is made out of net profit after tax as reflected in the statutory financial statements of the PRC subsidiaries with the amount and allocation basis to be decided by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to make up for prior year losses, if any, and/or (ii) in capital conversion.
- b. The special reserve mainly consisted of:
  - (i) an amount of RMB333,647,000 representing deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganization which was effected in 2011; and
  - (ii) a reduction of reserve of approximately RMB299,417,000 (2024: RMB299,096,000) representing the accumulated difference between the consideration paid/received and the carrying amount of the non-controlling interests upon acquisition or disposal of partial interests in subsidiaries.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
(Loss) profit before tax	(5,378,560)	208,568
Adjustments for:		
Finance costs	233,921	297,597
Interest income on bank deposits	(42,607)	(44,523)
Impairment losses under expected credit loss model, net of reversal	83,348	44,239
Gain on disposal of subsidiaries	(393)	(25,331)
Impairment losses on:		
– property, plant and equipment	1,690,853	–
– right-of-use assets	93,720	–
– goodwill	1,275,993	40,453
– other intangible assets	1,735,576	–
Gain on compensation income	–	(28,707)
Depreciation of property, plant and equipment	659,997	729,208
Depreciation of right-of-use assets	366,015	386,401
Amortization of other intangible assets	106,251	121,064
Share-based payment expenses	34,289	28,850
Loss on disposal of property, plant and equipment and other intangible assets	9,028	17,673
Loss on fair value change of financial assets at FVTPL	21,964	11,149
Investment income from FVTPL	(25,995)	–
Loss on disposal of interest in an associate	–	196
Share of losses (profits) of joint ventures	63	(4,511)
Share of profits of associates	(92,340)	(95,831)
Operating cash flows before movements in working capital	771,123	1,686,495
Decrease in inventories	537,759	191,482
Decrease in trade and other receivables	992,366	782,698
Decrease in cash in transit	4,309	9,978
Decrease in contract liabilities	(269,847)	(190,023)
(Decrease) increase in trade and other payables	(4,087,567)	3,962,368
Decrease in amounts due from related parties	192	4,114
Increase (decrease) in amounts due to related parties	3,043	(4,452)
Withdrawal of restricted bank balances	8,232,429	3,571,349
Placement of restricted bank balances	(4,110,018)	(8,238,387)
Cash generated from operations	2,073,789	1,775,622
Income taxes paid	(187,682)	(257,250)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,886,107</b>	<b>1,518,372</b>

## Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
<b>INVESTING ACTIVITIES</b>		
Additions to and deposits paid for property, plant and equipment	<b>(960,868)</b>	(1,048,458)
Purchase of other intangible assets	<b>(73,272)</b>	(66,851)
Purchase of financial assets at FVTPL	–	(65,183)
Refund of financial assets at FVTPL	<b>13,575</b>	42,400
Payments for right-of-use assets	–	(96,625)
Proceeds on disposal of property, plant, equipment and other intangible assets	<b>634,043</b>	718,848
Advance to related parties	<b>(8,074)</b>	(7,106)
Advance to non-controlling shareholders	<b>(375)</b>	–
Collection of advances to non-controlling interests	<b>208</b>	32,000
Collection of advances to related parties	<b>12,736</b>	8,287
Collection of advances to independent third parties	–	100
Collection of the consideration receivable from disposal of a subsidiary in prior year	<b>12,000</b>	15,000
Proceeds (payments) for rental deposits	<b>4,270</b>	(1,474)
Proceeds on disposal of subsidiaries	<b>8,967</b>	142,131
Interest received	<b>43,022</b>	44,523
Dividends received from associates	<b>41,650</b>	25,799
Investment in a jointly venture	<b>(500)</b>	–
Placement of time deposits	<b>(9,900)</b>	(7,500)
Withdrawal of time deposits	<b>8,100</b>	7,500
Dividends received from financial assets at FVTPL	<b>25,995</b>	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(248,423)</b>	(256,609)

# Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	<b>11,285,652</b>	22,575,902
Repayment of borrowings	<b>(11,285,356)</b>	(23,622,379)
Repayment of lease liabilities	<b>(309,936)</b>	(318,427)
Repayment of advance from related parties	<b>(20,179)</b>	(33,646)
Capital injection by non-controlling interests	<b>4,201</b>	3,531
Acquisition of non-controlling interests	<b>(1,497)</b>	(60)
Repayment of advance from independent third parties	<b>(4,650)</b>	(7,830)
Advance from independent third parties	–	8,202
Advance from non-controlling interests	<b>29,546</b>	835
Advance from related parties	<b>26,767</b>	1,201
Repayment of advance from non-controlling interests	<b>(706)</b>	(4,156)
Interest paid	<b>(233,117)</b>	(299,105)
Placement of deposits to entities controlled by suppliers for borrowings	<b>(26,725)</b>	(37,661)
Withdrawal of deposits to entities controlled by suppliers for borrowings	<b>31,806</b>	49,534
Dividends paid as distribution	<b>(258,449)</b>	(214,087)
Dividends paid to non-controlling interests	<b>(42,925)</b>	(34,924)
Share repurchase and cancellation	<b>(97,879)</b>	(72,103)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(903,447)</b>	(2,005,173)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>734,237</b>	(743,410)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>1,457,667</b>	2,201,077
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>2,191,904</b>	1,457,667

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. GENERAL INFORMATION

China Yongda Automobiles Services Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company’s registered office is located at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands and its principal place of business in Hong Kong (the “HK”) is Unit 5708, 57/F, The Center, 99 Queen’s Road Central, HK.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the “Group”.

The consolidated financial statements are presented in Renminbi (the “RMB”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards – Volume 11<sup>2</sup></i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(continued)

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### **3.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of the preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### **3.2 Material accounting policy information**

#### ***Basis of consolidation***

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

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Basis of consolidation** (continued)

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

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

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

##### *Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i. e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Business combinations or asset acquisitions**

##### *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

##### *Asset acquisitions*

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

##### *Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC -Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Business combinations or asset acquisitions** (continued)

##### *Business combinations*(continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

##### **Goodwill**

Goodwill is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Goodwill** (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

#### **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Investments in associates and joint ventures** (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associates or joint ventures.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Investments in associates and joint ventures** (continued)

##### *Changes in the Group's interests in associates and joint ventures*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

##### *Acquisition of additional interests in associates or joint ventures*

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

#### **Revenue from contracts with customers**

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5 and 28.

#### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Leases** (continued)

##### *The Group as a lessee* (continued)

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles and parking spaces 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 lease of low-value assets (such as furniture, fixtures and equipment). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis.

##### Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Leases** (continued)

*The Group as a lessee* (continued)

Lease liabilities (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Leases** (continued)

###### *The Group as a lessor*

###### Classification and measurement of leases

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

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

###### Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

###### Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

###### Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

###### Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the year in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i. e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### **Government grants**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Employee benefits**

###### *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

###### *Termination benefits*

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

###### *Short-term employee benefits*

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

##### **Share based payments**

###### *Equity-settled share-based payments transactions*

Share awards/Share options granted to the directors and employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

Restricted shares/Share options granted to the directors and employees

The fair values of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to be held in share-based payments reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Share based payments** (continued)

Restricted shares/Share options granted to the directors and employees (continued)

When share awards granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangement

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

#### **Taxation**

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable (loss) profit for the year. Taxable profit differs from (loss) profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Taxation** (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### ***Property, plant and equipment***

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly, and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### ***Intangible assets***

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Intangible assets** (continued)

##### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

##### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### ***Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill***

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### ***Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill*** (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

##### ***Cash and cash equivalents***

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### ***Inventories***

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are calculated using the individually method or weighted average method based on their nature, respectively. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

##### ***Provisions***

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Contingent liabilities**

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

#### **Vendor rebates**

Incentive rebates provided by vendors are recognized on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract. Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicles purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

#### **Financial instruments**

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Financial instruments** (continued)

###### *Financial assets*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

All other financial assets the Group held are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### *Financial assets* (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

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

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from related parties, other assets, cash in transit, time deposits, restricted bank balances, bank balances and cash) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Financial instruments** (continued)

##### *Financial assets* (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued) Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables and amounts due from related parties (trade nature).

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e. g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### *Financial assets* (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

For internal credit risk management purposes, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **Financial instruments** (continued)

##### *Financial assets* (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i. e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables – goods and services using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flow used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Industry of debtors.

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

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### *Financial assets* (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

#### (v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade and other receivables where the corresponding adjustment is recognized through a loss allowance account.

#### Foreign exchange gains and losses

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

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “Other gains and losses” (*Note 6*) as part of the net foreign exchange (loss)/gain;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “Other gains and losses” as part of the loss on fair value change of financial assets (*Note 6*);
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

#### Derecognition/modification of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risk and rewards of ownership and continues to control the transfer asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transfer financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### *Financial instruments* (continued)

##### *Financial assets* (continued)

##### Derecognition/modification of financial assets (continued)

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from the original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flow under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortized over the remaining term. Any adjustment to the carrying amount of the financial asset is recognized in profit or loss at the date of modification.

##### *Financial liabilities and equity*

##### Classification as debt or equity

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

##### Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial liabilities

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

##### Financial liabilities at amortised cost

Financial liabilities including borrowings, trade and other payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Financial instruments** (continued)

##### *Financial liabilities and equity* (continued)

##### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognized in the “Other gains and losses” in profit or loss (*Note 6*) as part of net foreign exchange gain for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

##### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### **Offsetting a financial asset and a financial liability**

A financial asset and a financial liability are offset and the net amount presented in the consolidate statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amount; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in *Note 3*, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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.

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

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, including the calculation of the value in use. The value in use calculation requires the Group to estimate the key inputs including the discount rates, revenue growth rates and gross profit margin during the forecast period in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2025, the carrying amount of goodwill is RMB314,428,000 (2024: RMB1,590,421,000) (net of accumulated impairment loss of RMB1,357,732,000 (2024: RMB81,739,000)). Details of the recoverable amount calculation are disclosed in *Note 18*.

##### Estimated impairment of property, plant and equipment, right-of-use assets and other intangible assets

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value. In 2025, the automotive industry experienced intensified competition and price wars, with the Group's traditional engine vehicle brands facing significant pressure on sales volume and gross margins, resulting in an operating loss for the year. The Group has identified such indication and performed impairment assessments accordingly; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including the discount rates, revenue growth rates and gross profit margin during the forecast period. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at December 31, 2025, the carrying amounts of right-of-use assets, property, plant and equipment, and other intangible assets were RMB2,739,775,000 (2024: RMB2,987,842,000), RMB3,364,660,000 (2024: RMB5,336,096,000), and RMB1,114,205,000 (2024: RMB2,902,044,000) respectively, after taking into account the impairment losses of RMB93,720,000 (2024: RMB nil), RMB1,690,853,000 (2024: RMB nil), and RMB1,735,576,000 (2024: RMB nil) in respect of right-of-use assets, property, plant and equipment and other intangible assets that have been recognized respectively. Details of the impairment of these assets are disclosed in *Note 18*.

##### Deferred tax assets

As at December 31, 2025, a deferred tax asset of approximately RMB77,116,000 (2024 RMB375,247,000) in relation to unused tax losses for certain operating subsidiaries has been recognized in the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Deferred tax assets (continued)

No deferred tax asset has been recognized on the tax losses of RMB1,937,631,000 (2024: RMB23,918,000) due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the foreseeable future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the impact of changes in global trade, persistent effects of inflation, volatility in foreign exchange rates, increased interest rates, changes in commodity pricing, volatility in energy prices and financial market turbulence. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

### Fair value measurement of financial instruments

As at December 31, 2025, certain of the Group's financial assets amounting to RMB308,047,000 (2024: RMB344,331,000) are measured at fair values with fair values being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See *Note 41 (c)* for further disclosures.

### Provision of ECL for trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix. The provision rates are based on aging of debtors by the each operating segment taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in *Note 23* and *Note 41 (b)* respectively.

### Estimated useful lives of intangible assets acquired through business combinations

The Group's management determines the estimated useful lives and the amortization method in determining the related amortization charges for the intangible assets acquired through business combinations, namely, dealership agreements and customer relationship (see *Note 17* for details). The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortization charges when useful lives become shorter than previously estimated.

### Estimated useful lives of property, plant, and equipment

The Group's management determines the estimated useful lives in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge when useful lives become shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the year in which such event takes place.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5A. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
<b>Types of goods or services</b>		
Sale of new vehicles and related services income:		
– Sale of new vehicles of luxury and ultra-luxury brands (note a)	31,217,866	38,204,693
– Sale of new vehicles of mid-to high-end brands (note a)	4,020,494	5,139,581
– Sale of new vehicles of independent new energy brands (note a)	3,872,345	3,017,783
– Commission income related to sale of new vehicles (note b)	2,070,684	2,370,695
– Others (note c)	461,261	677,697
	<b>41,642,650</b>	49,410,449
Sale of pre-owned vehicles and related services income:		
– Sale of pre-owned vehicles (note d)	3,082,951	3,777,640
– Brokerage income related to sale of pre-owned vehicles (note d)	40,245	32,431
	<b>3,123,196</b>	3,810,071
After-sales services		
– Repair and maintenance related services (note e)	9,200,247	9,463,805
– Commission income (note b)	268,886	280,967
	<b>9,469,133</b>	9,744,772
Total	<b>54,234,979</b>	62,965,292
<b>Geographical markets</b>		
Mainland China	<b>54,234,979</b>	62,965,292
<b>Timing of revenue recognition</b>		
A point in time	<b>45,034,732</b>	53,501,487
Over time	<b>9,200,247</b>	9,463,805
Total	<b>54,234,979</b>	62,965,292

Notes:

- a. The Group sells passenger vehicles directly to customers through its own 4S outlets. Revenue on sale of new passenger vehicles is recognized when (or as) the passenger vehicles are transferred to the customers and the customers obtain control of the vehicles. On the other hand, new vehicles sold by the Group could be divided into three categories according to their brands.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5A. REVENUE (continued)

### (i) Disaggregation of revenue from contracts with customers (continued)

Notes: (continued)

a. (continued)

Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Aston Martin, Lincoln, Cadillac, Volvo, Mercedes-Benz, Lexus and others.

Mid-to high-end brands include Buick, Volkswagen, Toyota and others.

Under the dealership business model, independent new energy brands include HIMA, IM and others.

- b. Commission income related to sale of new vehicles primarily relates to agency income derives from distribution of automobile financial products and brokerage of new vehicles. On the other hand, commission income under after-sales services primarily relates to agency income derives from distribution of automobile insurance products. These revenues are recognized when the agency services have been completed, which is the point of time when the services are accepted by the customers. The normal credit term is 30 to 60 days upon invoice.
- c. Other revenues mainly include sales of decoration products and license plate services related to sale of new vehicles. Revenue on sale of decoration products is recognized when control of the decoration products has been transferred to the customers. For license plate services related to sale of new vehicles, revenue is recognized when the license plate services have been completed, which is the point of time when the vehicle license installation is completed.
- d. The Group also carries out pre-owned vehicles sales business. Under the dealership business model, the Group acts as a principal and is responsible for fulfilling the primary obligations of the pre-owned vehicles sales contract and assumes the risks associated with the pre-owned vehicles. The revenue on sale of pre-owned automobile business under the dealership business model is recognized on a gross basis when the controls of the pre-owned vehicles have been transferred. Under the brokerage business model, however, the Group acts as an agent to assist the principal in completing the sales of pre-owned vehicles and do not assume risks related to the pre-owned vehicles. Revenue from brokerage service related to sale of pre-owned vehicles is recognized on a net basis when the services have been completed, which is the point of time when the services are accepted by the customers.
- e. For repair and maintenance related services, since the Group's performance enhances the vehicle that within the customer's control, revenue is recognized over time. The progress towards complete satisfaction of the performance obligation is measured based on the output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of these income streams as the related contracts have an original expected duration of less than one year.

Generally, no credit period is allowed for sales of passenger vehicles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicle sales and after-sales services, a credit period of not exceeding 60 days is granted.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5A. REVENUE (continued)

### (i) Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information of passenger vehicles sales and services:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Sale of new vehicles and related services income RMB'000	Sale of pre-owned vehicles and related services income RMB'000	After-sales services RMB'000	Sale of new vehicles and related services income RMB'000	Sale of pre-owned vehicles and related services income RMB'000	After-sales services RMB'000
<b>Revenue disclosed in segment information</b>						
External customers	41,642,650	3,123,196	9,469,133	49,410,449	3,810,071	9,744,772
Inter-segment	32,146	-	-	44,584	-	3,330
<b>Total</b>	<b>41,674,796</b>	<b>3,123,196</b>	<b>9,469,133</b>	<b>49,455,033</b>	<b>3,810,071</b>	<b>9,748,102</b>
<b>Eliminations</b>	<b>(32,146)</b>	<b>-</b>	<b>-</b>	<b>(44,584)</b>	<b>-</b>	<b>(3,330)</b>
<b>Revenue from contracts with customers</b>	<b>41,642,650</b>	<b>3,123,196</b>	<b>9,469,133</b>	<b>49,410,449</b>	<b>3,810,071</b>	<b>9,744,772</b>

## 5B. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the Group's chief operating decision makers who review the segment revenue and results when making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided. For passenger vehicle sales and services, and automobile operating lease services business, the executive directors of the Company review the financial information of each outlet or entity, hence each outlet or entity constitutes a separate operating segment. However, the outlets and entities of passenger vehicle sales and services, and automobile operating lease services business possess similar economic characteristics, and are similar in terms of products and services, customers, methods used to distribute products and provide services, and regulatory environment, respectively. Therefore, all outlets or entities are aggregated into respective reportable segment, namely "passenger vehicle sales and services" and "automobile operating lease services" for segment reporting purposes.

The Group's reportable segments are as follows:

- Passenger vehicle sales and services – (i) sales of passenger vehicles; and (ii) provision of after-sales services, including primarily repair and maintenance services, certain auxiliary passenger vehicles sales related services and provision of other passenger vehicles-related services; and
- Automobile operating lease services.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5B. OPERATING SEGMENTS (continued)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Passenger vehicle sales and services <i>RMB'000</i>	Automobile operating lease services <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
<b><i>For the year ended December 31, 2025</i></b>				
External revenue	54,234,979	364,749	-	54,599,728
Inter-segment revenue	32,146	7,364	(39,510)	-
Segment revenue ( <i>note a</i> )	54,267,125	372,113	(39,510)	54,599,728
Segment cost ( <i>note b</i> )	(50,052,430)	(287,387)	32,146	(50,307,671)
Segment results	4,214,695	84,726	(7,364)	4,292,057
Other income and other gains and losses				46,924
Impairment losses recognized on other intangible assets, property, plant and equipment, right-of-use assets and goodwill				(4,796,142)
Impairment losses under expected credit loss model, net of reversal				(83,348)
Distribution and selling expenses				(3,289,066)
Administrative expenses				(1,407,341)
Finance costs				(233,921)
Share of losses of joint ventures				(63)
Share of profits of associates				92,340
Loss before tax				(5,378,560)

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5B. OPERATING SEGMENTS (continued)

### Segment revenue and results (continued)

	Passenger vehicle sales and services <i>RMB'000</i>	Automobile operating lease services <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended December 31, 2024</b>				
External revenue	62,965,292	454,937	–	63,420,229
Inter-segment revenue	47,914	11,027	(58,941)	–
Segment revenue (note a)	63,013,206	465,964	(58,941)	63,420,229
Segment cost (note b)	(57,799,570)	(395,103)	47,914	(58,146,759)
Segment results	5,213,636	70,861	(11,027)	5,273,470
Other income and other gains and losses				106,030
Impairment losses recognized on other intangible assets, property, plant and equipment, right-of-use assets and goodwill				(40,453)
Impairment losses under expected credit loss model, net of reversal				(44,239)
Distribution and selling expenses				(3,388,539)
Administrative expenses				(1,500,446)
Finance costs				(297,597)
Share of profits of joint ventures				4,511
Share of profits of associates				95,831
Profit before tax				208,568

#### Notes:

- The segment revenue of passenger vehicles sales and services for the year ended December 31, 2025 was approximately RMB54,267,125,000 (2024: RMB63,013,206,000) which included the revenue of sales of new vehicles and related services income amounting to approximately RMB41,674,796,000 (2024: RMB49,455,033,000), the revenue of sales of pre-owned vehicles and related services income amounting to approximately RMB3,123,196,000 (2024: RMB3,810,071,000) and the after-sales services revenue amounting to approximately RMB9,469,133,000 (2024: RMB9,748,102,000).
- The segment cost of passenger vehicles sales and services for the year ended December 31, 2025 was approximately RMB50,052,430,000 (2024: RMB57,799,570,000) the cost of sales of new vehicles and related services amounting to approximately RMB41,641,387,000 (2024: RMB48,595,099,000), the cost of sales of pre-owned vehicles and related services amounting to approximately RMB2,894,539,000 (2024: RMB3,566,474,000) and the cost of after-sales services amounting to approximately RMB5,516,504,000 (2024: RMB5,637,997,000).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5B. OPERATING SEGMENTS (continued)

### Segment revenue and results (continued)

Segment result represents the loss before tax earned by each segment without allocation of other income and other gains and losses, Impairment losses recognized on other intangible assets, property, plant and equipment, right-of-use assets and goodwill, impairment losses under expected credit loss model, net of reversal, distribution and selling expenses, administrative expenses, finance costs, share of profits (losses) of joint ventures and share of profits of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors of the Company.

### Geographical information

Substantially all of the Group's revenue is generated in the PRC; and all of the Group's principal non-current assets for operation are located in the PRC.

### Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2025 and 2024.

## 6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Other income comprises:		
Government grants ( <i>note a</i> )	15,082	19,485
Interest income on bank deposits	42,607	44,523
	<b>57,689</b>	64,008
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment and other intangible assets	(9,028)	(17,673)
Loss on fair value change of financial assets at FVTPL	(21,964)	(11,149)
Gain on compensation income ( <i>note b</i> )	–	28,707
Net foreign exchange (loss) gain	(845)	612
Dividends from financial assets at FVTPL	25,995	–
Gain on disposal of subsidiaries	393	25,331
Loss on disposal of interest in an associate	–	(196)
Others	(5,316)	16,390
	<b>(10,765)</b>	42,022
Total	<b>46,924</b>	106,030

Notes:

- a. Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.
- b. Compensation received related to breach of a lease contract by a counterparty.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on:		
– bank loans	81,970	104,545
– other borrowings from entities controlled by suppliers	14,637	16,313
– reimbursement to suppliers ( <i>note a</i> )	56,214	79,262
– lease liabilities	81,582	98,101
Less: interest capitalized ( <i>note b</i> )	(482)	(624)
	<b>233,921</b>	297,597

Notes:

- a. The Group is required to undertake part of the finance costs incurred by suppliers of the Group in relation to discounting bank acceptance notes issued by the Group to the suppliers for purchase of new passenger vehicles.
- b. Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 3.87% (2024: 4.22%) per annum to expenditure on qualifying assets.

## 8. INCOME TAX (CREDIT) EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax ("EIT")	146,722	144,338
Under (over) provision of PRC EIT in prior years	4,601	(2,893)
	<b>151,323</b>	141,445
Deferred tax ( <i>Note 30</i> ):		
Current year credit	(673,722)	(98,247)
Reversal of tax losses recognized as deferred tax assets	498,310	–
	<b>(24,089)</b>	43,198

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 8. INCOME TAX (CREDIT) EXPENSE (continued)

The income tax (credit) expense for the year can be reconciled to the (loss) profit before tax as follows:

	2025 RMB'000	2024 RMB'000
(Loss) profit before tax	<b>(5,378,560)</b>	208,568
Tax at the PRC EIT rate of 25% (2024: 25%)	<b>(1,344,640)</b>	52,142
Tax effect of expenses not deductible for tax purpose	<b>770,114</b>	27,481
Tax effect of income not taxable for tax purpose	<b>(6,523)</b>	–
Tax effect of share of results of associates and joint ventures	<b>(23,069)</b>	(25,086)
Tax effect of deductible temporary differences not recognized	<b>63,692</b>	–
Effect of withholding tax associated with distributed earnings of subsidiaries in PRC	<b>14,100</b>	5,000
Tax effect of preferential tax rates for certain subsidiaries	<b>(1,652)</b>	(13,868)
Tax effect of tax loss not recognized	<b>978</b>	422
Under (over) provision of PRC EIT in prior years	<b>4,601</b>	(2,893)
Reversal of tax losses recognized as deferred tax assets ( <i>note</i> )	<b>498,310</b>	–
Income tax (credit) expense for the year	<b>(24,089)</b>	43,198

Note: The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. During the year, the amount of reversal of tax losses recognized as deferred tax assets is RMB498,310,000 and among which the impact on non-controlling interests is RMB49,389,000.

The Company and Sea of Wealth International Investment Company Limited, a subsidiary of the Company, are tax exempted companies incorporated in the Cayman Islands and British Virgin Islands, respectively.

Grouprich International Investment Holdings Limited is incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax in the years ended December 31, 2025 and 2024.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Company's PRC subsidiaries, except for some small profit-making PRC subsidiaries which are entitled to a preferential tax rate of 5% with the expiry date on December 31, 2027.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB2,377,933,000 (2024: RMB7,387,122,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 8. INCOME TAX (CREDIT) EXPENSE (continued)

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. The group entities with effective tax rate lower than 15% are in the non-material constituents which the safe harbour provisions apply, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

## 9. (LOSS) PROFIT BEFORE TAX

(Loss)profit before tax has been arrived at after charging:

	2025 RMB'000	2024 RMB'000
Staff costs, including directors' remuneration (Note 10):		
Salaries, wages and other benefits	1,955,400	2,043,786
Retirement benefits scheme contributions	162,696	168,011
Share-based payment expenses	34,289	28,850
<b>Total staff costs</b>	<b>2,152,385</b>	2,240,647
Auditors' remuneration:		
– in respect of audit and review services for the Company	6,920	6,920
– in respect of the statutory audits for the subsidiaries of the Company	2,404	2,880
<b>Total auditors' remuneration</b>	<b>9,324</b>	9,800
Cost of inventories recognized as an expense (including write-down of inventories amounting to RMB50,810,000 (2024: RMB nil))	48,985,634	57,455,675
Depreciation of property, plant and equipment	659,997	729,208
Depreciation of right-of-use assets	366,015	386,401
Amortization of other intangible assets	106,251	121,064
Impairment loss on:		
– property, plant and equipment (note)	1,690,853	–
– right-of-use assets (note)	93,720	–
– goodwill	1,275,993	40,453
– other intangible assets (note)	1,735,576	–
Impairment losses under expected credit loss model, net of reversal	83,348	44,239

Note: Impairment losses on property, plant and equipment, right-of-use assets, and other intangible assets have been separately disclosed in the consolidated financial statement of profit or loss to enhance understandability, with RMB1,411,662,000 attributable to distribution and selling expenses and RMB2,108,487,000 attributable to administrative expenses.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the chief executive and the directors of the Company for the year are as follows:

	2025 RMB'000	2024 RMB'000
Fees	840	840
Other emoluments		
Salaries and other benefits	3,612	4,251
Performance-based bonus	400	225
Contributions to retirement benefits scheme	330	326
Share-based payments	8,070	7,956
	<b>13,252</b>	13,598

The emoluments of the chief executive and the directors of the Company on a named basis are as follows:

### For the year ended December 31, 2025

	Fees RMB'000	Salaries and other benefits RMB'000	Performance based bonus RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000 (Note)
<b>Executive Directors</b>					
Mr. Cheung Tak On	-	821	-	71	892
Mr. Xu Yue	-	690	140	71	901
Mr. Cai Yingjie	-	354	-	71	425
Mr. Wang Zhigao	-	608	-	46	654
Ms. Chen Yi	-	526	136	-	662
Mr. Tang Liang	-	613	124	71	808
<b>Independent Non-Executive Directors</b>					
Mr. Lyu Wei	280	-	-	-	280
Ms. Zhu Anna Dezhen	280	-	-	-	280
Mr. Mu Binrui	280	-	-	-	280
	<b>840</b>	<b>3,612</b>	<b>400</b>	<b>330</b>	<b>5,182</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

The emoluments of the chief executive and the directors of the Company on a named basis are as follows:  
(continued)

For the year ended December 31, 2024

	Fees	Salaries and other benefits	Performance based bonus	Contributions to retirement benefits scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Note)
<b>Executive Directors</b>					
Mr. Cheung Tak On	-	928	-	71	999
Mr. Xu Yue	-	826	58	71	955
Mr. Cai Yingjie	-	483	-	71	554
Mr. Wang Zhigao	-	723	-	42	765
Ms. Chen Yi	-	623	65	-	688
Mr. Tang Liang	-	668	102	71	841
<b>Independent Non-Executive Directors</b>					
Mr. Lyu Wei	280	-	-	-	280
Ms. Zhu Anna Dezhen	280	-	-	-	280
Mr. Mu Binrui	280	-	-	-	280
	840	4,251	225	326	5,642

Note: The total share-based payments of directors of the Company amounted to RMB8,070,000 for the year ended December 31, 2025 (2024: RMB7,956,000). The details of share-based payments of each director are as disclosed in Note 34.

Mr. Cheung Tak On is the Chairman of the Board of Directors of the Company.

Mr. Xu Yue is the Vice-chairman, President, Chief Executive Officer and a director of the Company.

Mr. Cai Yingjie is the Vice-chairman and a director of the Company.

Mr. Wang Zhigao is the Vice-chairman and a director of the Company.

Ms. Chen Yi is the Vice-president and a director of the Company. (Ms. Chen Yi no longer serves as the vice-president of the Company, and has been re-designated from an executive Director of the company to a non-executive Director of the company with effect from March 31, 2026).

Mr. Tang Liang is the Vice-president and a director of the Company.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. Other than the share-based payments and the share options granted to certain directors as disclosed in Note 34 (a), no directors' emoluments consist of a benefit otherwise than in cash.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

## 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the year included three executive directors for the year ended December 31, 2025 (2024: three). The remuneration of the remaining individual for the year ended December 31, 2025 is as follows:

	2025 RMB'000	2024 RMB'000
Employee		
Salaries and other benefits	1,005	1,269
Performance-based bonus	124	102
Contributions to retirement benefits scheme	143	141
Share-based payments	1,357	1,565
	<b>2,629</b>	<b>3,077</b>

The emolument of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2025	2024
Hong Kong dollars ("HK\$") HK\$1,000,001 – HK\$1,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	2
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$6,000,001 – HK\$6,500,000	1	1
	<b>5</b>	<b>5</b>

During the year ended December 31, 2025, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors of the Company waived or agreed to waive any emoluments during both of the years.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 12. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2025 interim dividends – RMB0.070 per share and		
2024 final dividends – RMB0.069 per share		
(2024 interim dividends – RMB0.059 per share and		
2023 final dividends – RMB0.052 per share)	258,449	214,087

No final dividend has been proposed by the Board of Directors in respect of the year ended December 31, 2025 (2024: a final dividend of RMB0.069 per share with a total amount of approximately RMB130 million was approved by shareholders in the annual general meeting).

## 13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
(Loss) earnings figures are calculated as follows:		
(Loss) profit for the year attributable to owners of the Company	(5,071,549)	200,773
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,865,107	1,908,941
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,865,107	1,908,941

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for the repurchase and cancellation of ordinary shares including treasury shares during the year ended December 31, 2025.

The computation of diluted loss per share does not assume the conversion of the Company's potential ordinary shares, since their inclusion would be anti-dilutive.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>							
At January 1, 2024	2,793,053	578,478	2,699,853	585,259	2,336,084	83,403	9,076,130
Additions	55,780	56,106	203,976	28,290	716,314	25,513	1,085,979
Transfer	-	842	76,667	1,398	1,184	(80,091)	-
Transfer to other intangible assets	-	-	-	-	-	(25,126)	(25,126)
Disposals	(7,133)	(28,048)	(26,721)	(46,004)	(988,045)	-	(1,095,951)
Disposal of subsidiaries	(152,553)	(5,925)	(11,687)	(3,349)	(6,954)	-	(180,468)
At December 31, 2024	2,689,147	601,453	2,942,088	565,594	2,058,583	3,699	8,860,564
Additions	37,600	45,682	185,361	25,198	571,448	117,398	982,687
Transfer	-	1,601	96,974	3,796	15,277	(117,648)	-
Disposals	(48,158)	(60,869)	(115,952)	(79,852)	(932,588)	-	(1,237,419)
Disposal of subsidiaries (Note 35)	(47)	(4,690)	(14,743)	(9,900)	(9,275)	-	(38,655)
At December 31, 2025	2,678,542	583,177	3,093,728	504,836	1,703,445	3,449	8,567,177
<b>DEPRECIATION AND IMPAIRMENT</b>							
At January 1, 2024	748,268	430,915	1,054,752	337,528	660,052	-	3,231,515
Provided for the year	88,148	64,124	180,213	50,996	345,727	-	729,208
Eliminated on disposals	(4,488)	(16,726)	(5,823)	(38,172)	(325,343)	-	(390,552)
Eliminated on disposal of subsidiaries	(34,679)	(4,425)	(2,693)	(2,885)	(1,021)	-	(45,703)
At December 31, 2024	797,249	473,888	1,226,449	347,467	679,415	-	3,524,468
Provided for the year	82,398	62,482	162,114	47,268	305,735	-	659,997
Impairment loss recognized in the year (Note 18)	632,224	-	1,058,629	-	-	-	1,690,853
Eliminated on disposals	(45,426)	(40,074)	(64,351)	(79,117)	(416,647)	-	(645,615)
Eliminated on disposal of subsidiaries (Note 35)	(9)	(4,283)	(10,657)	(8,006)	(4,231)	-	(27,186)
At December 31, 2025	1,466,436	492,013	2,372,184	307,612	564,272	-	5,202,517
<b>CARRYING VALUES</b>							
At December 31, 2024	1,891,898	127,565	1,715,639	218,127	1,379,168	3,699	5,336,096
At December 31, 2025	1,212,106	91,164	721,544	197,224	1,139,173	3,449	3,364,660



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their estimated residual values, at the following rates per annum where applicable:

Buildings	Over the shorter of the remaining lease term of land on which buildings are located and useful life of buildings of 20 – 40 years
Plant and machinery	12% – 32%
Leasehold improvements	10% – 20%
Furniture, fixtures and equipment	19%
Motor vehicles	19%

Details of the Group's buildings and motor vehicles pledged to secure bank borrowings granted to the Group are set out in *Note 31*.

The management of the Group concluded there was an indication for impairment and conducted impairment assessment on certain property, plant and equipment with an impairment loss of RMB1,690,853,000 (2024: RMB nil) is recognized. Details are set out in *Note 18*.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group leases out a number of motor vehicles under operating lease. The leases typically run for an initial period of one to three years (2024: one to three years). None of the leases include the variable lease payments. The reconciliation of the carrying amount at the beginning and end of the year are set out as below:

	<b>Motor vehicles</b>
	<i>RMB'000</i>
<hr/>	
COST	
At January 1, 2024	1,039,400
Additions	201,715
Disposals	(280,660)
<hr/>	
At December 31, 2024	960,455
Additions	197,198
Disposals	(368,157)
<hr/>	
At December 31, 2025	789,496
DEPRECIATION	
At January 1, 2024	412,028
Provided for the year	163,703
Eliminated on disposals	(209,718)
<hr/>	
At December 31, 2024	366,013
Provided for the year	115,408
Eliminated on disposals	(169,661)
<hr/>	
At December 31, 2025	311,760
CARRYING VALUES	
At December 31, 2024	594,442
<hr/>	
At December 31, 2025	477,736
<hr/>	

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 15. RIGHT-OF-USE ASSETS

	<b>Leasehold land</b>	<b>Leased properties</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at December 31, 2025</b>			
Carrying amount	1,095,558	1,644,217	2,739,775
<b>As at December 31, 2024</b>			
Carrying amount	1,076,332	1,911,510	2,987,842
<b>For the year ended December 31, 2025</b>			
Depreciation charge	(32,124)	(333,891)	(366,015)
Impairment loss recognized in the year (Note 18)	(93,720)	–	(93,720)
<b>For the year ended December 31, 2024</b>			
Depreciation charge	(29,990)	(356,411)	(386,401)
		<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
Expense relating to short-term leases		<b>43,695</b>	60,221
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets		<b>855</b>	1,024
Total cash outflow for leases		<b>(436,068)</b>	(574,398)
Additions to right-of-use assets		<b>393,231</b>	625,249

For both years, the Group leases various leasehold lands and properties, offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 to 15 years. Lease terms are negotiated on an individual basis and contain similar terms and conditions. In determining the lease term and assessing the length of the non-cancellable lease period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB177,053,000 (December 31, 2024: RMB nil) in which the Group is in the process of obtaining.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 15. RIGHT-OF-USE ASSETS (continued)

The Group entered into short-term leases for motor vehicles and parking spaces within 12 months and do not contain a purchase option. As at December 31, 2025 and 2024, the portfolio of short-term leases held by the Group was similar to the portfolio of leases to which the short-term lease expense disclosed above relates.

Details of the Group's leasehold land pledged to secure bank borrowings granted to the Group are set out in *Note 31*.

In addition, lease liabilities of RMB1,539 million are recognized with related right-of-use assets of RMB1,644 million as at December 31, 2025 (2024: lease liabilities of RMB1,837 million and related right-of-use assets of RMB1,912 million). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 16. GOODWILL

	<i>RMB'000</i>
<hr/>	
COST	
At January 1, 2024, December 31, 2024 and December 31, 2025	1,672,160
<hr/>	
IMPAIRMENT	
At January 1, 2024	41,286
Impairment loss recognized in the year	40,453
<hr/>	
At December 31, 2024	81,739
Impairment loss recognized in the year	1,275,993
<hr/>	
At December 31, 2025	1,357,732
<hr/>	
CARRYING VALUES	
At December 31, 2024	1,590,421
<hr/>	
At December 31, 2025	314,428
<hr/>	

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 16. GOODWILL (continued)

For the purposes of impairment testing, goodwill set out in Note 16 has been allocated to certain individual cash generating units (“CGUs”) by different brands and locations which were all included in passenger vehicle sales segment. The carrying amounts of goodwill are as follows:

	Goodwill	
	2025 RMB'000	2024 RMB'000
CGU A	171,984	192,236
CGU B	81,803	81,803
CGU C	27,663	73,355
CGU D	–	178,611
CGU E	–	178,167
CGU F	–	148,267
CGU G	–	120,183
CGU H	–	107,670
CGU I	–	96,747
CGU J	–	72,159
CGU K	–	64,959
Others	32,978	276,264
<b>Total</b>	<b>314,428</b>	<b>1,590,421</b>

During the years ended December 31, 2025, the Group recognized an impairment loss of goodwill of RMB1,275,993,000 (December 31, 2024: RMB40,453,000) for certain underperforming CGUs. Details are set out in *note 18*.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 17. OTHER INTANGIBLE ASSETS

	Dealership agreements <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Vehicle licence plates <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
<b>COST</b>					
At January 1, 2024	2,420,668	219,819	339,911	469,686	3,450,084
Transfer from property, plant and equipment	-	-	-	25,126	25,126
Additions	-	-	1,462	65,389	66,851
Disposal	-	-	(18,760)	-	(18,760)
Disposal of subsidiaries	(5,000)	-	-	-	(5,000)
At December 31, 2024	2,415,668	219,819	322,613	560,201	3,518,301
Additions	-	-	1,974	71,298	73,272
Disposal	-	-	(19,284)	-	(19,284)
At December 31, 2025	2,415,668	219,819	305,303	631,499	3,572,289
<b>AMORTIZATION AND IMPAIRMENT</b>					
At January 1, 2024	316,762	87,142	-	92,570	496,474
Provided for the year	60,728	13,992	-	46,344	121,064
Disposal of subsidiaries	(1,281)	-	-	-	(1,281)
At December 31, 2024	376,209	101,134	-	138,914	616,257
Provided for the year	43,845	10,368	-	52,038	106,251
Impairment loss recognized in the year	1,652,454	83,122	-	-	1,735,576
At December 31, 2025	2,072,508	194,624	-	190,952	2,458,084
<b>CARRYING VALUES</b>					
At December 31, 2024	2,039,459	118,685	322,613	421,287	2,902,044
At December 31, 2025	343,160	25,195	305,303	440,547	1,114,205

Dealership agreements, customer relationship and software are stated at cost less any impairment losses and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of these intangible assets are as follows:

Dealership agreements	40 years
Customer relationship	15 years
Software	5-10 years

### 17. OTHER INTANGIBLE ASSETS (continued)

The majority of vehicle licence plates were issued by the relevant authorities in Shanghai and Guangzhou with no expiration dates. As such, the management of the Group considers such licence plates to have an indefinite useful life and they are carried at cost less any subsequent impairment losses, if any.

The licence plates will not be amortized until the respective useful life is determined to be finite. Instead, they will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The management of the Group determined that there was no impairment of licence plates as their market value exceeds their carrying amount as at the end of the reporting periods.

An impairment loss of RMB1,735,576,000 (2024: RMB nil) is recognized for Dealership agreements and Customer relationship. Details are set out in *Note 18*.

### 18. IMPAIRMENT ASSESSMENT ON NON-CURRENT ASSETS

In 2025, the competitive landscape in the automotive industry continued to intensify, compounded by the impact of macroeconomic factors, which put pressure on consumer confidence. This led to a simultaneous slowdown in production capacity expansion and a decline in demand. To compete for market share, automotive manufactures have increasingly resorted to price cuts, with price wars becoming more intense. Independent new energy vehicle brands have leveraged rapid technological advancements to achieve continuous breakthroughs in core areas such as advanced driver assistance systems, battery range, and technological experiences. In contrast, traditional internal combustion engine vehicle brands have lagged behind in product updates, resulting in ongoing pressure on market share and significant downward pressure on pricing structures. As a result, at certain stores of the Group's traditional fuel-vehicle brands, new-vehicle sales declined, gross margins continued to compress, and operating profit fell materially short of original forecasts.

The Group concluded there was such indication and conducted impairment assessment on carrying amounts of CGUs. The CGUs are allocated by different brands and locations for impairment testing purposes. Based on the result of the assessment, the Group recognized impairment loss of RMB1,275,993,000 related to goodwill, RMB1,690,853,000 related to property, plant and equipment, RMB93,720,000 related to right-of-use assets, RMB1,735,576,000 related to other intangible assets generated from acquisition of subsidiaries and reversed the related deferred tax liabilities of RMB433,894,000 during the year, among which the impact of impairment loss and the reversal of deferred tax liabilities on non-controlling interests is RMB169,989,000.

Key assumptions used in the value-in-use calculations include: (i) revenue growth rates during the forecast period, (ii) gross profit margin during the period, and (iii) discount rate.

Given the ongoing intensification of industry competition in 2025, coupled with the impact of macroeconomic factors, several traditional fuel vehicle brands have seen new vehicle sales gross margins at their outlets fall below expectations, and the timing of recovery is difficult to predict. Management has prudently lowered its future operational outlook, adjusting downward the expected future revenue growth and profitability levels for cash-generating units with weaker profitability.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 18. IMPAIRMENT ASSESSMENT ON NON-CURRENT ASSETS (continued)

For the purpose of impairment testing, goodwill has been allocated to individual cash-generating units, and property, plant and equipment, right-of-use assets and other intangible assets that generate cash flows together with the related goodwill are also included in the respective cash-generating unit for impairment testing. The key inputs and assumptions used for the year 2024 and 2025 in the impairment test for those CGUs with impairment indications on property, plant and equipment, right-of-use assets and other intangible assets are listed as follows:

Inputs	2025		
	2026	2027	2028 – 2030
Revenue growth rate	-2.0% – 0.6%	0% – 0.6%	0.3% – 1.0%
Gross profit margin	2.0% – 9.3%	2.0% – 9.3%	2.0% – 9.3%

Inputs	2024		
	2025	2026	2027 – 2029
Revenue growth rate	0% – 2.5%	1.0% – 2.5%	1.5% – 2.5%
Gross profit margin	6.0% – 13.3%	6.0% – 13.3%	6.0% – 13.3%

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

During the year ended December 31, 2025, the Group performed impairment review on CGUs based on cash flow forecasts derived from the most recent financial budgets for the next five years approved by the management using pre-tax discount rates ranging from 11% to 12% (2024: 11% to 12%) which reflect current market assessments of the time value of money and the risks specific to CGUs. For goodwill impairment assessment, the cash flows beyond the next five years are extrapolated using a growth rate of 1.0% per annum (2024: 1.5%). The growth rates are by reference to industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. And for impairment assessment on other non-current assets, they were assessed using cash flow projections over the remaining useful lives of the respective assets.

## 19. INTERESTS IN JOINT VENTURES

	2025	2024
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	49,273	48,773
Share of post-acquisition losses and other comprehensive income, net of dividends received	(3,078)	(1,153)
	46,195	47,620

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2025	2024	2025	2024	
					%	%	%	%	
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd ("Shanghai Yongda Changrong") 上海永達長榮汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership
Shanghai Linheng Automobile Supplies Service Co., Ltd. ("Shanghai Linheng") 上海霖恒汽車用品服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	Passage vehicle related service
Shanghai Miaocheng Network Technology Co., Ltd. ("Shanghai Miaocheng") (note) 上海妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	60	60	60	60	Network technology service
Beijing Miaocheng Network Technology Co., Ltd. ("Beijing Miaocheng") (note) 北京妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	60	60	60	60	Network technology service
Shanghai Yinghua Lexus car sales Co., Ltd. ("Yinghua Lexus") (formerly known as Shanghai Shenbei Lexus car sales Co., Ltd.) 上海英華雷克薩斯汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership
Tianjin Miaocheng Network Technology Co., Ltd. ("Tianjin Miaocheng") (note) 天津妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	60	60	60	60	Network technology service

\* The English names of all joint ventures established in the PRC are translated for identification purpose only.

Note:

Pursuant to the articles of these entities, their relevant activities require 2/3 of the voting rights to consent. Therefore, the Group has joint control of the arrangement and has rights to the net assets of the joint arrangement.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 19. INTERESTS IN JOINT VENTURES (continued)

None of the joint ventures are considered individually material, and the aggregate information of all the joint ventures are as follows:

	2025 RMB'000	2024 RMB'000
The Group's share of (loss) profit and other comprehensive (expense) income for the year	(63)	4,511

## 20. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of unlisted investments in associates	539,930	539,930
Share of post-acquisition profits and other comprehensive income, net of dividends received	441,070	390,380
	981,000	930,310

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. INTERESTS IN ASSOCIATES (continued)

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2025	2024	2025	2024	
					%	%	%	%	
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile") (note b) 上海永達風度汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	50	50	50	50	4S dealership property investments
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda") 上海東方永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	49	49	49	49	Sale of passenger vehicles
Shanghai Jinjiang Toyota Automobile Sales and Services Co., Ltd. 上海錦江豐田汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	20	20	20	20	4S dealership
Changjiang United Finance Leasing Co., Ltd. ("Changjiang United") (note a) 長江聯合金融租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	12	12	12	12	Finance leasing
Guandao Network Technology (Shanghai) Co., Ltd. ("Guandao Network") 觀道網路科技(上海)有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	30	30	30	30	Software development
Anhui Jiajia Yongda Automobile Sales Co., Ltd. ("Anhui Jiajia Yongda") 安徽家家永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	49	49	49	49	Sale of used cars
Guangzhou Xianghe Zhongyue Industrial Development Co., Ltd. ("Guangzhou Xianghe Zhongyue") 廣州祥和眾悅實業發展有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	47	47	47	47	4S dealership property investments
Shanghai Yongda Finance Leasing Co., Ltd. ("Yongda Finance Leasing") 上海永達融資租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	20	20	20	20	Finance leasing
Shanghai Baocheng Shenjiang Automobile Sales and Service Co., Ltd. ("Shanghai Baocheng Shenjiang") 上海寶誠申江汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	40	40	40	40	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. INTERESTS IN ASSOCIATES (continued)

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2025	2024	2025	2024	
					%	%	%	%	
Shanghai Shenjiang 296 Automobile Club Co., Ltd. ("Shanghai Shenjiang 296" 上海申江二九六汽車俱樂部有限公司)	Domestic limited liability enterprise	PRC	PRC	Registered capital	40	40	40	40	Passage vehicle related service
Shanghai Bilinixing Automotive Service Co., Ltd. ("Shanghai Bilinixing") 上海比鄰星汽車服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	40	40	40	40	Passage vehicle related service

\* The English names of all associates established in the PRC are translated for identification purpose only.

Notes:

- Pursuant to the articles of Changjiang United, the Group has the right to appoint one out of six directors of the board. As such, the Group considers it could have significant influence over Changjiang United and treated it as an associate.
- Pursuant to the articles of association of Shanghai Yongda Fengdu Automobile, the Group has the right to appoint three out of seven directors of the board. As such, the Group considers it could have significant influence over Shanghai Yongda Fengdu Automobile and treated it as an associate.

### Summarized financial information of material associates

Summarized financial information in respect of the Group's material associates are set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards.

#### Changjiang United

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Current assets	2,848,848	3,443,439
Non-current assets	47,624,853	41,362,547
Current liabilities	43,121,406	37,624,520
Non-current liabilities	1,468,340	1,796,866

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

**Changjiang United** (continued)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue for the year	1,335,957	1,382,653
Profit and other comprehensive income for the year	705,237	686,009
The Group's share of profit and other comprehensive income of Changjiang United for the year	86,321	83,968
Dividend received from Changjiang United for the year	25,200	23,691

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net asset of Changjiang United	5,883,955	5,384,600
Proportion of the Group's ownership interest in Changjiang United	12.24%	12.24%
Carrying amount of the Group's ownership interest in Changjiang United	720,289	659,168

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

### Yongda Finance Leasing

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Current assets	284,228	331,949
Non-current assets	1,345,341	1,478,293
Current liabilities	577,999	626,524
Non-current liabilities	429,958	543,018
	2025 RMB'000	2024 RMB'000
Revenue for the year	140,120	181,632
Profit and other comprehensive income for the year	30,665	55,238
The Group's share of profit and other comprehensive income of Yongda Finance Leasing for the year	6,133	11,048
Dividend received from Yongda Finance Leasing for the year	9,951	2,108

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. INTERESTS IN ASSOCIATES (continued)

**Summarized financial information of material associates** (continued)

**Yongda Finance Leasing** (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net asset of Yongda Finance Leasing	621,612	640,700
Proportion of the Group's ownership interest in Yongda Finance Leasing	20.00%	20.00%
Carrying amount of the Group's ownership interest in Yongda Finance Leasing	124,322	128,140

### Aggregate information of associates that are not individually material

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The Group's share of (loss) profit and other comprehensive (expense) income of these associates for the year	(114)	815
Aggregate carrying amount of the Group's interests in these associates	136,389	143,002

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity investments		
– Listed equity security (i)	2,160	1,415
– Limited partnership enterprises (ii)	232,852	269,136
– Unlisted equity securities (iii)	75,195	75,195
	310,207	345,746

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- i. For the year ended December 31, 2025, a fair value gain of RMB745,000 (2024: RMB129,000) based on the quoted bid prices in an active market is recognized in the profit or loss in the current year.
- ii. During the year ended December 31, 2025, RMB nil (2024: RMB65,183,000) of certain investments in limited partnership enterprises was increased by the Group, which are also measured at FVTPL, and disposed certain investments in limited partnership enterprises amounting to RMB13,575,000 (2024: RMB42,400,000).

For the year ended December 31, 2025, a fair value loss of RMB22,709,000 (2024: RMB11,278,000) is recognized in profit or loss in the current year.

- iii. The fair value as at December 31, 2025 has been arrived at on the basis of valuation carried out by the Group's internal valuers who have appropriate qualifications and recent experience in the valuation of similar financial instruments and they determined that there was no significant change of fair value during the year.

Details of the fair value measurement of the financial assets at FVTPL are set out in *Note 41 (c)*.

## 22. EQUITY INSTRUMENTS AT FVTOCI

	2025 RMB'000	2024 RMB'000
Listed equity securities ( <i>note</i> )	6,050	4,510

Note:

The above listed equity investments represent ordinary shares of an entity listed on the Stock Exchange of Hong Kong Limited. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During the year ended December 31, 2025, a fair value gain of RMB1,540,000 (2024: loss of RMB2,234,000) was recognized in the FVTOCI reserve.

## 23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

The Group's credit policies towards its customers are as follows:

- a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers of passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted;
- b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Trade receivables	738,237	852,203
Bills receivables	10,417	1,368
	<b>748,654</b>	853,571
<b>Current</b>		
Prepayments and other receivables comprise:		
Prepayments to suppliers	1,283,981	1,197,228
Deposits to suppliers	156,270	150,682
Deposits to entities controlled by suppliers for borrowings	70,985	76,066
Prepayments and rental deposits on properties	181,846	186,116
Rebate receivables from suppliers	2,190,511	2,749,556
Finance and insurance commission receivables	169,888	542,272
Staff advances	1,606	4,554
Value-added tax recoverable	228,337	284,812
Advances to non-controlling interests (note a)	5,167	5,000
Consideration receivables from disposal of a subsidiary	-	12,667
Others	159,555	156,098
	<b>4,448,146</b>	5,365,051
	<b>5,196,800</b>	6,218,622
<b>Non-current</b>		
Other assets:		
Receivables from disposal of land use right	64,895	65,195
Consideration from disposal of joint venture (note b)	35,260	35,260
Other receivables from an independent third party (note b)	27,432	27,432
Less: Allowance for credit losses (note b)	(127,587)	(44,239)
	-	83,648

Notes:

- a. The non trade-related balances are unsecured, interest-free and repayable on demand.
- b. In previous years, the Group invested in a joint venture whose primary business was the construction of 4S dealership facilities, and the receivables are resulting from disposal of the investment and loan to the invested company. During the year, the impact of impairment loss on ECL model on non-controlling interests is RMB20,857,000 (2024: RMB10,942,000).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

As at January 1, 2024, December 31, 2024 and December 31, 2025, trade receivables from contracts with customers amounted to RMB912,545,000, RMB813,564,000 and RMB716,051,000 respectively.

The following is an ageing analysis of the Group's trade and bills receivables presented based on the invoice date or the issue date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2025 RMB'000	2024 RMB'000
Trade receivables		
0 to 90 days	738,237	852,203
Bills receivables		
0 to 90 days	10,417	1,368

None of the trade receivables is past due but not impaired as at the end of the reporting period. The Group does not notice any deterioration in the credit quality of its trade receivables. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Details of impairment assessment on trade and other receivables, and other assets are set out in *Note 41 (b)*.

## 24. INVENTORIES

	2025 RMB'000	2024 RMB'000
Motor vehicles	3,166,283	3,666,464
Spare parts and accessories	496,353	483,461
	3,662,636	4,149,925
Less: Provision for inventories	(50,810)	–
Total	3,611,826	4,149,925

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 24. INVENTORIES (continued)

As at December 31, 2025, certain inventories of the Group with an aggregate carrying amount of RMB570,047,000 (2024: RMB632,973,000) were pledged as securities for the Group's borrowings (*Note 31*).

As at December 31, 2025, certain inventories of the Group with an aggregate carrying amount of RMB2,361,280,000 (2024: RMB2,852,417,000) were pledged as security for the Group's bills payables.

## 25. CASH IN TRANSIT

Cash in transit represents sales settled by credit cards, which has yet been credited to the Group by banks.

## 26. TIME DEPOSITS/RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

As at December 31, 2025, the Group had fixed-term time deposits in banks with carrying amount of approximately RMB9,900,000 (2024: RMB8,100,000), which carry interest rate is 1.55% to 1.60% (2024: 1.95% to 3.05%) per annum.

The Group also pledged certain of its bank balances with carrying amount of RMB4,110,018,000 (2024: RMB8,238,387,000) to banks as security for bills payables and these restricted bank balances carry variable-rate interest rates ranging from 0.05% to 1.60% (2024: 0.10% to 1.95%) per annum. The restricted bank balances are classified as current assets as they will be released upon the settlement of the relevant bills payables.

The remaining bank balances carry variable-rate interest rates ranging from 0.05% to 0.45% (2024: 0.10% to 0.30%) per annum.

The Group's time deposits, restricted bank balances, bank balances and cash that are denominated in currencies other than RMB are set out below:

	2025 RMB'000	2024 RMB'000
United States Dollars ("US\$")	1,049	654
HK\$	4,603	5,986
	<b>5,652</b>	6,640

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 27. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Trade payables (note c)	650,165	725,649
Bills payables (note a)	7,513,311	11,622,602
	<b>8,163,476</b>	12,348,251
<b>Other payables</b>		
Other tax payables	127,766	83,290
Payable for acquisition of property, plant and equipment	62,722	52,102
Salary and welfare payables	195,837	102,220
Accrued interest	3,229	2,425
Accrued audit fee	2,960	960
Advance from non-controlling interests (note b)	59,188	30,348
Advance from third parties (note b)	3,552	8,202
Other accrued expenses	95,674	86,035
Others	208,864	220,638
	<b>759,792</b>	586,220
	<b>8,923,268</b>	12,934,471



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

### 27. TRADE AND OTHER PAYABLES (continued)

Notes:

- a. The Group has entered into certain credit revolving bank acceptance bill arrangements with banks. Under these arrangements, the Group issued bank acceptance bills to settle with automobile manufacturers in respect of purchase from manufacturers of motor vehicles or spare parts and the manufacturers can then discount the bank acceptance bills to the banks.

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

The Group repays the banks the full bill amount on the scheduled payment date as required by the bill payables. As the arrangements do not permit the Group to extend finance from banks by paying banks later than the Group would have paid its manufacturers, the Group classifies amounts payable to banks as "trade and other payables" in the consolidated financial statements.

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

The Group has pledged certain of its bank balances and/or certain inventories to banks as security for bills payables disclosed in *Note 26* and *Note 24*, respectively.

- b. The balances are unsecured, interest-free and repayable on demand.
- c. The Group's trade payables mainly relate to purchase of spare parts and accessories. A credit period not exceeding 90 days is generally granted by suppliers to the Group for the purchase of spare parts and accessories.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 27. TRADE AND OTHER PAYABLES (continued)

The following is an ageing analysis of the Group's trade and bills payables presented based on invoice date at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables		
0 to 90 days	650,165	725,649
Bills payables		
0 to 90 days	6,879,937	9,728,709
91 to 180 days	633,374	1,893,893
	<b>7,513,311</b>	11,622,602

## 28. CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Advances and deposits from customers	1,253,309	1,524,387

Advances and deposits from customers are mainly from passenger vehicle sales and typically no credit period is allowed. The Group classifies all contract liabilities as current because the Group expects to realize them in their normal operating cycle.

All the contract liabilities at the beginning of the period have been realized to revenue in the reporting period and no revenue recognized in the reporting period from the performance obligations satisfied in prior periods. The balance of contract liabilities as at January 1, 2024 is RMB1,724,305,000.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 29. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorized:		
At January 1, 2024, December 31, 2024 and 2025	2,500,000	25,000

	Number of shares '000	Amount HK\$'000	Shown in financial statements as RMB'000
Issued and fully paid:			
At January 1, 2024	1,935,574	19,356	15,963
Repurchase and cancellation of shares ( <i>note</i> )	(43,665)	(437)	(399)
At December 31, 2024	1,891,909	18,919	15,564
Repurchase and cancellation of shares ( <i>note</i> )	(37,052)	(371)	(344)
At December 31, 2025	1,854,857	18,548	15,220

Note:

In accordance with a shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on May 30, 2025, the directors of the Company were granted a general mandate to repurchase up to 187,616,551 shares (2024: 192,757,301 shares) of the Company, representing 10% of the total number of issued shares on that date. In 2025, the Company had re-purchased an aggregate of 47,242,000 shares (2024: 44,206,500 shares) of the Company at a price ranging from HK\$1.31 to HK\$2.72 per share (2024: HK\$1.28 to HK\$2.34 per share), for a total cash consideration of approximately RMB97,879,000 (2024: RMB72,103,000), which had been fully paid in 2025. The Company has then cancelled 37,052,000 (2024: 43,665,000) re-purchased shares and the cumulative remaining 15,182,000 shares (2024: 4,992,000 shares) re-purchased shares with carrying amount of approximately RMB25,837,000 (2024: RMB7,342,000) are recorded as treasury shares.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 30. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the current and prior years:

	Withholding taxes on the earnings anticipated to be remitted by subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Tax losses RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Right -of-use assets RMB'000	Lease liabilities RMB'000	Property, plant and equipment impairment RMB'000	Others RMB'000	Total RMB'000
At December 31, 2023	(17,000)	(124,580)	305,540	(632,010)	(1,907)	62,804	12,929	14,085	(380,139)
Credit (charge) to profit or loss	12,000	(5,013)	69,707	22,813	293	(8,350)	(143)	6,940	98,247
At December 31, 2024	(5,000)	(129,593)	375,247	(609,197)	(1,614)	54,454	12,786	21,025	(281,892)
Credit (charge) to profit or loss	5,000	31,018	(298,131)	456,593	(3,853)	(3,974)	(12,786)	1,545	175,412
At December 31, 2025	-	(98,575)	77,116	(152,604)	(5,467)	50,480	-	22,570	(106,480)

The deferred tax balances have reflected the tax rates that are expected to apply in the respective years when the asset is realized or the liability is settled.

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	148,073	463,512
Deferred tax liabilities	(254,553)	(745,404)
	(106,480)	(281,892)

The Group's unused tax losses of approximately RMB308,464,000 and RMB1,500,988,000 as at December 31, 2025 and 2024, respectively have been recognized as deferred tax assets as at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 30. DEFERRED TAXATION (continued)

Balances of unused tax losses for which no deferred tax assets have been recognized due to the unpredictability of future profits stream are as follows:

	2025 RMB'000	2024 RMB'000
Tax losses	1,937,631	23,918

The unrecognized tax losses will be carried forward and expire in years as follows:

	2025 RMB'000	2024 RMB'000
2026	62,965	10
2027	204,896	13,392
2028	365,083	8,828
2029	445,187	1,688
2030	859,500	–
	1,937,631	23,918

At the end of the reporting period, the Group has deductible temporary differences of RMB254,769,000 (2024: RMB nil) relating to provision for inventories, impairment losses on other assets and accrued expenses. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at December 31, 2025, the Group did not recognize deferred tax liabilities on undistributed earnings of subsidiaries expected to be remitted in the foreseeable future, as domestic subsidiaries are not expected to declare dividends (2024: deferred tax liabilities of RMB5,000,000 were recognized).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 31. BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans	2,411,194	2,357,540
Other borrowings ( <i>note</i> )	503,225	556,583
	<b>2,914,419</b>	2,914,123
Secured borrowings, by the Group's assets	1,204,695	1,485,295
Unsecured borrowings	1,709,724	1,428,828
	<b>2,914,419</b>	2,914,123
Fixed-rate borrowings	1,765,920	1,990,123
Variable-rate borrowings	1,148,499	924,000
	<b>2,914,419</b>	2,914,123
Carrying amount repayable:		
Within one year	1,607,491	1,565,963
More than one year but not exceeding two years	781,208	424,160
More than two years but not exceeding five years	525,720	924,000
	<b>2,914,419</b>	2,914,123
Less: amounts due within one year shown under current liabilities	1,607,491	1,565,963
Amounts shown under non-current liabilities	<b>1,306,928</b>	1,348,160

Note: Other borrowings are mainly obtained from entities controlled by suppliers.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 31. BORROWINGS (continued)

The ranges of effective interest rates on the Group's bank and other borrowings are as follows:

	2025	2024
Effective interest rate (per annum):		
Fixed-rate borrowings	<b>2.60% to 3.80%</b>	2.90% to 3.80%
Variable-rate borrowings	<b>2.90% to 3.25%</b>	3.00% to 3.25%

The Group's variable-rate bank borrowings carry interest at the loan prime rate ("LPR") plus a premium.

At the end of the reporting period, other borrowings (i) are of a term less than one year; (ii) are interest-free from the first 15 days to four months after drawdown; and (iii) carry interest at the People's Bank of China benchmark rate plus a premium as the borrowings are extended beyond the initial interest-free period.

During the years ended December 31, 2025 and 2024, the Group entered into various borrowing agreements with banks and financial institutions to finance its business operations and expansion. Such borrowings were secured against the Group's assets with carrying amounts as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Right-of-use assets (leasehold land)	<b>47,562</b>	64,022
Property, plant and equipment (buildings and motor vehicles)	<b>54,076</b>	56,051
Inventories	<b>570,047</b>	632,973
Total	<b>671,685</b>	753,046

As at December 31, 2025, the Company has also pledged the equity interests of certain subsidiaries in favour of banks in respect of the Group's bank borrowings, the principal balance of which is amounted to RMB424 million (2024: RMB509 million) in total.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 32. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	240,061	239,918
Within a period of more than one year but not more than two years	234,008	235,521
Within a period of more than two years but not more than five years	412,255	441,472
Within a period of more than five years	652,459	920,471
	<b>1,538,783</b>	1,837,382
Less: Amount due for settlement within 12 months shown under current liabilities	<b>240,061</b>	239,918
Amount due for settlement after 12 months shown under non-current liabilities	<b>1,298,722</b>	1,597,464

Lease liabilities of RMB1,539 million (2024: RMB1,837 million) are recognized with the relevant right-of-use assets of RMB1,644 million (2024: RMB1,912 million) as at December 31, 2025 using the weighted incremental borrowing rate of 4.25% (2024: 4.65%) per-annum. The lease agreements do not impose any covenant, other than the security interests in the leased assets that are held by the lessor, and the related leased assets may not be used as security for borrowing purposes.

As at December 31, 2025, the lease liabilities are secured by rental deposits with carrying amount of RMB22 million (2024: RMB24 million).



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

### 33. NON-CONTROLLING INTERESTS

	<i>RMB'000</i>
At January 1, 2024	458,331
Loss for the year	(35,403)
Capital injection by non-controlling interests	3,531
Acquisition of non-controlling interests	(18)
Disposal of subsidiaries	(56,116)
Dividends paid to non-controlling interests	(34,924)
At December 31, 2024	335,401
Loss for the year	(282,922)
Capital injection by non-controlling interests	4,201
Acquisition of non-controlling interests ( <i>Note 36</i> )	(1,176)
Disposal of subsidiaries ( <i>Note 35</i> )	(883)
Dividends paid to non-controlling interests	(42,925)
At December 31, 2025	11,696

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 34. SHARE-BASED COMPENSATION

### (a) Share Option Scheme

The Company's share option scheme was adopted by the Company on October 10, 2013 ("the Original Share Option Scheme") for the primary purpose of giving the grantees an opportunity to have a personal stake in the Company and motivating the grantees to optimise their performance and efficiency, and retaining the grantees whose contributions are important to the Group's long-term growth and profitability. Under the Original Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Original Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted must be taken up within 28 days from the date of grant, upon payment of RMB1.00. The exercise price of the shares in the Company shall be a price determined by the board of directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

The share options have been vested in three tranches under the Original Share Option Scheme, the first 1/3 from the first anniversary after the date of grant, the second 1/3 from the second anniversary after the date of grant and the remaining from the third anniversary after the date of grant.

As a result of the amendments to the Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has terminated the Original Share Option Scheme and adopted the 2023 share option scheme ("the 2023 Share Option Scheme"), which complies with the Listing Rules on June 1, 2023. The purpose of the 2023 Share Option Scheme is to provide incentive or reward to grantees for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the board may approve from time to time.

The shares which may fall to be issued pursuant to the exercise of any awards and/or share options up to 10% of the shares in issue as at the adoption date. Options granted must be taken up within 28 days from the date of grant or the date on which the conditions are satisfied.

In the event of the termination of the Original Share Option Scheme, no further option will be granted under the Original Share Option Scheme, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Original Share Option Scheme.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 34. SHARE-BASED COMPENSATION (continued)

### (a) Share Option Scheme (continued)

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme during the years ended December 31, 2025 and 2024:

	Grant/modification date	Exercised price (HK\$)	Outstanding	Modification	Number	Forfeited	Outstanding
			as at January 1, 2025	during the year	of options exercised during the year	during the year	as at December 31, 2025
Directors:							
Mr. Xu Yue	March 17, 2022	8.22	1,000,000	-	-	-	1,000,000
	March 28, 2024	2.34	6,200,000	-	-	-	6,200,000
Ms. Chen Yi	March 17, 2022	8.22	264,000	-	-	-	264,000
	March 28, 2024	2.34	600,000	-	-	-	600,000
Mr. Tang Liang	March 17, 2022	8.22	825,000	-	-	-	825,000
	March 28, 2024	2.34	3,000,000	-	-	-	3,000,000
Employees and other grantees	March 17, 2022	8.22	1,721,000	-	-	-	1,721,000
	March 28, 2024	2.34	4,800,000	-	(50,000)	-	4,750,000
			18,410,000	-	(50,000)	-	18,360,000
Weighted average exercise price (HK\$)			3.55	-	2.34	-	3.56

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 34. SHARE-BASED COMPENSATION (continued)

### (a) Share Option Scheme (continued)

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme during the years ended December 31, 2025 and 2024: (continued)

Grant/modification date	Exercised price (HK\$)	Outstanding	Modification	Number	Forfeited	Outstanding as	
		as at January 1, 2024	during the year	of options exercised during the year	during the year	at December 31, 2024	
Directors:							
Mr. Xu Yue	March 17, 2022	8.22	1,000,000	-	-	1,000,000	
	March 28, 2024	2.34	-	6,200,000	-	6,200,000	
Ms. Chen Yi	March 17, 2022	8.22	264,000	-	-	264,000	
	March 28, 2024	2.34	-	600,000	-	600,000	
Mr. Tang Liang	March 17, 2022	8.22	825,000	-	-	825,000	
	March 28, 2024	2.34	-	3,000,000	-	3,000,000	
Employees and other grantees	March 17, 2022	8.22	1,886,000	-	(165,000)	1,721,000	
	March 28, 2024	2.34	-	5,200,000	(400,000)	4,800,000	
			3,975,000	15,000,000	-	(565,000)	18,410,000
Weighted average exercise price (HK\$)							
		8.22	2.34	-	4.05	3.55	

As at December 31, 2025, the number of shares in respect of which options had been granted and remained outstanding under the Original Share Option Scheme was 18,360,000 (2024: 18,410,000), representing 0.99% (2024: 0.97%) of the shares of the Company in issue at that date.

In respect of the share options exercised during the year ended December 31, 2025, the weighted average share price at the dates of exercise is HK\$2.34 (weighted average share price at the dates of exercise in 2024: HK\$ nil).

During the year ended December 31, 2025, the Group recognize an expense of approximately RMB5,967,000 in relation to the share options granted (2024: recognize an expense of approximately RMB5,637,000 for the share options granted) by the Company under the Original Share Option Scheme.

Certain directors of the Company were granted with share options units in respect of their services to the Group. For the year ended December 31, 2025, RMB1,875,000, RMB335,000 and RMB1,224,000 (2024: RMB1,696,000, RMB329,000 and RMB1,159,000) were recognized as share-based compensation expenses in the consolidated statement of operations, relating to the share option units granted to Mr. Xu Yue, Mrs. Chen Yi and Mr. Tang Liang, respectively, in previous years.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 34. SHARE-BASED COMPENSATION (continued)

### (b) Employee Pre-IPO Incentive Scheme

The Company's employee pre-IPO incentive scheme was adopted by the Company on April 3, 2012 (the "Employee Pre-IPO Incentive Scheme") for the primary purpose of recognition of the contributions of the beneficiaries under the Employee Pre-IPO Incentive Scheme and to incentivize them. Under the Employee Pre-IPO Incentive Scheme, the board of directors of the Company may make cash awards to eligible employees, including directors (other than independent non-executive directors) of the Company and its subsidiaries. Only the dividend payments on the shares held by HSBC Trustee (Hong Kong) Limited via special purpose vehicle under the Employee Pre-IPO Incentive Scheme will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme.

On August 30, 2013, the board of directors resolved to amend the Employee Pre-IPO Incentive Scheme (the "Amended Scheme") to the effect that, in addition to the previously allowed cash awards, awards of restricted share could be granted to eligible persons ("Grantee") pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director, including independent non-executive directors. No Grantee shall be entitled to any dividend, income or any other right for which the record date is prior to the date on which the restricted shares are completed and actually transferred into the Grantee's account. The unvested restricted shares do not carry any right to vote at general meetings of the Company.

On June 18, 2020, the Board resolved to amend the Amended Scheme (the "2020 Amended Scheme") to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited.

Awards of restricted shares have been made pursuant to the Amended Scheme. Details of which are set out as follows:

	Number of shares	Vesting period	Total fair value
	'000		RMB'000
Year 2017	9,413	1 – 28 years	63,888
Year 2018	10,080	10 years	68,718
Year 2019	2,667	10 years	11,131
Year 2020	4,615	5 years	35,869
Year 2021	3,890	5 years	41,905
Year 2022	2,740	5 years	11,195
Year 2023	200	5 years	562
Year 2024	650	5 years	1,015
Year 2025	200	5 years	384

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 34. SHARE-BASED COMPENSATION (continued)

### (b) Employee Pre-IPO Incentive Scheme (continued)

The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

The Group recognized an expense of approximately RMB28,322,000 (2024: RMB33,493,000) for the year ended December 31, 2025 in relation to such awards made by the Company under the Amended Scheme.

Certain directors of the company were awarded with restricted shares in respect of their services to the Group. For the year ended December 31, 2025, RMB2,949,000, RMB1,047,000 and RMB640,000 (2024: RMB2,949,000, RMB1,047,000 and RMB776,000) were recognized as share-based compensation expenses in the consolidated statement of operations, relating to the restricted shares awarded to Mr. Xu Yue, Mrs. Chen Yi and Mr. Tang Liang, respectively, in previous years.

### (c) Share Award Scheme

The Company's new share award scheme was adopted by the Company on June 1, 2022 (the "Share Award Scheme") to recognize the contributions by the Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

According to the Share Award Scheme, any awarded shares shall be new shares to be allotted and issued to the trustee by the Company pursuant to a valid mandate granted by shareholders at general meeting (s) of the Company from time to time pursuant to the Listing Rules. The grant price which shall be not less than the highest of: (a) 50% of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a business day; (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant notice; and (c) the nominal value of the Shares. The board is entitled to impose any conditions (including a period of continued service within the Group after the award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting. The awards granted shall be subject to a vesting period as determined by the board, which shall be at least 12 months commencing from the date of the grant notice.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes involving the grant of new shares or options over new shares of the listed issuer with effect from January 1, 2023. On June 1, 2023, amendments made to the Share Award Scheme (the "Amended Share Award Scheme") has been approved by the shareholders of the Company which brings it in line with the Listing Rules.

For the year ended December 31, 2025, no expense was recognized or reversed in relation to such awards made (2024: reversed an expense of approximately RMB10,280,000 in relation to such award forfeited) by the Company under the Share Award Scheme.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 35. DISPOSAL OF SUBSIDIARIES

In January, April and August of 2025, the Group disposed of 82% equity interests in Guangzhou South Zhongyue Auto Products Co., Ltd., 100% equity interests in Changzhou Changxing Automotive Service Co., Ltd. and 100% equity interests in Zhangzhou Yongda Lujie Automobile Sales and Service Co., Ltd. to independent third parties for a total consideration of approximately RMB9,052,000.

	<b>Amount</b>
	<i>RMB'000</i>
Property, plant and equipment	11,469
Right-of-use assets	16,890
Trade and other receivables	8,158
Inventory	339
Bank balances and cash	85
Restricted bank balances	5,958
Contract liabilities	(1,231)
Tax liabilities	(725)
Trade and other payables	(13,334)
Lease liabilities	(18,067)
<b>Total net assets</b>	<b>9,542</b>
Less: non-controlling interests	(883)
Gain on disposal ( <i>Note 6</i> )	393
<b>Total cash consideration</b>	<b>9,052</b>
Satisfied by:	
Cash	9,052
Net cash inflow arising on disposal:	
Cash	9,052
Less: bank balances and cash disposed of	(85)
	<b>8,967</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 36. ACQUISITION OF NON-CONTROLLING INTERESTS

In May, August and October of 2025, the Group acquired 20% of equity interests in Shanghai Zhongzheng Used Car Appraisal Services Co., Ltd., 10% of equity interests in Qingyuan Southern Junwo Automotive Sales and Services Co., Ltd., and 7% of equity interests in Guangzhou Bate Automotive Parts Co., Ltd. from their respective non-controlling shareholders for a total cash consideration of RMB1,497,000. Upon completion of these acquisitions, the Group's equity interests in these companies are raised to 100%, 100% and 86%, respectively.

The difference between the consideration paid and the non-controlling interests acquired was approximately RMB321,000, which was recognized in the special reserve in the consolidated statement of changes in equity.

## 37. OPERATING LEASING ARRANGEMENTS

### The Group as lessor

At the end of reporting period, the Group had contracted with automobile renters for the following future undiscounted minimum lease payments:

	2025 RMB'000	2024 RMB'000
Within one year	138,434	169,120
In the second year	71,573	83,189
In the third year	39,959	47,863
In the fourth year	24,865	28,242
In the fifth year	-	10,831
	<b>274,831</b>	<b>339,245</b>

The Group provides automobile operating lease services for fixed rentals.

## 38. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	61,526	10,389

## 39. CONTINGENT LIABILITIES

Upon disposal of 80% equity interests in Yongda Finance Leasing in 2021, the Group guaranteed the additional credits (the "Additional Credits") and corresponding debts of Yongda Finance Leasing in proportion to the Group's 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As at December 31, 2025, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing was RMB732 million (2024: RMB865 million), of which the guarantee amount provided by the Group was RMB146 million (2024: RMB173 million).

As at December 31, 2025, save for the above, the Group did not have any material contingent liabilities.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, lease liabilities, amounts due to related parties and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on an ongoing basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, capital injection, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

## 41. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets at amortized cost (including cash and cash equivalents)	9,769,737	14,305,512
Financial assets at FVTPL	310,207	345,746
Equity instruments at FVTOCI	6,050	4,510
Other items	32,603	40,007
	<b>10,118,597</b>	14,695,775
<b>Financial liabilities</b>		
Financial liabilities at amortized cost	11,494,391	15,643,591

### (b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, equity instruments at FVTOCI, trade and other receivables, other assets, amounts due from related parties, cash in transit, time deposits, restricted bank balances, bank balances and cash, trade and other payables, amounts due to related parties, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Market risk

##### Currency risk

Most of the Company's sales, purchase and expenditure are denominated in RMB. However, certain financial assets (principally bank balances and amounts due from related parties) and financial liabilities are denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the financial assets and financial liabilities denominated in foreign currencies of the group entities at the end of each reporting period are as follows:

	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
US\$	1,049	654
HK\$	4,603	5,986

#### Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies of the group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates of foreign currencies of the group entities. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies of the group entities and adjusts their translation at the end of each reporting period for a 5% change in related currency rates.

A positive number below indicates an increase in post-tax profit where foreign currencies of the group entities weaken 5% against RMB. For a 5% strengthen of foreign currencies of the group entities against RMB, there would be an equal and opposite impact on the post-tax profit.

	Foreign currencies of the Group entities impact	
	2025 RMB'000	2024 RMB'000
Decrease in post-tax profit for the year	(212)	(249)

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### **Market risk**(continued)

##### *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, other borrowings and lease liabilities. The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, time deposits, restricted bank balances and variable-rate borrowings. It is the Group's policy to keep a portion of its financial assets and liabilities at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China benchmark rates and LIBOR.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

Total income from financial assets that are measured at amortized cost or at FVTOCI is as follows:

	2025 RMB'000	2024 RMB'000
Other income – financial assets at amortised cost	42,607	44,523
A fair value (gain) loss – FVTOCI	(1,540)	2,234

Bank balances, pledged bank deposits and borrowings are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

##### *Other price risk*

The Group is exposed to other price risk through its equity instruments at FVTOCI and financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

If the prices of those financial assets at FVTPL had been 5% higher/lower, the Group's post-tax profit for the year ended December 31, 2025 would increase/decrease by RMB11,632,000 (2024: RMB12,965,000).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment**

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

In order to minimize credit risk, the Group has developed and maintained the credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related parties, other assets, cash in transit, time deposits, restricted bank balances, bank balances and cash.

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

Internal credit rating	Description	Trade receivables – goods and services and amounts due from related parties – trade nature	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

The Group's current credit risk grading framework comprises the following categories: (continued)

	Notes	Internal credit rating	12m or lifetime ECL	December 31, 2025 Gross amount (RMB'000)	December 31, 2024 Gross amount (RMB'000)
<b>Financial assets at amortized cost</b>					
Trade receivables – goods and services	23	note 2	Lifetime ECL	705,634	812,196
Bills receivables	23	Performing	12m ECL	10,417	1,368
Amounts due from related parties	44	note 1	12m ECL	55,702	58,502
			Lifetime ECL	3	195
Other receivables and other non-current assets	23	note 1	12m ECL	2,791,942	3,747,223
Cash in transit	25	note 4	12m ECL	21,804	26,113
Time deposits	26	note 4	12m ECL	9,900	8,100
Restricted bank balances	26	note 4	12m ECL	4,110,018	8,238,387
Bank balances and cash	26	note 4	12m ECL	2,191,904	1,457,667
<b>Other items</b>					
Trade receivables – automobile operating lease services	23	note 3	Lifetime ECL	32,603	40,007

Notes:

- 1: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For the purposes of impairment assessment, amounts due from related parties are considered to have low credit risk as the counterparties to these financial assets have a high credit rating.

For the purpose of impairment assessment for the amounts due from related parties- non trade portion of RMB55,702,000, the Group has applied the 12-month ECL approach. For the amounts due from related parties-trade portion of RMB3,000, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The directors of the Company considered that the 12-month ECL and lifetime ECL allowance are insignificant as at January 1, 2025 and December 31, 2025.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment** (continued)

The Group's current credit risk grading framework comprises the following categories: (continued)

Notes: (continued)

1: (continued)

For other receivables and other assets, debtors with significant outstanding balances with gross carrying amounts of RMB2,347 million as at December 31, 2025 were assessed individually. These individually assessed receivables mainly comprised deposits, rebate receivables from certain suppliers of passenger vehicles and other assets as at December 31, 2025. The Group reviews the recoverable amount of each individual balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In order to further minimize the credit risk, the management of the Group delegates teams to deal with these suppliers on expected delivery schedules of inventories, purchase volume, settlement timeline of outstanding balances with suppliers and the suppliers' financial position, etc. And the Group could choose to offset the payables for the passenger vehicles purchase from the suppliers as agreed. The delegated teams also reconcile with these suppliers on outstanding balances and transactions recorded in relevant reporting period annually to ensure trading information is properly recorded. In view of the actions taken by the Group and the fact that the counterparties are the sino-foreign joint ventures of renowned automobile manufacturers with high credit quality, the Group considers that credit risk in rebate receivables and deposits made to suppliers is significantly reduced.

The Group's advances to non-controlling interests of RMB5 million consist of several balances with different non-controlling interests in the PRC and there is no concentration of credit risk. The Group considers that credit risk in advances to non-controlling interests is insignificant.

For the purpose of impairment assessment for the remaining other receivables and other assets with carrying amount of RMB440 million, the Group has applied the 12-month ECL approach on a collective basis, except for other assets of RMB127 million which were assessed individually for lifetime ECL.

The following table provides information about the exposure to credit risk as at December 31, 2025.

Gross carrying amounts at December 31, 2025	Average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
1 – 90 days	–	2,675,266	–
More than 90 days	74.02	172,378	127,587
		2,847,644	127,587

Gross carrying amounts at December 31, 2024	Average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
1 – 90 days	–	3,621,766	–
More than 90 days	24.05	183,959	44,239
		3,805,725	44,239

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### **Credit risk and impairment assessment** (continued)

Notes: (continued)

1: (continued)

The following table shows the movement in lifetime ECL that has been recognized for other receivables and other non-current assets under the simplified approach.

	lifetime ECL RMB'000
As at December 31, 2024	44,239
Impairment losses recognized	83,348
As at December 31, 2025	<b>127,587</b>

2: The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

The Group's trade receivables consist of a large number of customers located in the PRC which poses insignificant concentration of credit risk. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The directors of the Company considered that the life time ECL allowance are insignificant as at January 1, 2025 and December 31, 2025.

3: For trade receivables – automobile operating lease services, the Group has applied the lifetime ECL approach in IFRS 9 to measure the loss allowance. The directors of the Company considered that the lifetime ECL allowance are insignificant as at January 1, 2025 and December 31, 2025.

4: The credit risk in relation to the Group's cash in transit, time deposits, bank balances and cash and restricted bank balances is not significant because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

During the year ended December 31, 2025, the Group provided RMB83,348,000 (2024: RMB44,239,000) impairment allowance for other receivables/other assets which assessed individually.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants, if any.

#### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date the Group can be required to pay, representing the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the undiscounted amount is derived from the applicable interest rates at the end of each reporting period.

	Weighted average interest rate %	Repayable				Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
		on demand or within 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	After 5 years RMB'000		
<b>At December 31, 2025</b>							
Trade and other payables		8,533,714	-	-	-	8,533,714	8,533,714
Amounts due to related parties		43,029	-	-	-	43,029	43,029
Borrowings	3.00	830,021	833,488	1,336,800	-	3,000,309	2,917,648
		9,406,764	833,488	1,336,800	-	11,577,052	11,494,391
<b>Lease liabilities</b>	4.25	76,168	152,336	835,237	710,317	1,774,058	1,538,783
		9,482,932	985,824	2,172,037	710,317	13,351,110	13,033,174

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate %	Repayable on demand or within 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>At December 31, 2024</b>							
Trade and other payables		12,693,645	-	-	-	12,693,645	12,693,645
Amounts due to related parties		33,398	-	-	-	33,398	33,398
Borrowings	3.50	951,125	672,505	1,399,207	-	3,022,837	2,916,548
		13,678,168	672,505	1,399,207	-	15,749,880	15,643,591
<b>Lease liabilities</b>	4.65	86,604	173,208	822,503	1,566,315	2,648,630	1,837,382
		13,764,772	845,713	2,221,710	1,566,315	18,398,510	17,480,973

### (c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique (s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 and 3) based on the degree to which the inputs to the fair value measurements is observable.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	December 31, 2025 RMB'000	December 31, 2024 RMB'000		
Financial assets at FVTPL	<b>Listed securities</b> 2,160	Listed securities 1,415	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	<b>Unquoted equity instruments</b> 66,802	Unquoted equity instruments 106,753	Level 3 (note)	Share of the net asset values of the financial asset, determined with reference to the fair value of underlying assets and liabilities and adjustments of related expense, if any; Key inputs: Liquidity discount of comparable company/quoted bid prices in an active market
Financial assets at FVTPL	<b>Unquoted equity Instruments</b> 241,245	Unquoted equity instruments 237,578	Level 3 (note)	Price-to-Sales multiples of selected comparable listed companies in a similar business model and adjusted for the lack of marketability Key inputs: (1) Revenue growth rate (2) P/S multiples of selected comparable companies
Equity instruments at FVTOCI	<b>Listed securities</b> 6,050	Listed securities 4,510	Level 1	Quoted bid prices in an active market

Note: A slight increase in the fair value of underlying assets used in isolation would result in an increase in the fair value measurement of the unquoted equity investments and vice versa. A 5% increase/decrease in the fair value of underlying assets holding all other variables constant would increase/decrease the carrying amount of the equity investments by RMB3,340,000 and RMB12,062,000 (2024: RMB5,338,000 and RMB11,879,000).

There were no transfers among Level 1 and 3 during the year.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 41. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	<b>Financial assets at FVTPL</b>
	<i>RMB'000</i>
At January 1, 2024	332,826
Purchases	65,183
Disposals	(42,400)
Fair value change	(11,278)
At January 1, 2025	344,331
Disposals	(13,575)
Fair value change	(22,709)
At December 31, 2025	308,047

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Dividend payable	Accrued interest	Advance from non-controlling interests	Consideration payables for acquisition of non-controlling interests	Advance from third parties non-trade	Amounts due to related parties non-trade	Total
	RMB'000 (Note31)	RMB'000 (Note32)	RMB'000 (Note27)	RMB'000 (Note27)	RMB'000 (Note27)	RMB'000 (Note27)	RMB'000 (Note27)	RMB'000 (Note44)	RMB'000
At January 1, 2024	3,960,600	1,676,031	-	3,933	33,669	-	7,830	60,981	5,743,044
Financing cash flows	(1,046,477)	(416,528)	(249,011)	(201,004)	(3,321)	(60)	372	(32,445)	(1,948,474)
Non - cash changes in finance costs	-	98,101	-	199,496	-	-	-	-	297,597
Disposal due to disposal of subsidiaries	-	(14,635)	-	-	-	-	-	-	(14,635)
Leases termination	-	(130,318)	-	-	-	-	-	-	(130,318)
New leases entered	-	624,731	-	-	-	-	-	-	624,731
Acquisition of non- controlling interests	-	-	-	-	-	60	-	-	60
Dividends recognized as distributions and paid to shareholders and non - controlling interests	-	-	249,011	-	-	-	-	-	249,011
At December 31, 2024	2,914,123	1,837,382	-	2,425	30,348	-	8,202	28,536	4,821,016
Financing cash flows	296	(391,518)	(301,374)	(151,535)	28,840	(1,497)	(4,650)	6,588	(814,850)
Non - cash changes in finance costs	-	81,582	-	152,339	-	-	-	-	233,921
Disposal due to disposal of subsidiaries	-	(18,067)	-	-	-	-	-	-	(18,067)
Leases termination	-	(184,682)	-	-	-	-	-	-	(184,682)
New leases entered	-	214,086	-	-	-	-	-	-	214,086
Acquisition of non- controlling interests	-	-	-	-	-	1,497	-	-	1,497
Dividends recognized as distributions and paid to shareholders and non - controlling interests	-	-	301,374	-	-	-	-	-	301,374
At December 31, 2025	2,914,419	1,538,783	-	3,229	59,188	-	3,552	35,124	4,554,295

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 43. RETIREMENT BENEFITS SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The total costs charged to the consolidated statement of profit or loss and comprehensive income of RMB162,696,000 for the year ended December 31, 2025 (2024: RMB168,011,000) represent contributions paid and payable to the scheme by the Group for the year.

## 44. RELATED PARTY DISCLOSURES

### I. Amounts due from related parties

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
<b>Associates held by the Group</b>		
Shanghai Baocheng Shenjiang	42,601	45,532
Guangzhou Xianghe Zhongyue	509	470
Yongda Finance Leasing	158	59
<b>Joint ventures held by the Group</b>		
Yinghua Lexus	4,689	9,689
Shanghai Miao Cheng	3,000	–
Beijing Miao Cheng	2,871	2,935
Shanghai Linheng	1,862	–
Shanghai Yongda Changrong	15	12
	<b>55,705</b>	58,697
Analyzed as:		
Trade-related (note a)	3	195
Non trade-related (note b)	55,702	58,502
	<b>55,705</b>	58,697

Notes:

- a. The Group offers at its discretion certain related parties a trade credit period up to 90 days.
- b. The maximum amount outstanding related to non trade-related balance during the year ended December 31, 2025 is RMB79,329,000 (2024: RMB92,672,000).

All the non trade-related balances are interest-free, unsecured and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 44. RELATED PARTY DISCLOSURES (continued)

### II. Amounts due to related parties

	2025 RMB'000	2024 RMB'000
<b>Associates held by the Group</b>		
Yongda Finance Leasing	34,186	24,068
Shanghai Yongda Fengdu Automobile	750	5,000
Shanghai Baocheng Shenjiang	–	728
Guangzhou Xianghe Zhongyue	60	60
<b>Joint venture held by the Group</b>		
Shanghai Linheng	7,889	3,414
Beijing Miaocheng	144	128
	<b>43,029</b>	<b>33,398</b>
Analyzed as:		
Trade-related (note a)	7,905	4,862
Non trade-related (note b)	35,124	28,536
	<b>43,029</b>	<b>33,398</b>

Notes:

- a. A credit period of not exceeding 90 days is given to the Group by the related parties.
- b. Except the balance of finance lease payables to Yongda Finance Leasing, the remaining balances are interest-free, unsecured and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 44. RELATED PARTY DISCLOSURES (continued)

### III. Guarantees issued by the Group

	2025 RMB'000	2024 RMB'000
Bank borrowings of a related party under guarantees issued by the Group:		
Yongda Finance Leasing	146,340	172,968

### IV. Related party transactions

	2025 RMB'000	2024 RMB'000
<b>a) Sales of motor vehicles</b>		
Shanghai Baocheng Shenjiang	3,494	15,462
Yinghua Lexus	1,708	-
Shanghai Oriental Yongda	-	7,183
	5,202	22,645
<b>b) Sales of spare parts</b>		
Beijing Miaocheng	1,582	3,612
Shanghai Baocheng Shenjiang	1,424	832
Shanghai Linheng	1,284	-
Shanghai Yongda Changrong	316	112
	4,606	4,556

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 44. RELATED PARTY DISCLOSURES (continued)

### IV. Related party transactions(continued)

	2025 RMB'000	2024 RMB'000
<b>c) Services income from</b>		
Yongda Finance Leasing	680	2,581
<b>d) Finance lease interest expense to</b>		
Yongda Finance Leasing	3,157	2,848
<b>e) Purchase of services</b>		
Shanghai Oriental Yongda	2,001	1,708
<b>f) Rental expenses paid or payable to:</b>		
Entities controlled by the shareholders		
Shanghai Yongda Group Company Limited, Shanghai Yongda Transportation Equipment Co., Ltd., and Shanghai Yongda Property Development Co., Ltd. (note)	39,607	44,419
Associate held by the Group		
Shanghai Yongda Fengdu Automobile	3,395	3,395
	<b>43,002</b>	<b>47,814</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 44. RELATED PARTY DISCLOSURES (continued)

### IV. Related party transactions(continued)

Note:

Based on IFRS 16, the fixed payment by the Group to related parties under the terms of the lease agreements in connection with the use of leased properties had resulted in recognition of a lease liability with the balance of RMB46,963,000 (2024: RMB100,792,000) and a right-of-use assets with the balance of RMB45,884,000 (2024: RMB96,795,000) as at December 31, 2025. In addition, the Group recorded depreciation of right-of-use assets of RMB43,848,000 (2024: RMB48,397,000) and interest expense of RMB2,336,000 (2024: RMB3,663,000) in the consolidated statement of profit or loss for year ended December 31, 2025.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>g) Compensation of key management personnel</b>		
Salaries and other benefits	7,006	7,398
Performance-based bonus	983	763
Contributions to retirement benefits scheme	815	739
Share-based payments	10,219	10,833
	<b>19,023</b>	19,733

The remuneration of directors and key executives is determined by the board and its remuneration committee having regard to the performance of individuals and market trends.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at December 31, 2025 is as follows:

	NOTE	2025 RMB'000	2024 RMB'000
<b>Non-current asset</b>			
Unlisted investment in a subsidiary and amounts due from subsidiaries		640,009	640,084
		<b>640,009</b>	640,084
<b>Current assets</b>			
Other receivables		20,453	15,408
Bank balances and cash		34,892	12,893
Amounts due from subsidiaries		2,678,879	2,567,151
		<b>2,734,224</b>	2,595,452
<b>Current liabilities</b>			
Other payables		66	66
Amounts due to subsidiaries		10,923	21,102
		<b>10,989</b>	21,168
<b>Net current assets</b>		<b>2,723,235</b>	2,574,284
<b>Total assets less current liabilities</b>		<b>3,363,244</b>	3,214,368
<b>Net assets</b>		<b>3,363,244</b>	3,214,368
<b>Capital and reserves</b>			
Share capital		15,220	15,564
Reserves	(a)	3,348,024	3,198,804
<b>Total equity</b>		<b>3,363,244</b>	3,214,368

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

The statement of financial position of the Company as at December 31, 2025 is as follows: (continued)

Note (a):

	Share premium <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Share-based payments reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2024	559,923	(12,269)	280,595	2,521,327	3,349,576
Profit for the year	–	–	–	106,169	106,169
Repurchase and cancellation of shares	(76,631)	4,927	–	–	(71,704)
Recognition of equity-settled share- based payments	–	–	28,850	–	28,850
Dividends recognized as distributions	–	–	–	(214,087)	(214,087)
At December 31, 2024	483,292	(7,342)	309,445	2,413,409	3,198,804
Profit for the year	–	–	–	470,915	470,915
Repurchase and cancellation of shares	(79,040)	(18,495)	–	–	(97,535)
Recognition of equity-settled share- based payments	–	–	34,289	–	34,289
Dividends recognized as distributions	–	–	–	(258,449)	(258,449)
At December 31, 2025	404,252	(25,837)	343,734	2,625,875	3,348,024

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows:

Name of subsidiaries #^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Directly held:						
Sea of Wealth International Investment Company Limited ("Sea of Wealth") 富海國際投資有限公司	The British Virgin Islands	November 15, 2011	80,000,000 shares of HK\$1.00 each	100	100	Investment holding
Grouprich International Investment Holdings Limited ("Grouprich International") 匯富國際投資集團有限公司	HK	September 10, 2004	1,000,000 shares of HK\$1.00 each	100	100	Investment holding
Indirectly held:						
Shanghai Yongda Investment Holdings Group Co., Ltd. 上海永達投資控股集團有限公司 (formerly known as Shanghai Yongda Investment Co., Ltd. (note 2)) 上海永達投資有限公司	PRC	September 25, 2003	RMB2,320,000,000	100	100	Investment holding
Shanghai Yongda Automobile Group Co., Ltd. 上海永達汽車集團有限公司 (formerly known as Shanghai Yongda Automobile International Investment Management Co., Ltd. (note 1)) 上海永達汽車國際投資管理有限公司	PRC	September 15, 2003	RMB1,893,204,250	100	100	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup>#A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Shanghai Yongda Automobile Leasing Co., Ltd. operating (note 2) 上海永達汽車租賃有限公司	PRC	February 21, 2000	RMB150,000,000	100	100	Automobile lease services
Shanghai Baozen Automobile Sales and Services Co., Ltd. (note 3) 上海寶誠汽車銷售服務有限公司	PRC	January 6, 2004	RMB80,000,000	100	100	4S dealership
Shanghai Baozen Zhonghuan Automobile Sales and Services Co., Ltd. (note 3) 上海寶誠中環汽車銷售服務有限公司	PRC	August 30, 2007	RMB50,000,000	100	100	4S dealership
Taiyuan Baozen Automobile Sales and Services Co., Ltd. (note 3) 太原寶誠汽車銷售服務有限公司	PRC	October 23, 2007	RMB15,000,000	60	60	4S dealership
Wuxi Yicheng Automobile Sales and Services Co., Ltd. (note 3) 無錫翼誠汽車銷售服務有限公司	PRC	October 13, 2011	RMB48,000,000	100	100	4S dealership
Nantong Baozen Automobile Sales and Services Co., Ltd. (note 3) 南通寶誠汽車銷售服務有限公司	PRC	September 1, 2006	RMB30,000,000	100	100	4S dealership
Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. (note 3) ("Wuxi Yongda Oriental") 無錫永達東方汽車銷售服務有限公司	PRC	April 15, 2011	RMB50,000,000	95	95	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Shanghai Yongda Infiniti Automobile Sales and Services Co., Ltd. (note 3) 上海永達英菲尼迪汽車銷售服務有限公司	PRC	September 18, 2006	RMB20,000,000	100	100	4S dealership
Guangzhou Yongda Automobile Rental Co., Ltd. ("Guangzhou Yongda Automobile Rental") (note 3) 廣州永達汽車租賃有限公司	PRC	July 6, 2012	RMB30,000,000	100	100	Automobile operating lease services
Linyi Yubaochang Automobile Sales and Services Co., Ltd. (note 3) 臨沂宇寶行汽車銷售服務有限公司	PRC	October 26, 2006	RMB30,000,000	100	100	4S dealership
Lishui Jiacheng Automobile Sales and Services Co., Ltd. (note 3) 麗水市嘉誠汽車銷售有限公司	PRC	May 17, 2010	RMB50,000,000	100	100	4S dealership
Jiangyin Leichi Automobile Sales and Services Co., Ltd. (note 3) 江陰雷馳汽車銷售服務有限公司	PRC	August 23, 2010	RMB35,000,000	88	88	4S dealership
Haerbin Baozen Automobile Sales and Services Co., Ltd. (note 3) 哈爾濱寶誠汽車銷售服務有限公司	PRC	March 7, 2015	RMB40,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup>#^</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Tianjin Zhongshun Jinbao Automobile Sales and Services Co., Ltd. (note 3) 天津市中順津寶汽車服務有限公司	PRC	March 31, 2015	RMB45,000,000	100	100	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. (note 3) 無錫寶尊汽車銷售服務有限公司	PRC	August 31, 2015	RMB20,000,000	100	100	4S dealership
Guangdong Yongda South Investing Group Co., Ltd. (note 3) 廣東永達南方投資集團有限公司	PRC	June 09, 2014	RMB266,000,000	70	70	Investment holding
Linfen Baocheng Automobile Sales Service Co., Ltd. (note 3) 臨汾寶誠汽車銷售服務有限公司	PRC	July 10, 2009	RMB30,000,000	90	90	4S dealership
Yongjia Baozen Automobile Sales Service Co., Ltd. (note 3) 永嘉寶誠汽車銷售服務有限公司	PRC	January 19, 2010	RMB20,000,000	70	70	4S dealership
Jiangyin Infinite Automobile Sales Service Co., Ltd. (note 3) 江陰無限汽車銷售服務有限公司	PRC	December 5, 2014	RMB20,000,000	88	88	4S dealership
Nantong Oriental Yongda Jiachen Automobile Sales and Services Co., Ltd. (note 3) 南通東方永達佳晨汽車銷售服務有限公司	PRC	November 16, 2011	RMB40,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Shanghai Yongda Jiawo Automobile Sales and Services Co., Ltd. <i>(note 3)</i> 上海永達嘉沃汽車銷售服務有限公司	PRC	March 1, 2011	RMB30,000,000	100	100	4S dealership
Kunshan Yongda Lujie Automobile Sales and Services Co., Ltd. <i>(note 3)</i> 昆山永達路捷汽車銷售服務有限公司	PRC	March 15, 2014	RMB60,000,000	100	100	4S dealership
Changshu Yongda Lujie Automobile Sales and Services Co., Ltd. <i>(note 3)</i> 常熟永達路捷汽車銷售服務有限公司	PRC	June 8, 2014	RMB30,000,000	100	100	4S dealership
Shanghai Yongda Hongjie Automobile Sales and Services Co., Ltd. <i>(note 3)</i> 上海永達弘傑汽車銷售服務有限公司	PRC	July 5, 2011	RMB60,000,000	100	100	4S dealership
Shanghai Yongda Qiming Automobile Sales and Services Co., Ltd. <i>(note 3)</i> 上海永達啟明汽車銷售服務有限公司	PRC	January 27, 2015	RMB22,000,000	100	100	4S dealership
Wuxi Baocheng Automobile Sales and Services Co., Ltd. ("Wuxi Baozen") <i>(note 3)</i> 無錫寶誠汽車銷售服務有限公司	PRC	September 13, 2004	RMB100,000,000	88	88	4S dealership
Jiangsu Baozun Investment Group Co., Ltd. <i>(note 3)</i> 江蘇寶尊投資集團有限公司	PRC	April 25, 2011	RMB1,074,910,000	100	100	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Changzhou Xin Baozun Automobile Sales and Services Co., Ltd. (note 3) 常州新寶尊汽車銷售服務有限公司	PRC	October 29, 2009	RMB10,000,000	100	100	4S dealership
Changzhou Kaidi Automobile Sales and Services Co., Ltd. (note 3) 常州凱帝汽車銷售服務有限公司	PRC	August 29, 2012	RMB10,000,000	100	100	4S dealership
Changzhou Changtong Auto Sales and Service Co., Ltd. (note 3) 常州常通汽車銷售服務有限公司	PRC	January 9, 2003	RMB23,000,000	100	100	4S dealership
Changzhou Zunyue Automobile Sales and Services Co., Ltd. (note 3) 常州尊越汽車銷售服務有限公司	PRC	June 25, 2007	RMB10,000,000	100	100	4S dealership
Dezhou Shengbao Automobile Sales Service Co. Ltd. (note 3) 德州聖寶汽車銷售服務有限公司	PRC	October 17, 2013	RMB99,890,000	100	100	4S dealership
Yancheng Baocheng Automobile Sales and Service Co., Ltd. (note 3) 鹽城寶誠汽車銷售服務有限公司	PRC	December 9, 2008	RMB30,000,000	100	100	4S dealership
Yancheng Yongda Zhongcheng Automobile Sales Service Co., Ltd. (note 3) 鹽城永達眾誠汽車銷售服務有限公司	PRC	July 22, 2012	RMB30,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Guangzhou Tengyue New Energy Vehicle Sales Service Co., Ltd. (note 3) 廣州騰悅新能源汽車銷售服務有限公司	PRC	June 11, 2015	RMB10,000,000	70	70	4S dealership
Shenzhen Baohua Baocheng Automobile Sales Service Co., Ltd. (note 3) 深圳寶華寶誠汽車銷售服務有限公司	PRC	May 14, 2015	RMB20,000,000	70	70	4S dealership
Shenzhen Tengyue New Energy Vehicle Sales Service Co., Ltd. (note 3) 深圳騰悅新能源汽車銷售服務有限公司	PRC	August 3, 2015	RMB10,000,000	66	66	4S dealership
Shenzhen Yuebao Automobile Sales Service Co., Ltd. (note 3) 深圳市悅寶汽車銷售服務有限公司	PRC	July 19, 2016	RMB2,000,000	60	60	4S dealership
Shanghai Yongda Used Car Chain Management Co., Ltd. (note 3) 上海永達二手車連鎖經營有限公司	PRC	November 26, 2014	RMB38,000,000	85	85	Used car business
Weifang Shengbao Automobile Sales Service Co. Ltd. (note 2) 濰坊聖寶汽車銷售服務有限公司	PRC	October 10, 2013	RMB20,000,000	100	100	4S dealership
Zibo Shengbao Automobile Sales Service Co. Ltd. (note 2) 濰博聖寶汽車銷售服務有限公司	PRC	October 18, 2013	RMB10,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Dongying Yibaoxuan Automobile Sales Service Co. Ltd. (note 2) 東營宜寶軒汽車銷售服務有限公司	PRC	March 1, 2011	RMB10,000,000	100	100	4S dealership
Yulin Baitai Automobile Sales and Services Co., Ltd. (note 3) 榆林百泰汽車銷售服務有限公司	PRC	May 24, 2012	RMB102,000,000	100	100	4S dealership
Fujian Quanzhou Baitai Automobile Sales and Services Co., Ltd. (note 3) 福建省泉州百泰汽車銷售服務有限公司	PRC	March 23, 2011	RMB85,000,000	100	100	4S dealership
Fujian Baitai Automobile Sales and Services Co., Ltd. (note 3) 福建百泰汽車銷售服務有限公司	PRC	December 19, 2013	RMB95,000,000	100	100	4S dealership
Haina Automobile Insurance Sales Co., Ltd. (note 3) 海納汽車保險銷售有限公司	PRC	May 4, 2012	RMB50,000,000	100	100	Insurance services
Changzhou Baozun Automobile Sales and Services Co., Ltd. (note 3) 常州寶尊汽車銷售服務有限公司	PRC	May 11, 2006	RMB22,220,000	100	100	4S dealership
Zhenjiang Dongfang Meiya Lexus Automobile Sales Service Co., Ltd. (note 3) 鎮江東方美亞雷克薩斯汽車銷售服務有限公司	PRC	October 15, 2021	RMB278,270,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Nantong Dongfang Jiayu Lexus Automobile Sales Service Co., Ltd. (note 3) 南通東方嘉宇雷克薩斯汽車銷售 服務有限公司	PRC	November 2, 2021	RMB72,000,000	100	100	4S dealership
Wujiang Baozhi Automobile Sales Service Co., Ltd. (note 3) 吳江寶致汽車銷售服務有限公司	PRC	October 18, 2021	RMB94,890,000	100	100	4S dealership
Nantong baozhihang Automobile Sales Service Co., Ltd. (note 3) 南通寶致行汽車銷售服務有限公司	PRC	October 18, 2021	RMB202,980,000	100	100	4S dealership
Nanchong Yongda Lujie Automobile Sales Service Co., Ltd. (note 3) 南充永達路捷汽車銷售服務有限公司	PRC	April 3, 2014	RMB64,500,000	70	70	4S dealership
Chengdu Xin Jin Feng Automobile Sales and Services Co., Ltd. (note 3) 成都新錦豐汽車銷售服務有限責任公司	PRC	February 22, 2013	RMB62,300,000	100	100	4S dealership
Mianyang Xinjincheng Automobile Sales and Services Co., Ltd. (note 3) 綿陽新錦程汽車銷售服務有限責任公司	PRC	May 23, 2014	RMB81,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Jiangyin Shengda Automobile Sales Service Co. Ltd. (note 3) 江陰市盛達汽車銷售服務有限公司	PRC	April 25, 2001	RMB10,000,000	100	100	4S dealership
Jiangyin Shengda Toyota Automobile Sales Service Co. Ltd. (note 3) 江陰市盛達豐田汽車銷售服務有限公司	PRC	October 27, 1999	RMB20,000,000	100	100	4S dealership
Jiangyin Shengda Yintian Automobile Sales Service Co. Ltd. (note 3) 江陰市盛達穎田汽車有限公司	PRC	November 16, 2005	RMB10,000,000	100	100	4S dealership
Jiangyin Yinda Automobile Sales Service Co. Ltd. (note 3) 江陰市穎達汽車銷售有限公司	PRC	May 15, 2007	RMB12,100,000	100	100	4S dealership
Jiangyin Shengda Jiayin Automobile Sales Service Co. Ltd. (note 3) 江陰市盛達佳穎汽車銷售有限公司	PRC	September 5, 2007	RMB5,000,000	100	100	4S dealership
Jiangyin Shengsheng Automobile Sales Service Co. Ltd. (note 3) 江陰盛升汽車有限公司	PRC	August 4, 2009	RMB15,000,000	100	100	4S dealership
Shanghai Yongda Zhixing Automobile Sales and Service Co., Ltd. (note 3) 上海永達之星汽車銷售服務有限公司	PRC	July 25, 2013	RMB30,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Shanghai Dezhilin Automobile Co., Ltd. (note 3) 上海德之林汽車有限公司	PRC	July 25, 2013	RMB40,000,000	100	100	4S dealership
Qingruo Investment (Shanghai) Co., Ltd. (note 3) 慶若投資(上海)有限公司	PRC	March 1, 2013	RMB480,610,806	100	100	Investment holding
Nanchang Yongda Yongcheng Automobile Sales Service Co., Ltd. (note 3) 南昌永達永誠汽車銷售服務有限公司	PRC	November 9, 2017	RMB2,100,000	100	100	4S dealership
Jiujiang Yongda Zhixing Automobile Sales Service Co., Ltd. (note 3) 九江永達之星汽車銷售服務有限公司	PRC	October 25, 2017	RMB80,164,740	100	100	4S dealership
Shaoxing Yongda Lexus Automobile Sales Service Co., Ltd. (note 3) 紹興永達雷克薩斯汽車銷售服務 有限公司	PRC	February 28, 2007	RMB112,438,960	100	100	4S dealership
Nanchang Yongda Automobile Sales Service Co., Ltd. (note 3) 南昌永達汽車銷售服務有限公司	PRC	June 1, 2011	RMB65,366,600	100	100	4S dealership
Nanning Baocheng Automobile Service Co., Ltd. (note 3) 南寧寶誠汽車服務有限公司	PRC	November 11, 2015	RMB20,000,000	70	70	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup>#^</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Kunming Baocheng Automobile Sales Service Co., Ltd. (note 3) 昆明寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB200,000,000	100	100	4S dealership
Dali Baocheng Automobile Sales Service Co., Ltd. (note 3) 大理寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB80,000,000	100	100	4S dealership
Yuxi Baocheng Automobile Service Co., Ltd. (note 3) 玉溪寶誠汽車服務有限公司	PRC	October 22, 2020	RMB53,000,000	100	100	4S dealership
Baoshan Baocheng Automobile Sales Service Co., Ltd. (note 3) 保山寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB21,000,000	100	100	4S dealership
Yibin Baozun Automobile Sales Service Co., Ltd. (note 3) 宜賓寶尊汽車銷售服務有限公司	PRC	October 22, 2020	RMB52,000,000	100	100	4S dealership
Dazhou Baocheng Automobile Sales Service Co., Ltd. (note 3) 達州寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB72,000,000	100	100	4S dealership
Changzhou Lubao Automobile Sales Service Co., Ltd. (note 3) 常州路寶汽車銷售服務有限公司	PRC	September 1, 2022	RMB20,000,000	100	100	4S dealership
Shanghai Yongda Honglin Automobile Sales Service Co., Ltd. (note 3) 上海永達虹林汽車銷售服務有限公司	PRC	July 20, 2022	RMB23,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Kunshan Yongda Yicheng Automobile Sales and Service Co., Ltd (note 3) 昆山永達翼誠汽車銷售服務有限公司	PRC	April 8, 2013	RMB50,000,000	100	100	4S dealership
Hainan Yongda Automobile Sales and Service Co., Ltd (note 3) 海南永達汽車銷售服務有限公司	PRC	August 23, 2007	RMB30,000,000	100	100	4S dealership
Anhui Yongda Baoyi Automobile Sales and Service Co., Ltd (note 3) 安徽永達寶易汽車銷售服務有限公司	PRC	January 6, 2011	RMB20,000,000	72	72	4S dealership
Suzhou Yongbao Automobile Sales and Service Co., Ltd (note 3) 蘇州永保汽車銷售服務有限公司	PRC	November 17, 2014	RMB50,000,000	100	100	4S dealership
Linyi Dajie Automobile Sales and Service Co., Ltd (note 3) 臨沂達捷汽車銷售服務有限公司	PRC	June 14, 2017	RMB41,000,000	100	100	4S dealership
Xiangyang Baodian Automobile Sales and Service Co., Ltd (note 3) 襄陽保典汽車銷售服務有限公司	PRC	March 27, 2018	RMB30,000,000	100	100	4S dealership
Shanghai Yongda Tengjun Automobile Sales and Service Co., Ltd (note 3) 上海永達騰駿汽車銷售服務有限公司	PRC	December 6, 2018	RMB50,000,000	100	100	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Beijing Baocheng Baiwang Automobile Sales and Service Co., Ltd (note 3) 北京寶誠百旺汽車銷售服務有限公司	PRC	August 5, 2009	RMB30,000,000	100	100	4S dealership
Kunshan Baocheng Automobile Sales and Service Co., Ltd (note 3) 昆山寶誠汽車銷售服務有限公司	PRC	November 4, 2009	RMB40,000,000	100	100	4S dealership
Taicang Baocheng Automobile Sales and Service Co., Ltd (note 3) 太倉寶誠汽車銷售服務有限公司	PRC	August 5, 2009	RMB10,000,000	100	100	4S dealership
Changzhi Baocheng Lufu Automobile Sales and Service Co., Ltd (note 3) 長治寶誠瀘府汽車銷售服務有限公司	PRC	January 29, 2010	RMB20,000,000	90	90	4S dealership
Yuncheng Baocheng Automobile Sales and Service Co., Ltd (note 3) 運城市寶誠汽車銷售服務有限公司	PRC	February 3, 2010	RMB14,000,000	100	100	4S dealership
Jiangyin Baocheng Automobile Sales and Service Co., Ltd (note 3) 江陰寶誠汽車銷售服務有限公司	PRC	August 15, 2007	RMB30,000,000	88	88	4S dealership
Wuxi Baocheng Gaohui Automobile Sales Co., Ltd (note 3) 無錫寶誠高惠汽車銷售有限公司	PRC	May 21, 2010	RMB5,000,000	88	88	4S dealership
Jiangyin Xiangyue Baocheng Automobile Sales Service Co., Ltd (note 3) 江陰享悅寶誠汽車銷售服務有限公司	PRC	November 4, 2021	RMB40,000,000	88	88	4S dealership

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># A</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Shengzhou Baocheng Automobile Sales and Service Co., Ltd (note 3) 嵊州市寶誠汽車銷售服務有限公司	PRC	March 15, 2012	RMB40,000,000	100	100	4S dealership
Jiaxing Zhibao Automobile Sales and Service Co., Ltd (note 3) 嘉興之寶汽車銷售服務有限公司	PRC	July 12, 2012	RMB45,000,000	100	100	4S dealership
Shijiazhuang Baohe Automobile Sales and Service Co., Ltd (note 3) 石家莊寶和汽車銷售服務有限公司	PRC	July 4, 2005	RMB27,000,000	100	100	4S dealership
Zhangjiakou Xuanzhibao Automobile Sales and Service Co., Ltd (note 3) 張家口軒之寶汽車銷售服務有限公司	PRC	April 13, 2011	RMB50,000,000	51	51	4S dealership
Ningbo Baocheng Automobile Sales and Service Co., Ltd (note 3) 寧波寶誠汽車銷售服務有限公司	PRC	October 28, 2013	RMB40,000,000	100	100	4S dealership
Guangzhou Palladium Auto Parts Co., Ltd. (note 3) (note 36) 廣州鈹特汽車配件有限公司	PRC	February 22, 2017	RMB250,000	86	79	Passage vehicle related service
Guangzhou South Zhongyue Auto Products Co., Ltd. (note 4) 廣州南方眾悅汽車用品有限公司	PRC	September 3, 2018	RMB1,000,000	-	82	Passage vehicle related service
Suzhou Suiyue Auto Technology Co., Ltd. (note 3) 蘇州隨悅汽車科技有限公司	PRC	July 2, 2018	RMB6,500,000	100	100	Automobile operating lease service
Guangzhou Guanghang Automobile Service Co., Ltd. (note 3) 廣州廣行汽車服務有限公司	PRC	November 1, 2018	RMB10,000,000	100	100	Automobile operating lease service

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2025 and 2024 are as follows: (continued)

Name of subsidiaries <sup># ^</sup>	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
				at December 31,		
				2025 %	2024 %	
Wenzhou Baocheng Automobile Sales Service Co., Ltd. <i>(note 3)</i> 溫州寶誠汽車銷售服務有限公司	PRC	September 3, 2008	RMB30,000,000	100	100	4S dealership
Fujian Yongda Tongcheng Automobile Sales Service Co., Ltd. <i>(note 3)</i> 福建永達通誠汽車銷售服務有限公司	PRC	July 8, 2015	RMB10,000,000	100	100	4S dealership

# Except for Sea of Wealth and Grouprich International which are limited liability companies, all subsidiaries are domestic limited liability enterprises.

^ The English names of all subsidiaries established in the PRC are translated for identification purpose only.

@ 4S dealership represents an automobile dealership authorized by an automobile manufacturer to engage in the four businesses relating to sales, spare parts, services and survey.

Notes:

1. This Company is a sino-foreign equity joint venture (including HK, Taiwan and Macao).
2. This Company is a wholly-foreign owned enterprise (including HK, Taiwan and Macao).
3. This Company is a domestic owned enterprise.
4. This Company was deregistered in 2025.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

