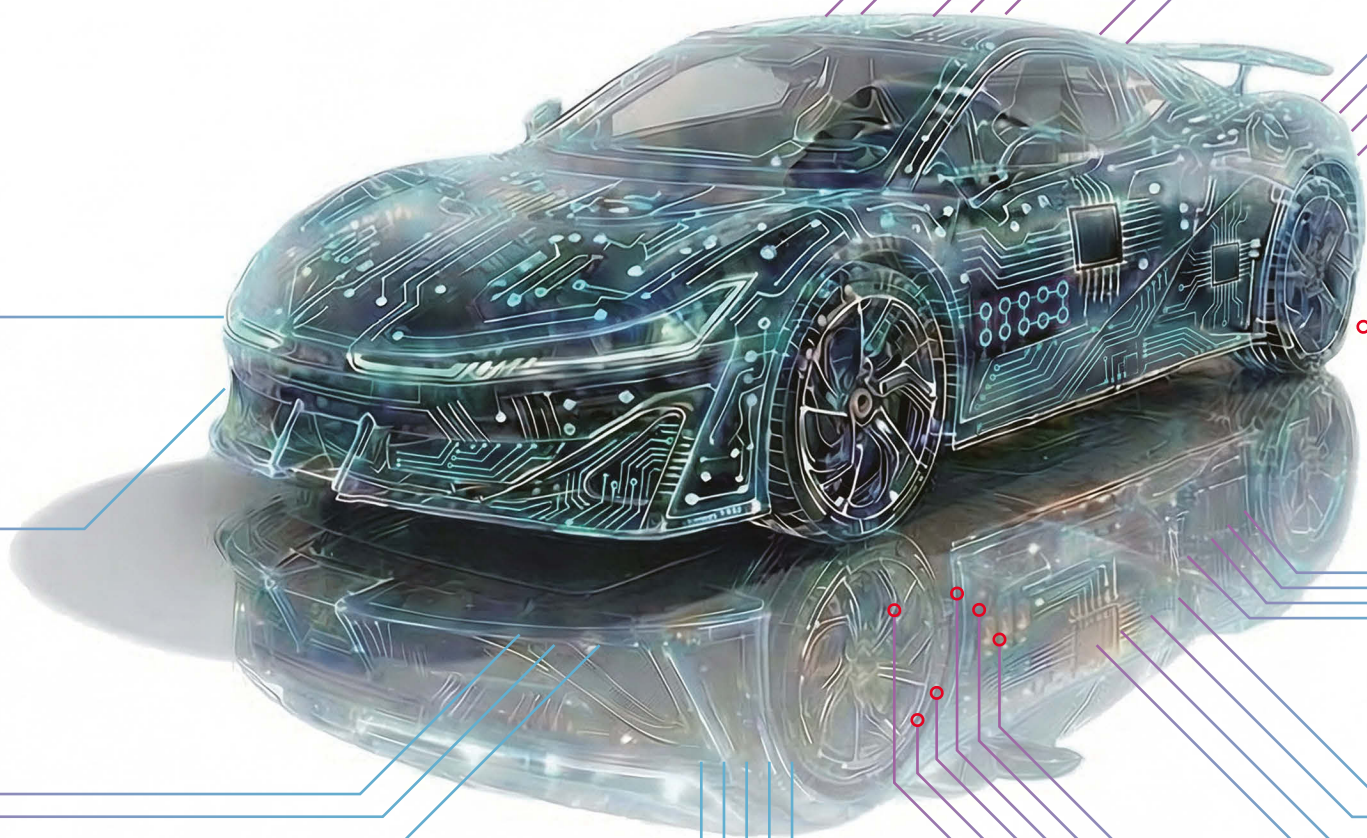




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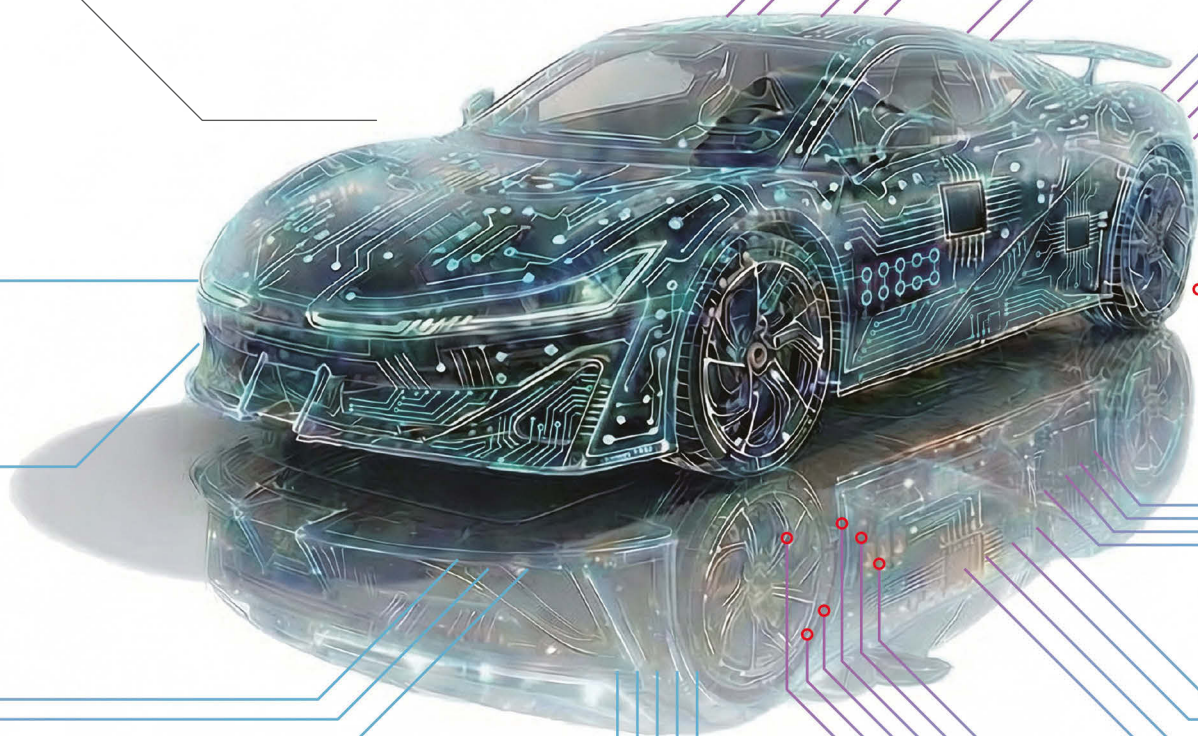
# 2025

## ANNUAL REPORT



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# IMPORTANT NOTICE

- 1. THE BOARD AND THE DIRECTORS, SENIOR MANAGEMENT OF THE COMPANY, WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THE ANNUAL REPORT. THERE ARE NO MISREPRESENTATIONS, MISLEADING STATEMENTS CONTAINED IN OR MATERIAL OMISSIONS FROM THE ANNUAL REPORT AND THEY SHALL ASSUME JOINT AND SEVERAL RESPONSIBILITIES.**
- 2. ALL DIRECTORS OF THE COMPANY HAVE ATTENDED THE MEETING OF THE BOARD.**
- 3. KPMG ISSUED AN UNQUALIFIED AUDITOR'S REPORT FOR THE COMPANY.**
- 4. FENG XINGYA, THE PERSON IN CHARGE OF THE COMPANY, WANG DAN, THE PERSON IN CHARGE OF ACCOUNTING FUNCTION AND DONG YAMIN, THE MANAGER OF THE ACCOUNTING DEPARTMENT (ACCOUNTING CHIEF), REPRESENT THAT THEY WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT.**
- 5. THE PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARES FOR THE REPORTING PERIOD AS RESOLVED BY THE BOARD**

After audit, the Group's net loss attributable to equity shareholders of the Company for 2025 amounted to RMB8.784 billion. In accordance with relevant laws, regulations, and the Company's Dividend Distribution Plans for Shareholders (2024-2026), due to the net loss incurred for the year and to ensure the Company's normal production and operation, to better safeguard the long-term interests of all Shareholders, as well as to comprehensively consider the Company's long-term development and short-term operational needs, it is proposed that no profit distribution would be implemented for the year, nor would there be any transfer from capital surplus to paid-in capital or any other forms of distribution.

## IMPORTANT NOTICE

### **6. RISKS RELATING TO FORWARD-LOOKING STATEMENTS**

The forward-looking statements contained in this annual report regarding the Company's future plans and development strategies do not constitute any substantive commitment to investors by the Company and investors are reminded of investment risks.

### **7. NO APPROPRIATION OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES FOR NON-OPERATIONAL ACTIVITIES**

### **8. THERE ARE NO GUARANTEES GRANTED TO EXTERNAL PARTIES BY THE COMPANY IN VIOLATION OF THE PRESCRIBED DECISION-MAKING PROCEDURES**

# CHAIRMAN'S STATEMENT



## Chapter 1

# CHAIRMAN'S STATEMENT



**Feng Xingya** *Chairman*

Dear shareholders,

2025 is a year of profound transformation of the automobile industry and accelerated restructuring of the competitive landscape. It is also a pivotal year for GAC Group as it initiates systematic and profound reforms at the historical intersection of the end of the “14th Five-Year Plan” and the start of the “15th Five-Year Plan”. In face of unprecedented severe challenges, we advanced strategic transformation in a “wartime footing”, and focused on “stabilizing joint ventures, fortifying independence, and expanding the ecosystem”.

We were fully committed to fighting the three critical campaigns of “user demands, product value and service experience”. We pressed forward under pressure amidst challenges, and accumulated momentum through transformation, laying a solid foundation for navigating the industry cycle and rebuilding a new GAC.

**Resolutely advancing management reforms to reshape organizational efficiency.** With self-rectifying determination, we promoted the transition from strategic control towards operational control to establish an operation-oriented headquarters that can “hear the artillery”. The Group has implemented an integrated reform by setting up a shared service center for its self-developed brands, and has connected the entire value chain from research and development (“R&D”), production, and supply chain to sales and services, thereby achieving an integrated operational control over R&D, production, supply, sales and finance. At the R&D and procurement end, we have achieved systematic cost reduction and shared technologies through platform-based planning, large-scale centralized procurement, and specification convergence. At the operations end, we have enhanced overall response efficiency and resource utilization through process integration and data synergy. We fully introduced the DSTE (develop strategy to execution), IPD (integrated



## CHAIRMAN'S STATEMENT

product development), and IPMS (integrated product marketing and sales) systems to restructure business processes. This enabled us to build an end-to-end management system from user insights to product delivery, and create a more process-oriented organization that understands users better, responds faster, and possesses stronger technology, to significantly improve planning and decision-making efficiency. We have initiated pilot programs for the BU (business unit) organizational model, establishing the Trumpchi BU and Hyptec AION BU to create “frontline operational units” that face up to the market, with clear rights and responsibilities and rapid response. Concurrently, we deepened reforms in cadre and personnel system and the three institutional frameworks, and established a rigid appraisal and exit mechanism centered on operational results, promoting recruitment in a market-oriented manner and on a competitive basis. We completed the global recruitment of a new team of professional managers, fully stimulating organisational vigour and fostering a striver culture.

**Making every effort to tackle challenges in core technologies and sharpening our technological strengths.** Focusing on the key arenas of electrification and intelligentisation, we have strengthened our high level of technological self-reliance. Throughout the year, over RMB7.119 billion was invested in R&D, with the Group recording over 3,000 new patent applications. The accumulative number of patent applications exceeded 24,000 by the end of 2025. In the field of electrification, we introduced the industry-leading “ADIMOTION” technology, achieving core breakthroughs in areas such as high efficiency energy conservation, powerful acceleration, and refined acoustic comfort for extended-range vehicles, which was recognized as one of the “Top Ten Range Extension Systems in the World” by the Carbingo Academy (汽車評價研究院) and launched Hyptec HL and AION i60 equipped with the technology. In the field of intelligentisation, the Group unveiled its smart technology brand, ADiGO, and the “X-soul Safety Protection System”, establishing a full-chain safety assurance for intelligent travel. The new generation multimodal interactive system, ADiGO 6.0, has been featured in several models for mass production. We also launched large-scale terminal-cloud integrated models to enhance the AI smart cockpit interactive experience. Through regular OTA upgrades for whole vehicles, with a total of 68 updates throughout the year, we have added and optimized over 700 functions to continue to improve user experience. Accelerating the commercialization of autonomous driving technology, the Group obtained the L3 autonomous vehicle testing permit for specific scenarios in Guangzhou, becoming one of the first automobile enterprises in the country to be granted the L3 test license with a maximum speed of 120 km/h. The next-generation Robotaxi, co-developed with DIDI Autonomous Driving, has been officially delivered.

## CHAIRMAN'S STATEMENT

**Actively building an open ecosystem to integrate the development momentum.** We will continue to expand our “industrial network”, and deepen a new round of strategic cooperation with core partners such as Huawei, CATL and Tencent to enhance our comprehensive competitiveness in areas including intelligentisation, electrification and digitalization, achieving win-win development. The development of the first model, the GT7, under the high-end intelligent electric vehicle brand “AISTALAND” (啟境) co-developed with Huawei, is progressing smoothly, and is scheduled for launch in mid-2026. We have deepened cooperation in the battery swapping sector with CATL, becoming the first Choco-Swapping full ecological cooperative automobile enterprise. Together with CATL and JD, we launched the “People’s Choice Car”, AION UT super, fully leveraging the respective strengths and integrating high-quality resources of all three parties. We have taken the lead in implementing the production of locally manufactured automobile chips, and have initiated the “Automobile Chip Application Ecosystem Co-construction Plan”. In collaboration with upstream and downstream industry chains, we have jointly developed dozens of automobile-grade chips, and have successfully produced the benchmark in intelligent new energy vehicle (“NEV”) models, the Hyptec GT Climbing Edition (昊铂GT攀登版), which features a 100% domestically produced chipset design. This marks a significant milestone in the development of the independent controllability within China’s automobile industrial chain.

**Accelerating global layout to create new growth pole.** Adhering to the principles of “quality globalization, technology globalization, service globalization, and ecosystem globalization”, we have unveiled the ONE GAC 2.0 strategy to accelerate localized operations in global markets and open a new chapter of globalization from product exports to system exports. In 2025, self-developed brands achieved overseas terminal sales volume of approximately 125,000 units, representing a year-on-year increase of approximately 48%. Our business has expanded to 87 countries and regions around the world, supported by 630 sales and service outlets. Additionally, we have deployed five overseas KD factories, preliminarily establishing a global production, sales, and service network system.

At present, the industrial changes are becoming increasingly clear, characterized by “the four overlapping periods” of profound transformation, rapid technological iteration, shifts in competitive landscape, and restructuring of management processes. Opportunities and challenges coexist. Faced with the pressures of intensifying external competition and the pains of internal transformation, we have adopted the DSTE strategic management methodology to formulate the Group’s “15th Five-Year Plan” development plan. We are advancing the vertical integration of processes from strategic planning to operational execution, to ensure that all efforts are focused on achieving a breakthrough. 2026 marks the beginning of the “15th Five-Year Plan” and is a pivotal year that bridges the past and the future in the three-year “Panyu Action”. We will vigorously advance transformative breakthroughs, sparing no effort to reverse passive operational situation and achieve recovery in performance.



## CHAIRMAN'S STATEMENT

### **Advancing the strategy of “stabilizing joint ventures, fortifying independence, and expanding the ecosystem” to solidify the foundation for development.**

In terms of stabilizing joint ventures, GAC Toyota continues to promote the principle of “collaborative intelligence and advancement of fuel-powered and electric vehicles” to consolidate the foundation of fuel-engined vehicles. Additionally, it further enhances the strengths of its new energy products with new models such as the bZ7. GAC Honda is accelerating the transformation towards intelligentisation and electrification, deepening localised R&D and swiftly addressing gaps in new energy and intelligent development to reshape user engagement and growth momentum. In terms of fortifying independence, the focus is on the “three critical campaigns”, continuously enhancing the competitiveness of the self-developed brand systems. This involves clarifying the differentiated positioning of each brand, sharpening brand labels, and optimizing product portfolio strategies. Resources are concentrated on developing key models while further expanding the new “rechargeable and replaceable” product category. A dimensional product matrix covering mainstream, high-end, and emerging segments is being built to ensure the successful launch of new products such as the AISTALAND series, Hyptec A800, and AION N60, thereby increasing its market share. In terms of expanding the ecosystem, we will promote deep synergy and mutual empowerment amongst ecosystem enterprises and automobile business, striving to facilitate smooth internal and external “dual circulation”, and empowering user-driven operations, channel penetration, and export of complete vehicles. Through a model of “outbound capability and neutral development”, we will foster the growth of the eco-friendly company into a profit engine with independent profitability.

### **Winning the three critical campaigns of “user demands, product value, and service experience” to reshape core competitiveness.**

To win the campaign for user demands by reshaping the user insight system and process capabilities centered on user perception, building a scientific insight system, and engaging directly with users at the frontline, we will accurately capture changing consumer demand trends, and continuously improve accuracy of product definition and alignment with selling points. To win the campaign for product value, we will leverage IPD transformations to establish a user-demand-oriented product development system. With commercial success as our goal, we will strengthen core technological advantages, reshape core competitiveness of our products, and create differentiated competitive edges to leapfrog the competition. To win the campaign for service experience, we will comprehensively deepen the IPMS transformation, drive the transition to new retail marketing through NPS (Net Promoter Score), and enhance channel sales capabilities and profitability. Through establishing a “diversified and highly efficient” channel model, we will implement a lightweight agency model, and accelerate expansion to lower-tier markets. By the first half of 2026, 600 GAC Comprehensive Sales and Services Centers will be established, thereby comprehensively improving user experience throughout the entire life cycle.

## CHAIRMAN'S STATEMENT

**Breaking through barriers in the three main initiatives of “overseas expansion, cost control, and a digital-intelligent GAC” to unlock new growth potential.** We have mobilized the entire Group's strengths to support the development of international business, consolidated the global expansion systems and capabilities, and striven to achieve the target of 250,000 units in overseas sales volume in 2026. Focusing on the A0 and A-class mainstream markets, we have optimized the product matrix, and concentrated resources on creating high-volume product categories. Through the implementation of the “thousand network plan”, we have expanded our network scale, optimized channel structure, and enhanced operational quality and efficiency. We will create smart mobility solutions featuring “specialized product development + full-chain ecological empowerment” to rapidly penetrate the overseas business-end market. We will implement comprehensive and rigorous cost control, establish a systematic cost control system, deepen closed-loop management of comprehensive budgeting, and strengthen the revenue management of automobile models throughout the entire life cycle. We will build sustainable cost advantages without compromising user-perceived value or product quality, striving to achieve the target of a 15% reduction in external procurement costs for the year. Driven by the “AI+” strategy, we will systematically build a digital-intelligent GAC, promote full integration of AI technologies into various fields such as automobile products, organizational management, technology R&D, user service, and ecological synergy, to comprehensively enhance product and operational competitiveness.

2026 marks the beginning of the “15th Five-Year Plan” and stands as a critical year for breaking through barriers and achieving a decisive turnaround. With the determination of a “wartime footing”, the courage to “turn the blade inward”, and the passion of a “second entrepreneurship”, we will resolutely win every tough campaign, strive to reinvent GAC, accelerate our journey toward becoming a world-class technology enterprise, and write a new chapter of high-quality development!

# CORPORATE PROFILE AND SUMMARY OF BUSINESS



## Chapter 2

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## I. CORPORATE INFORMATION

Chinese name of the Company	廣州汽車集團股份有限公司
Chinese abbreviation	廣汽集團
English name of the Company	Guangzhou Automobile Group Co., Ltd.
English abbreviation	GAC Group
Legal representative	Feng Xingya

## II. CONTACT PERSON AND CONTACT METHOD

	<b>Company Secretary/Secretary to the Board</b>
Name	Liu Xiangneng
Address	No. 668 Jinshan Road East, Panyu District, Guangzhou
Telephone	020-83151139
E-mail	ir@gac.com.cn

## III. BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Office address of the Company	No. 668 Jinshan Road East, Panyu District, Guangzhou
Postal code of the Company's office address	511434
Head office and principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gac.com.cn
E-mail	ir@gac.com.cn
Investor hotline	020-83151139 Ext.3

## IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Names of the media for annual report disclosure of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website of the SSE for annual report disclosure of the Company	www.sse.com.cn
Website of the Stock Exchange for annual report disclosure of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	No. 668 Jinshan Road East, Panyu District, Guangzhou

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### V. INFORMATION ON THE COMPANY'S SHARES

<b>Class of shares</b>	<b>Stock exchange of listing shares</b>	<b>Stock abbreviation</b>	<b>Stock code</b>
A shares	SSE	GAC GROUP	601238
H shares	Stock Exchange	GAC GROUP	02238

### VI. OTHER RELEVANT INFORMATION

Auditors (domestic)	Name	ShineWing Certified Public Accountants
	Business address	8/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing
	Name of signatory accountants	Ou Jinguang, Luo Xiaming
Auditors (overseas)	Name	KPMG Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
	Business address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of engagement partner	Lam Kai Wa (林啟華)
H share registrar of the Company	Name	Tricor Investor Services Limited
	Address of the registrar	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### VII. SUMMARY OF BUSINESS

The existing principal businesses of the Group consist of research and development, manufacture of vehicles (vehicles and motorcycles), parts and components, commercial and mobility transportation services, energy and ecosystem, internationalisation as well as investment and finance, which form a complete closed-loop industry chain.

#### 1. Research and development

With IPD process transformation at its core, the Company has built a large-scale R&D system and formed a “market + technology” dual-driven product development model. An end-to-end development process of “insight – demand – development – delivery” has been created to strengthen its systematic innovation capabilities.

#### 2. Vehicles

##### (1) Passenger vehicles

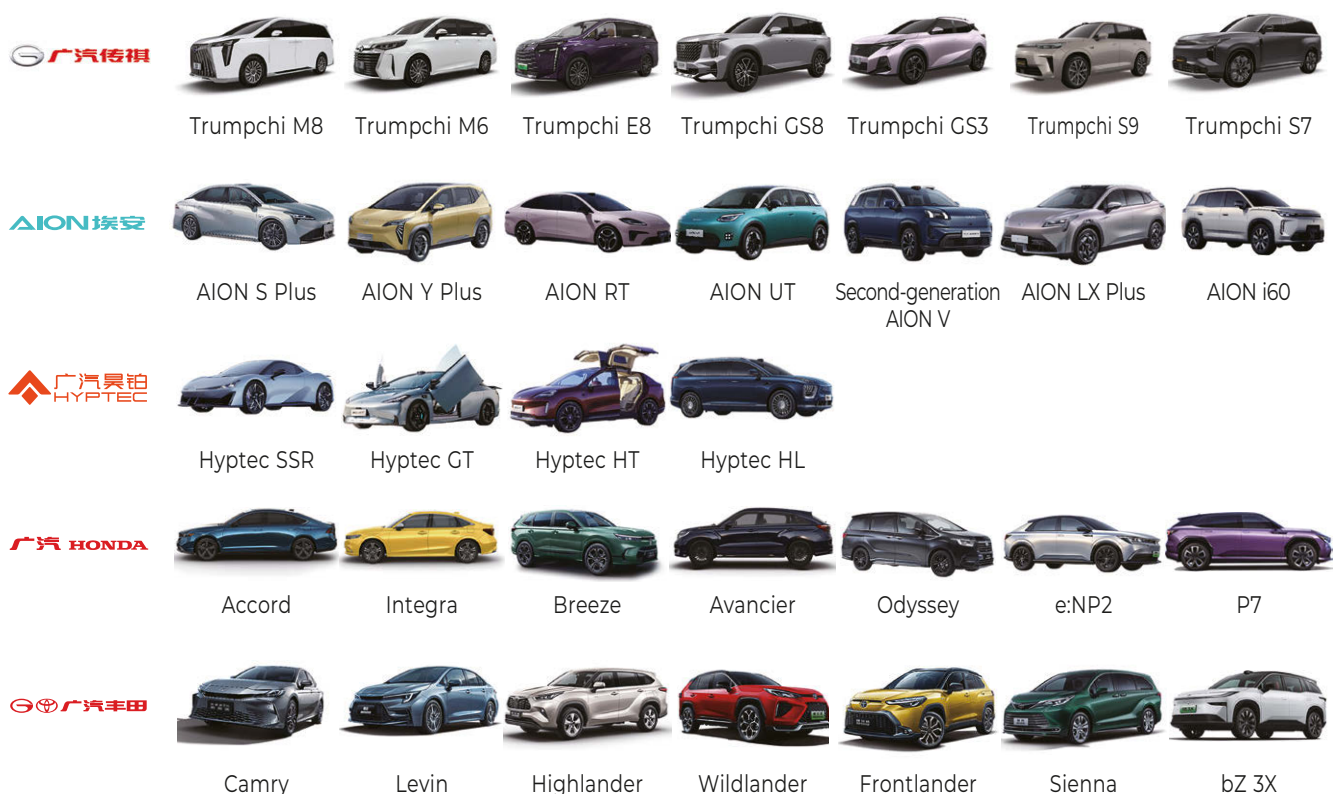
It is mainly conducted through subsidiaries, including GAC Trumpchi and GAC AION, and joint ventures, including GAC Honda and GAC Toyota. During the reporting period, the Group launched new, upgraded or facelifted vehicle models such as GAC Trumpchi M8 QianKun, S7 and S9, GAC AION UT and AION i60, GAC Hyptec HL, GAC Toyota bZ3X and GAC Honda P7, etc.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

- **Products:** The Group's passenger vehicle products include 12 series of sedans, 25 series of SUV and 6 series of MPV.

The Group's products mainly comprise:



The commercial vehicles are mainly manufactured by the subsidiary, GAC Commercial Vehicle, with the main products being fuel-powered heavy-duty trucks, new energy heavy-duty trucks, new energy light-duty trucks, new energy buses, pickup trucks, etc.

- **Sales channel:** The Group continues to deepen its digital marketing system, and promotes innovative marketing collaborations with platforms such as JD, to continuously optimize the online automobile purchasing and service experience. The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated enterprises, had over 2,100 4S sales outlets across 31 provinces, counties, autonomous regions and municipalities in the PRC. Overseas sales outlets of self-developed brands amounted to 630, with its sales and service operations covering 87 countries and regions.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### (2) Motorcycles

The Group manufactures motorcycles through its joint venture Wuyang Honda. Main products include standard motorcycles, sport bikes, scooters, electric bicycles and electric motorcycles, etc. As at the end of the reporting period, the Group's total production capacity of motorcycles was 1.25 million units/year.

### 3. Parts and components

The Group's production of parts and components of vehicles was mainly carried out through the subsidiaries, jointly controlled and investee companies of GAC Component, a subsidiary of the Company, and Ruipai Power and Lisheng Technology, being subsidiaries held by the Group, as well as GAC Toyota Engine, etc., the Group's associated companies. The parts and components of vehicles include engines, gearboxes, car seats, micro motors, shifter, electric drive, electric controller, interior and exterior decorations, etc. The products were mainly accessories for manufacture of vehicles of the Group.



### 4. Commercial and mobility transportation

The Group carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, supporting services, mobility transportation, etc., mainly through its subsidiaries, GAC Business (as well as its subsidiaries and investee companies) and Da Sheng Technology, and its investee company ON TIME, etc. in the upstream and downstream automobile industry chains.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 5. Energy ecosystem

The Group constructed a vertically integrated new energy industry chain of “lithium mine + production of basic lithium battery raw material + battery production + energy storage, and battery charging and swap service + battery leasing + battery recycling and gradient utilisation” through establishing UPOWER Energy, GAC Energy, IMPOW Battery, CATL GAC, and other companies. In response to the trend of new energy development, the Group has actively expanded energy ecological businesses to build an integrated energy ecosystem, achieving leapfrog development in energy ecosystem.



### 6. Internationalisation

The Group established GAC International to be responsible for the overseas market operations and sales services of its self-developed brands, and promoting the implementation of various internationalisation measures such as medium and long-term overseas product planning, overseas factory construction planning and overseas channel operation planning.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 7. Investment and finance

The Group mainly carried on automobile credit, insurance, insurance brokerage, financial investment, finance lease, and other related businesses through its subsidiaries, namely Urtrust Insurance, GAC Finance Company, GAC Capital, China Lounge Investments, and joint ventures, namely GAC-SOFINCO and GAC-SOFINCO Leasing, etc.



## VIII. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

### 1. Industry layout with complete and efficient industry chain and scientific and rational structure

The Group has formed an industrial strategic layout based in South China and radiating across the country, centering upon manufacture of whole vehicles, and its business covers seven segments including R&D, manufacture of vehicles, parts and components, commercial and mobility transportation services, energy ecosystem, internationalisation, and investment and finance. The Group is one of the automobile groups in the PRC with the most integrated industry chains and the most comprehensive industry layout.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### **2. Advanced manufacturing, craftsmanship, quality and procedural management**

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedural management which mainly include: (1) international leading quality advantage; (2) innovative advantage brought by “continuous improvement”; and (3) cost advantage originating from persistent refinement. By virtue of its strengths, such as flexible production of steel and aluminum bodies, digital autonomous decision-making, interactive customisation, and comprehensive energy utilization, GAC AION’s Smart Eco-Factory has been awarded the title of “Lighthouse Factory” by World Economic Forum (WEF), which represents the highest global benchmark for intelligent and digital manufacturing.

### **3. Continued enrichment of product line and optimisation of product structure**

The Group has a full range of products including sedans, SUVs and MPVs, maintaining the market competitiveness of its products through continuous R&D, introduction of new vehicle models and product iterations, so as to adapt to changes in consumer demand, guarantee customer loyalty and a widely recognised brand reputation. During the Reporting Period, the Group launched new, upgraded and facelifted vehicle models such as GAC Trumpchi M8 QianKun, S7 and S9, GAC AION UT and i60, GAC Hyptec HL, GAC Toyota bZ3X and GAC Honda P7, etc.

### **4. Initiated the “GAC production model” for the R&D and production system of self-developed brands**

After years of introduction, digestion, absorption and innovation, the Group has accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, possessing the advantage of integrated innovation. The Group also owns the State-Certified Enterprise Technology Center, the overseas high-level talent innovation and entrepreneurship base, the national demonstration base for talent introduction, academician workstation, postdoctoral research workstation and other innovation platforms. GAC’s powertrain independent R&D team was previously awarded the title of the “National Outstanding Engineering Team”. During the reporting period, with IPD process transformation at its core, the Group has rebuilt a large-scale R&D system and formed a “market + technology” dual-driven product development model. An end-to-end development process of “insight – demand – development – delivery” has been created to further strengthen its systematic innovation capabilities.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 5. Leading independent R&D capabilities in new energy and intelligent connected vehicle (“ICV”)

In the field of new energy, the Group possesses a cutting-edge exclusive platform for NEVs. The Group deeply engaged in independent R&D as well as industrial application of power batteries, battery cells and electric drives, and self-developed power battery technologies such as the sponge silicon anode battery technology and the magazine battery system safety technology, as well as electric drive technologies such as the deeply integrated “three-in-one” electric drive system, twelve-in-one integrated electric drive system with integrated charging and power transmission functions, and supercars’ dual-motor two-gear integrated electric drive technologies. This led to the creation of the “AION” series and the “Hyptec” series, which are NEV product systems. The Group has also successfully introduced a variety of new energy products to its joint ventures. In the field of energy conservation powertrain, the Group independently developed industry-leading hybrid system technologies such as the fourth-generation engine system, the GMC 3.0 mechatronic coupling system, and high-efficiency range extenders adopting platform-based modular designs, which can be assembled into a powertrain system suitable for all types of hybrid models such as HEV, PHEV and REEV. In the field of ICV, the Group has self-developed and mass-produced the first “centralised computing + regional connectivity” electronic and electrical architecture “X-soul”, achieving scenario coverage from L2 to L4. The Group has led the development of the ADiGO 6.0 interactive system, which is based on consumer-grade electronic experience, as well as a large-scale terminal-cloud integrated model for the smart cockpit, thereby enhancing interactive experiences of AI smart cockpit. This achievement obtained the industry’s first A+ class smart cockpit certification. During the reporting period, the Group launched its smart technology brand, ADiGO, and the GAC GSD combined driving assistance system with a “generative AI-based end-to-end architecture”. It also unveiled the “GAC X-soul Safety Protection System” for the first time. Accelerating the commercialization of autonomous driving technology, the Group obtained the L3 autonomous vehicle testing permit for specific scenarios in Guangzhou, becoming one of the first automobile enterprises in the country to be granted the L3 test license with a maximum speed of 120 km/h. The self-developed Shenxing data simulation platform (神行數據仿真平台) obtained the industry’s first A+ class AI intelligent driving simulation toolchain product certification issued by CAERI Kairui Testing & Certification (Chongqing) Co., Ltd. (中汽院凱瑞檢測認證(重慶)有限公司). The Group launched the “ADiMOTION” platform technology, with industry-leading performance in multiple metrics such as oil-to-electricity conversion efficiency, continuous power output, and quiet operation, and was recognized as one of the “Top Ten Range Extension Systems in the World” by the Carbingo Academy. Additionally, the Group introduced the Quark Electric Drive 2.0, which became the first mass-produced system to incorporate amorphous-carbon fiber technology, leading the industry in multiple key indicators. It was recognized in various premium awards, including the “Top Ten Electric Drive Systems” by the Automotive Research Evaluation Institute and the “Global New Energy Vehicle Innovative Technology” by the World New Energy Vehicle Conference.

# MANAGEMENT DISCUSSION AND ANALYSIS



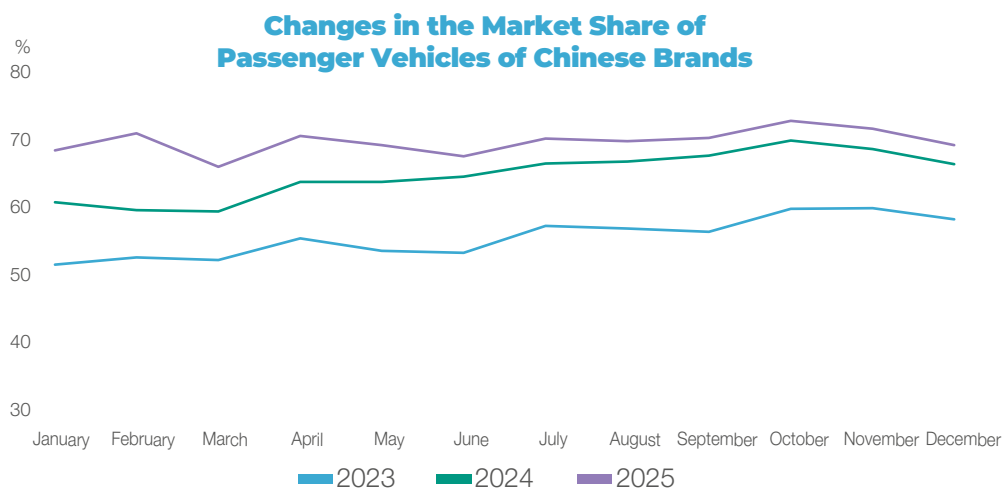
## Chapter 3

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. ANALYSIS ON INDUSTRY ENVIRONMENT<sup>1</sup>

In 2025, China's automobile industry withstood external pressures such as trade protectionism and global industrial chain restructuring, achieving production and sales volumes of 34,531 thousand units and 34,400 thousand units, representing a year-on-year increase of 10.4% and 9.4% respectively. The automobile production and sales volumes maintained a scale of more than 30,000 thousand units for three consecutive years, and ranked first in the world for 17 consecutive years. Among them, domestic automobiles sales volume stood at 27,302 thousand units, representing a year-on-year increase of 6.7%; automobile exports came to 7,098 thousand units, representing a year-on-year increase of 21.1%.

In 2025, the production and sales volume of passenger vehicles reached 30,270 thousand units and 30,103 thousand units respectively, representing a year-on-year increase of 10.2% and 9.2% respectively. Among them, sales volume for the passenger vehicles of Chinese brands reached 20,936 thousand units, representing a year-on-year increase of 16.5%, which accounted for nearly 70% of the total sales volume of passenger vehicles, representing a year-on-year increase of 4.3 percentage points.

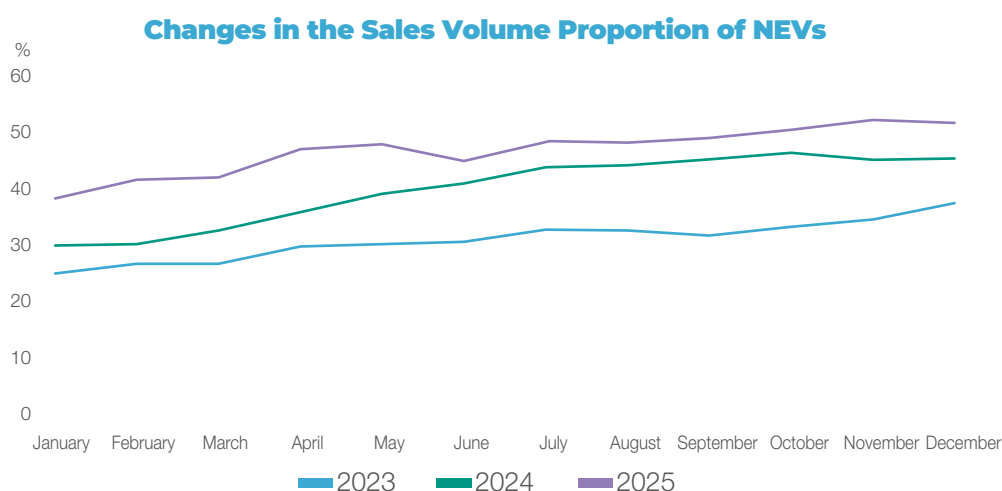


In 2025, China's commercial vehicle market demonstrated positive recovery and structural growth. The annual production and sales volume of commercial vehicles reached 4,261 thousand units and 4,296 thousand units, respectively, representing a year-on-year increase of 12% and 10.9% respectively.

<sup>1</sup> Data sourced from the China Association of Automobile Manufacturers.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, under the influence of the combined factors including favorable policies, abundant supply and continuous improvement of infrastructure, new energy vehicles sustained the momentum of rapid growth. The annual production and sales volume of NEVs reached 16,626 thousand and 16,490 thousand units respectively, representing a year-on-year increase of 29% and 28.2% respectively, with China's NEVs ranking first in the world for 11 consecutive years. The sales volume of NEVs accounted for 47.9% of the total sales volume of new vehicles, representing a year-on-year increase of 7 percentage points. Among them, domestic sales volume of NEVs accounted for over 50% of domestic sales volume of automobiles.

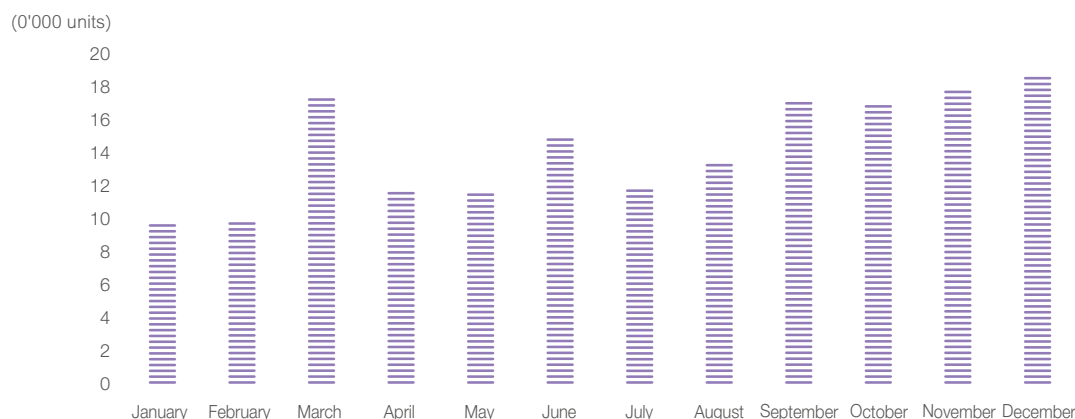


## II. ANALYSIS ON OPERATION OF THE COMPANY

In 2025, in the face of the systematic challenges arising from multi-dimensional restructuring in the industrial ecosystem, demand structures, and market competition, the Group's production and operations remained under pressure. The annual production and sales volume of vehicles amounted to 1,744.4 thousand units and 1,721.5 thousand units, representing a year-on-year decrease of 8.98% and 14.06%. However, through proactive efforts to drive reform and transformation, the Group achieved quarter-to-quarter positive growth for three consecutive quarters since the second quarter of 2025. Among them, the sales volume of NEVs was 433.6 thousand units, representing a year-on-year decrease of 4.64% and accounting for approximately 25.19% of the Group's total sales volume, representing an increase of approximately 2.5 percentage points compared to last year, whereas that of energy-efficient vehicles amounted to 454.6 thousand units, representing a year-on-year increase of 0.84%. During the reporting period, the proportion of the Group's sales volume generated from energy-efficient vehicles and NEVs increased to 51.60%, representing an increase of approximately 6 percentage points compared to last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

**GAC Group's Sales Volume of Vehicle for 2025**



### 1. Self-developed brands drove reform and transformation

Self-developed brands advanced an integrated reform by setting up a shared service center. The Group implemented IPD and IPMS reforms, thereby establishing product commercialization teams and product development process driven by user demand. The Group advanced pilot BU structures by setting up the AION Hyptec BU and the Trumpchi BU, fully introducing the NPS indicator management and appraisal system to strive to improve the user experience. Furthermore, the Group promoted innovative marketing collaboration with the JD platform, facilitating multi-brand integration and streamlining operations to advance channel penetration.

Self-developed brands will accelerate product renewal and upgrade. Driven by both “self-development + open cooperation”, GAC Trumpchi launched three premium models, including S7, M8 Qiankun, and S9. It established intelligent new energy product matrix for the “Xiangwang Series” (嚮往系列), covering SUVs and MPVs, and accelerated the Trumpchi brand’s comprehensive transition towards electrification and intelligentisation. The AION Hyptec brand continued to consolidate its leadership in pure-electric technology, through new vehicle models such as the AION UT, AION i60, and Hyptec HL, as well as facelifted vehicle models such as the AION V home and AION UT super, and expanded the layout of its extended-range technology, to achieve the synergistic development of a “pure-electric + extended-range” dual-technology route, thereby creating a dynamic matrix that caters to diverse mobility scenarios. Spurred by these new products, GAC AION achieved month-on-month positive growth in sales volume for 7 consecutive months since June 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Trumpchi S7

Launched in March 2025, Trumpchi S7 is positioned as a mid-to-large sized intelligent SUV for elite families, with a length of 4,900mm, a height of 1,780mm, and a wheelbase of 2,880mm. It is equipped with seats featuring heating, ventilation and massaging functions and the maximum reclining angle of the second-row seats is 137 degrees. The entire series comes standard with the Qualcomm 8295P chip, a 27-inch high-definition HUD as well as a 17.3-inch 3K ceiling-mounted high-definition screen, and is equipped with a combined driving assistance system. It is a plug-in hybrid/extended-range dual-mode vehicle that allows for seamless switching, with a CLTC maximum range of 1,150 km under comprehensive operating conditions.



## Trumpchi S9

Officially launched in September 2025, Trumpchi S9 QianKun is positioned as a "intelligent flagship SUV for large families". The entire series is equipped with driving assistance system of Huawei's QianKun ADS4.0, a 192-line laser radar and three 4D millimeter-wave radars, and comes standard with the HarmonySpace 5 HarmonyOS cockpit, supporting six-screen collaboration and smart home connectivity. In terms of power, it comes standard with a dual-motor four-wheel drive system, with a comprehensive power of 368kW. It is equipped with CATL's 44.5kWh Freevoy Super Hybrid battery, offering a CLTC pure electric range of 252km or a combined range of over 1,200km, with support for 3C ultra-fast charging. The vehicle also features an intelligent predictive magic carpet suspension and SDC continuous variable damping shock absorber.



## Trumpchi M8 QianKun

Launched in May 2025, Trumpchi M8 QianKun is the first product released under the joint innovation program of Trumpchi and Huawei. With a length of 5,251mm and a wheelbase of 3,070mm, it features dual zero-gravity seats in both rows, providing a comfortable driving and riding experience. It is equipped with Huawei's QianKun ADS and HarmonyOS cockpit, and is fitted with the world-leading 192-line laser radar and 4D millimeter-wave radar. It is powered by Trumpchi's high thermal efficiency 2.0TM engine and CATL's Freevoy Super Hybrid battery, offering a WLTC combined range of 1,177km.



## Hytec HL

Launched in April 2025, Hytec HL is positioned as a neo-luxury intelligent SUV for families, with a length of 5,126 mm, has a wheelbase of 3,088mm and is available in five-seater and 2+2+2 six-seater configurations. The exterior adopts the design concept of a land yacht and is equipped with mountain-sea horizon headlights, intelligent interactive lighting and full-width taillights. The entire series is equipped with standard configurations including the air suspension and SDC intelligent variable damping shock absorber, Qualcomm Snapdragon 8295P chip, laser radar, and ADiGO Space 6.0 intelligent in-vehicle system. In terms of power, it offers two power versions including pure electric and extended range. The pure electric version has a CLTC maximum range of up to 750km, whereas the extended range version has a CLTC pure electric range of 350km and a CLTC combined range of 1,369km, which supports 800V SC fast charging technology.



## AION UT

Launched in February 2025, AION UT features a superior wheelbase of 2,750mm and a rear lateral space of 1,385mm compared to its counterparts. It is equipped with a 100kW Quark motor and 215mm wide tires for a smoother driving experience. It is equipped with an AI intelligent cockpit and a 14.6-inch + 8.8-inch high-definition dual large screen. It is designed in accordance with the Sino-European double five-star vehicle body safety standards, and is fitted with safety configurations such as the new-generation magazine battery and V-type side air curtains and reverse AEB.



## AION i60

Launched in November 2025, AION i60 is positioned as a "national large five-seater SUV", aimed at family users who seek cost-effectiveness and practicality. The vehicle offers both extended range and pure electric options. The extended range version of CLTC has a pure electric range of 210km or a combined range of 1240km. Its 1.5L engine achieves an energy conversion efficiency of 3.73kWh/L, with a fuel consumption of just 5.5 L/100km. Due to its 2,775mm wheelbase, the vehicle provides a 1,040 mm rear legroom. The entire series comes standard with 28 off-road configurations, including ventilation and heating for both front seats, a heat pump air conditioning, a 54° panoramic video, and 6kW vehicle-to-load discharging, with its core advantages such as "spacious space, long range and high-end configurations".

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Joint venture brands accelerated the transformation towards intelligentisation and electrification

In 2025, GAC Toyota achieved a sales volume of 756 thousand units, representing a year-on-year growth of 2.44%, among which the terminal sales volume of high-value models such as Camry and Sienna ranked among the forefront in the domestic market segment, achieving sales of approximately 470 thousand units of energy-efficient and NEV models throughout the year, representing a year-on-year increase of 27.27%, the proportion of which rose to 62.2%. Through emphasizing localized self-development to accelerate its electrification transformation, the first pure-electric model led by the local R&D team, bZ3X, achieved an annual sales volume of over 80 thousand units, ranking first among joint-venture pure electric models, and became the first locally developed model to be included in Toyota's global sales system. The bZ7 made its debut at the Guangzhou Auto Show and aroused attention and favorable reviews thereafter. Through implementing the "intelligentization for hybrid electric vehicles" strategy, the 2026 models of Camry, Highlander and Sienna are equipped with intelligent cockpits and the Toyota Pilot driving assistance systems, marking a step forward in intelligentization. GAC Honda has stepped up its local development efforts, to comprehensively advance high-quality localized intelligent solutions. In collaboration with partners such as Momenta, it enhanced the intelligence experience. GAC Honda efficiently restructured its supply chain in core areas including battery, powertrain and electric control systems, smart cockpits, and intelligent driving, thereby building a more resilient and dynamic local supply chain ecosystem. GAC Honda achieved month-on-month positive growth in sales volume for 5 consecutive months since August 2025. Wuyang Honda strengthened its technological and intelligent advantages, launching a total of 14 new products in 2025. With a diversified product portfolio, it solidified its competitiveness across segments. The sales volume reached approximately 640 thousand units throughout the year, including export of over 150 thousand units.



#### GAC Toyota bZ3X

Launched in March 2025, bZ3X is GAC Toyota's first independently developed strategic model in China, deeply integrating Chinese localised solutions with global standards. It is equipped with laser radar, OrinX chips, and Momenta 5.0 driving assistance. The vehicle features a high-strength steel frame structure and incorporates nearly 100 Toyota's safety components to ensure the security of batteries, providing all-round protection for passengers. The standard configurations include the 8155 chip, a 14.6-inch large screen, and four-zone voice recognition, creating a comfortable and entertaining cabin space. bZ3X offers seven variants with three CLTC range options (430km, 520km, and 610km).



#### GAC Honda P7

Launched in April 2025, GAC Honda P7 is forged based on Honda's Yunchi smart and efficient pure electric W architecture, featuring high rigidity, low center of gravity, and light weight. The newly developed three-in-one high-power motor, offering both single-motor rear-wheel drive and dual-motor four-wheel drive power options. Its 50:50 front-rear weight distribution enables exceptional driving control, providing users with new driving pleasure in the electric era. Additionally, P7 integrates the latest Honda SENSING 360+ driving assistance system and Honda CONNECT 4.0 intelligent connectivity.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **3. International business comprehensively deepened and accelerated**

The self-developed brands continued to accelerate their expansion into overseas markets, adding more than 280 new outlets throughout the year, and a total of 630 outlets have been established across 87 countries and regions. The overseas vehicle lineup has been continuously refined to enhance product adaptability, with 5 brand-new overseas models and 4 mid-facelifted overseas models launched throughout the year. Anchored by the “ONE GAC 2.0” strategic direction, the Group has focused on key markets such as Thailand, Brazil, and Europe, deepened its localized presence, accelerated localized operations in the European market, with the AION V already in mass production at the factory in Austria.

Through deepened international business synergy, the Group promoted the global expansion of the ecosystem. GAC Business has accelerated the development of overseas warehousing and dealerships, automobile export trade, services for automobile export bases, international transportation, and overseas localized logistics. GAC Component has established a diversified overseas product matrix, including car seats, mould, gauge, springs, and smart seat components, with NEV parts and components, and self-developed patented products becoming new growth points for exports.

### **4. Industry ecosystems strengthened synergistic effects**

In the fields of parts and components, GAC Component has focused on strengthening and upgrading the industrial chain, driving breakthroughs in key systems, and components, and accelerating the deployment of modular integrated die-casting technology. Through market expansion both internally and externally, the Group achieved a breakthrough of initial supply of 15 products outside the system, resulting in a year-on-year increase of approximately 17% in revenue from outside the system.

In the fields of commercial and mobility transportation services, GAC Business has focused on building its Sun+ Care brand to drive the strategic upgrade of its customer ecosystem operations. It has continued to optimize new media management to enhance the capability to attract customers. Throughout the year, vehicle sales reached approximately 146 thousand units, representing a year-on-year increase of approximately 3.5%. ON TIME recorded over 200 million completed orders in aggregate during the year, representing a year-on-year growth of 86%. In terms of Robotaxi's commercialization, it achieved interconnected operations across three cities of “Guangzhou – Shenzhen – Hengqin”, completing a cumulative distance of nearly 6 million kilometres of safety trial operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the fields of energy ecosystem, UPOWER Energy signed 24 solar-storage projects throughout the year and successfully obtained the qualification for the sale of electricity from the Guangdong Electricity Exchange Center, as well as qualifications for virtual power plant operators from Guangdong Province and Guangzhou City. IMPOW battery steadily increased production capacity and production line yield rate, with annual production and sales volume of power batteries exceeding 150,000 sets. GAC Energy promoted the implementation of the “ten thousand charging piles” initiative. It has cumulatively built and operated over 1,900 charging stations and over 23,000 charging terminals, ranking among the top in the automobile industry in terms of the scale of charging terminals. It also established the national largest V2G demonstration scenario, facilitating Guangzhou to successfully apply to become one of the first batch of the pilot cities for national vehicle-to-grid large-scale application.

In the fields of investment and finance, adhering to the strategic positioning of “supporting the main businesses and empowering the main businesses”, the Group actively supported the sales operations of the original equipment manufacturers (OEMs) through financial services, promoting comprehensive and in-depth synergy of industry and finance. GAC-SOFINCO increased its retail penetration rate to nearly 16% throughout the year, with over 250,000 retail contracts, significantly boosting the OEMs’ sales. GAC-SOFINCO Leasing actively explored direct leasing and operational leasing models to facilitate the transformation and optimization of its business structure. GAC Finance Company supported automobile sales of approximately 500,000 units annually through inventory financing products and various financial service policies. Urtrust Insurance achieved a year-on-year increase of 17.2% in premium income for NEV insurance and launched an industry-leading intelligent driving insurance solution to safeguard the development of new energy and intelligent vehicles. GAC Capital focused on the “new four modernizations” of automobiles, completing investments in 11 strategic placement projects throughout the year in areas such as chips, ICV, and power batteries.

In the field of commercial vehicles, GAC Commercial Vehicle accelerated its transformation, achieving annual sales of 4,321 units, representing a year-on-year increase of a threefold. The newly developed pure electric tractor T9 was rolled off, marking a breakthrough in the independent innovative sector for high-end new energy commercial vehicles.



## MANAGEMENT DISCUSSION AND ANALYSIS

### III. DISCUSSION AND ANALYSIS BY THE BOARD ON OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, the Group realised revenue of approximately RMB367.164 billion on an aggregated basis, representing a year-on-year decrease of approximately 8.59%.

During the reporting period, the revenue of the Group amounted to approximately RMB96.542 billion, representing a year-on-year decrease of approximately 10.43%. The net loss attributable to equity shareholders of the Company amounted to approximately RMB8.784 billion, marking a turnaround from profit to loss in 2025 compared to the same period in 2024. The basic loss per Share amounted to approximately RMB0.85, representing a decrease of approximately 1,162.50% compared to the basic earnings per Share of RMB0.08 for the same period last year.

The major factors accounting for the variation of results during the reporting period included:

1. In 2025, affected by factors such as intense competition in the automobile industry and the rapid restructuring of the industrial ecosystem, despite the Company's continuous increase in automobile sales volume since the second quarter compared to the previous period, the annual automobile sales volume fell short of expectations. The Group achieved an annual sales volume of 1,721.5 thousand units, representing a year-on-year decrease of 14.06%, of which the annual sales volume of vehicles under our self-developed brands amounted to 609.2 thousand units, representing a year-on-year decrease of 22.83%. At the same time, in response to rapid market changes, the Company adjusted and increased its sales expenditures.
2. In 2025, due to factors such as sales volume and structural adjustments to new energy products of self-developed brands, the Company's asset impairment provision of intangible assets and inventories increased compared to the same period last year. At the same time, GAC Honda accelerated the transition towards new energy models with the adjustment of their production lines and the optimisation of staff, which resulted in a further reduction in the Company's investment income.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) ANALYSIS OF PRINCIPAL BUSINESS

#### Analysis of changes of items in the consolidated statement of comprehensive income and the cash flow statement

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Revenue	965.42	1,077.84	-10.43
Costs of sales	1,019.67	1,053.46	-3.21
Selling and distribution costs	58.91	54.17	8.75
Administrative expenses	53.86	58.34	-7.68
Finance costs	6.39	5.63	13.50
Interest income	4.11	5.84	-29.62
Share of net profits of joint ventures and associates	24.85	29.98	-17.11
Net cash flow (used in)/generated from operating activities	-161.99	82.99	-295.19
Net cash flow used in investing activities	-25.22	-162.03	-84.43
Net cash flow generated from financing activities	60.51	48.18	25.59

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Analysis on revenue and costs of sales

During the reporting period, revenue of the Group amounted to approximately RMB96.542 billion, representing a year-on-year decrease of approximately 10.43%. This was mainly due to fierce competition in the automobile industry and the rapid restructuring of the industrial ecosystem. GAC Trumpchi achieved an annual sales volume of 319.2 thousand vehicles, representing a year-on-year decrease of 23.02%, and GAC AION achieved an annual sales volume of 290.1 thousand vehicles, representing a year-on-year decrease of approximately 22.62%.

During the reporting period, the Group recorded cost of sales of approximately RMB101.967 billion, representing a year-on-year decrease of approximately 3.21%. The gross loss amounted to RMB5.425 billion, representing a decrease of approximately 322.52% compared to the gross profit of RMB2.438 billion for the same period last year. The gross loss margin of 5.62% represents a decrease of 7.88 percentage points compared to the gross profit margin of 2.26% for the same period last year, which was mainly due to the combined effect of fierce competition in the automobile industry, the rapid restructuring of the industrial ecosystem, and the decrease in gross profit of the automobile manufacturing factories under its self-developed brands.

### Principal business by industry

Unit: 100 million Currency: RMB

By industry	Revenue for the current year	Cost of sales for the current year	Gross profit/ (loss) margin for the current year (%)	Revenue for the previous year	Cost of sales for the previous year	Gross profit/ (loss) margin for the previous year (%)
Automobile manufacturing industry	690.10	767.93	(11.28)	789.34	789.28	0.01
Parts and components manufacturing industry	38.01	34.95	8.05	39.32	36.24	7.83
Commercial services	186.70	177.40	4.98	197.59	182.79	7.49
Finance and others	50.61	39.39	22.17	51.59	45.15	12.48
Total	965.42	1,019.67	(5.62)	1,077.84	1,053.46	2.26

## MANAGEMENT DISCUSSION AND ANALYSIS

### Principal business by product

Unit: 100 million Currency: RMB

By industry	Revenue for the current year	Cost of sales for the current year	Gross profit/ (loss) margin for the current year (%)	Revenue for the previous year	Cost of sales for the previous year	Gross profit/ (loss) margin for the previous year (%)
Passenger vehicles	676.22	753.40	(11.41)	789.34	789.28	0.01
Vehicles related trades	238.59	226.88	4.91	236.91	219.03	7.55
Finance and others	50.61	39.39	22.17	51.59	45.15	12.48
Total	965.42	1,019.67	(5.62)	1,077.84	1,053.46	2.26

### Principal business by region

Unit: 100 million Currency: RMB

By industry	Revenue for the current year	Cost of sales for the current year	Gross profit/ (loss) margin for the current year (%)	Revenue for the previous year	Cost of sales for the previous year	Gross profit/ (loss) margin for the previous year (%)
Chinese Mainland	795.20	859.55	(8.09)	960.44	953.34	0.74
Overseas	170.22	160.12	5.93	117.40	100.12	14.72
Total	965.42	1,019.67	(5.62)	1,077.84	1,053.46	2.26

### Principal business by sales model

Unit: 100 million Currency: RMB

By industry	Revenue for the current year	Cost of sales for the current year	Gross profit/ (loss) margin for the current year (%)	Revenue for the previous year	Cost of sales for the previous year	Gross profit/ (loss) margin for the previous year (%)
Distributor sales model	690.10	767.93	(11.28)	789.34	789.28	0.01
Others	275.32	251.74	8.56	288.50	264.18	8.43
Total	965.42	1,019.67	(5.62)	1,077.84	1,053.46	2.26

# MANAGEMENT DISCUSSION AND ANALYSIS

## Analysis of sales and production volume

Unit: Vehicle

Major products	Production volume	Sales volume	Inventory volume	Increase/decrease in production volume compared with last year (%)	Increase/decrease in sales volume compared with last year (%)	Increase/decrease in inventory volume compared with last year (%)
Manufacture of passenger vehicles	629,176	609,242	41,896	-17.46	-22.83	50.62

Explanation of sales and production volume: Mainly the production and sales data of GAC Trumpchi and GAC AION within the scope of the consolidated report.

## Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 customers	41.23	4.31

## MANAGEMENT DISCUSSION AND ANALYSIS

### Major suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement fees	Ratio to total procurement (%)
Total procurement fees from the top 5 suppliers	164.65	16.99

Amount of procurement fees paid to the largest supplier of the Group accounted for 7.09% of the total amount of procurement fees of the Group for the year.

During the year, to the best of the directors' knowledge, no directors or their close associates or Shareholders holding more than 5% of the Company's Shares have any interest in the top 5 suppliers.

### 2. Expenses

- (1) The year-on-year increase of approximately RMB474 million in selling and distribution costs was mainly attributable to the combined effect of the launch of new vehicle models and increased investment in internationalisation, coupled with the increase in the relevant advertising fees and logistics and warehousing fees during the reporting period;
- (2) The year-on-year decrease of approximately RMB448 million in administrative expenses was mainly attributable to the combined effect of the year-on-year decrease in staff costs, as well as the R&D expenditures during the reporting period;
- (3) The year-on-year increase of approximately RMB76 million in finance costs was mainly attributable to the combined factors including the year-on-year increase in interest expenses during the reporting period;
- (4) The year-on-year decrease of approximately RMB173 million in interest income was mainly attributable to the combined factors including the year-on-year decrease in non-operational interest income during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Research and development expenditures

(1) Table of research and development expenditures

*Unit: 100 million Currency: RMB*

Expensed research and development expenses during the period	11.52
Capitalised research and development expenses during the period	59.67
Total research and development expenditures	71.19
Percentage of total research and development expenditures over total revenue (%)	7.37
Number of research and development staff of the Company	7,982
Number of research and development staff over total number of staff of the Company (%)	21.96
Percentage of capitalised research and development expenditures (%)	83.82

(2) During the reporting period, expenditures in research and development amounted to approximately RMB7.119 billion, representing a year-on-year decrease of approximately RMB35 million, which was mainly due to the fact that the Company adhere to independent research and development and innovation capacity building to improve the quality system, and steadily promote the development of new energy vehicle models and core components, with R&D expenditures essentially unchanged during the reporting period.

### 4. Share of profit of joint ventures and associated companies

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB2.485 billion, representing a year-on-year decrease of approximately RMB513 million, which was mainly attributable to the combined effect of the decrease in income from joint ventures resulting from decreased sales volume, as well as GAC Honda accelerating its transition to new energy models and making provisions for impairment arising from the adjustment of production lines and the optimisation of staff, which led to a further reduction in the Company's share of profits from its joint ventures and associated companies during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Cash flows

- (1) During the reporting period, net cash outflow used in operating activities amounted to RMB16.199 billion, representing a decrease in net inflow of RMB24.498 billion as compared with the net cash inflow of RMB8.299 billion in the corresponding period last year, which was mainly attributable to the combined effect of the decrease in net cash inflow resulting from reduced sales volume during the reporting period;
- (2) During the reporting period, net cash outflow used in investing activities amounted to RMB2.522 billion, representing a decrease in net outflow of RMB13.681 billion as compared with the net cash outflow of RMB16.203 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in the recovery of investments in interbank certificates of deposit from financial institutions, and a year-on-year decrease in dividends received from joint ventures during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to RMB6.051 billion, representing an increase in net inflow of approximately RMB1.233 billion as compared with the net cash inflow of RMB4.818 billion in the corresponding period last year, which was mainly attributable to the combined effect of the decrease in dividend payment by the Group during the reporting period;
- (4) As at 31 December 2025, cash and cash equivalent of the Group amounted to approximately RMB23.843 billion, representing a decrease of approximately RMB12.639 billion as compared with approximately RMB36.482 billion as at 31 December 2024.

### 6. Others

Income tax credit amounted to approximately RMB578 million, representing a year-on-year increase of approximately RMB345 million, which was mainly attributable to the combined effect of changes in profit of certain enterprises and in deferred income tax during the reporting period.

To sum up, the Group's net loss attributable to equity shareholders of the Company for the reporting period amounted to approximately RMB8.784 billion. Compared to the same period in 2024, the Group recorded a turnaround from profit to loss in 2025. Basic loss per Share amounted to approximately RMB0.85, representing a decrease of approximately 1,162.50% compared to basic earnings per Share of RMB0.08 for the same period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) ANALYSIS OF ASSETS AND LIABILITIES

### 1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

<b>Item</b>	<b>Balance at the end of current period</b>	<b>Balance at the end of current period over total assets (%)</b>	<b>Balance at the end of the previous period</b>	<b>Balance at the end of the previous period over total assets (%)</b>	<b>Change (%)</b>
Prepayments and other long-term receivables	65.39	3.04	150.03	6.45	-56.42
Investments in joint ventures and associates	355.56	16.54	301.22	12.96	18.04
Inventories	164.46	7.65	156.88	6.75	4.83
Borrowings – non-current	96.97	4.51	119.69	5.15	-18.98
Borrowings – current	280.83	13.06	233.22	10.03	20.41
Trade and other payables – current	546.64	25.43	632.27	27.19	-13.54

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Analysis on change

- (1) Prepayments and other long-term receivables decreased by 56.42% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including the transformation of GAC-SOFINCO Leasing from a subsidiary to a joint venture, which resulted in the decrease of relevant long-term receivables during the reporting period;
- (2) Investments in joint ventures and associated companies increased by 18.04% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including the addition of new joint ventures and associated companies during the reporting period, the increase of capital in joint ventures and associated companies, the recognition of investment income in joint ventures and associated companies, and the profit distribution from joint ventures and associated companies;
- (3) Inventories increased by 4.83% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including the increase in inventory goods within the automobile manufacturing factories, coupled with the decrease in dealers' inventories during the reporting period;
- (4) Borrowings – non-current decreased by 18.98% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including the transformation of GAC-SOFINCO Leasing from a subsidiary to a joint venture, which resulted in the reduction in related borrowings – non-current during the reporting period;
- (5) Borrowings – current increased by 20.41% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including the increased demand from some enterprises to replenish their working capital through short-term borrowings during the reporting period;
- (6) Trade and other payables – current decreased by 13.54% as compared with the balance at the end of the previous period, mainly attributable to the combined factors including payments made to suppliers during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (III) ANALYSIS OF FINANCIAL POSITION

### 1. Financial indicators

As at 31 December 2025, the Group's current ratio was approximately 1.13 times, representing a decrease from approximately 1.22 times as at 31 December 2024. The Group's quick ratio was approximately 0.94 times, representing a decrease from approximately 1.05 times as at 31 December 2024. Both ratios were within reasonable range.

### 2. Financial resources and capital structure

As at 31 December 2025, the Group's current assets amounted to approximately RMB98.031 billion, current liabilities amounted to approximately RMB87.102 billion and current ratio was approximately 1.13 times.

As at 31 December 2025, total borrowings amounted to approximately RMB37.78 billion, mainly consisting of borrowings from bank and financial institutions with closing balance of approximately RMB34.934 billion, etc. The above borrowings are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 31 December 2025, the Group's gearing ratio was approximately 25.61% (calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

### 3. Foreign exchange risk

As the Group mainly conducts its business in the PRC and the sales and procurement in the PRC were denominated in RMB, changes in foreign exchange did not have any material effect on the Group's operating results and cash flow during the reporting period.

### 4. Contingent liabilities

As at 31 December 2025, financial guarantee given by the Company to controlled and wholly-owned subsidiaries of the Group amounted to RMB0 (31 December 2024: RMB0).

As at 31 December 2025, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2024: RMB0).

As at 31 December 2025, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB0 (31 December 2024: RMB0).

## MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) ANALYSIS OF AUTOMOBILE MANUFACTURING INDUSTRY OPERATION

#### 1. Production capacity

##### Existing production capacity

<b>Names of major factories</b>	<b>Design production capacity (ten thousand units)</b>	<b>Production capacity during the reporting period (ten thousand units)</b>	<b>Production capacity utilisation rate (%)</b>
GAC Honda	60	35.45	59
GAC Toyota	100	75.63	76
GAC Trumpchi	72	32.87	46
GAC AION	56	30.05	54
GAC Commercial Vehicle	1	0.45	45

Notes:

1. Design production capacity refers to the actual effective production capacity, and the production capacity unit is ten thousand units.
2. Production capacity during the reporting period refers to the production volume during the reporting period.

Production capacity calculation standards: Calculated based on standard production capacity under a two-shift system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Sales and production volume of whole vehicles

### By vehicle models

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in sales volume compared with the	Total number for the year	Total number for last year	Changes in production volume compared with the
			corresponding period last year (%)			corresponding period last year (%)
<b>Passenger vehicle</b>	1,717,168	2,002,035	-14.23	1,739,935	1,915,602	-9.17
Sedans	526,118	672,112	-21.72	520,195	644,440	-19.28
SUV	955,614	1,014,317	-5.79	979,387	962,522	1.75
MPV	235,436	315,606	-25.40	240,353	308,640	-22.13
<b>Commercial vehicle</b>	4,321	1,023	322.38	4,494	1,013	343.63
<b>Total</b>	1,721,489	2,003,058	-14.06	1,744,429	1,916,615	-8.98

### By regions

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	Total number for the year	Total number for last year	Changes in domestic sales compared with the	Total number for the year	Total number for last year	Changes in overseas sales compared with the
			corresponding period last year (%)			corresponding period last year (%)
<b>Passenger vehicle</b>	1,593,020	1,874,972	-15.03	124,148	127,063	-2.29
Sedans	510,512	657,982	-22.41	15,606	14,130	10.44
SUV	858,963	921,832	-6.82	96,651	92,485	4.50
MPV	223,545	295,158	-24.26	11,891	20,448	-41.84
<b>Commercial vehicle</b>	4,321	1,023	322.38	-	-	-
<b>Total</b>	1,597,341	1,875,995	-14.85	124,148	127,063	-2.29

Note: The above sales and production data include that of the joint ventures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. NEV business

#### *Production capacity of NEVs*

The effective annual production capacity of GAC AION NEV is 560 thousand units. Some NEVs of GAC Trumpchi and GAC Commercial Vehicle are produced on shared lines with traditional vehicles, sharing production capacity. This allows the Company to adjust its products based on market conditions and implement flexible production. GAC Honda and GAC Toyota have dedicated production lines for certain NEVs.

#### Sales and production volume of NEVs

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the	Total number for the year	Total number for last year	Changes in total production volume compared with the
			corresponding period last year (%)			corresponding period last year (%)
<b>Passenger vehicle</b>	433,634	454,725	-4.64	448,792	436,229	2.88
Sedans	97,550	173,065	-43.63	93,912	165,092	-43.12
SUV	313,699	232,680	34.82	331,138	222,615	48.75
MPV	22,385	48,980	-54.30	23,742	48,522	-51.07
<b>Commercial vehicle</b>	3,839	335	1,045.97	4,000	507	688.95

#### Income and subsidies for NEVs

*Unit: 100 million    Currency: RMB*

Vehicle types	Income	Subsidy for NEV	Proportion of subsidy (%)
Passenger vehicle	313.02	0.02	0.01
Commercial vehicle	12.71	0.1	0.79

Illustration on income and subsidy for NEVs: mainly comprises the income and subsidy data of the consolidated report for NEVs, including those of GAC Trumpchi, GAC AION, and GAC Commercial Vehicle.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 4. Automobile finance business

### Overview of the automobile finance business

Unit: 0'000 Yuan Currency: RMB

Name of subsidiary GAC Finance Company

Basic information					
Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
209,000	5,278,115	320,464	110,538	20,143	15,119

Main indicators of operations			
Amount of loans granted	Number of loans granted	Balance of loans	Amount of credit-impaired losses
5,634,286	468,300	1,950,533	5,938

Key regulatory indicators						
Core tier-one capital adequacy ratio	Tier-one capital adequacy ratio	Capital adequacy ratio	Non-performing loan ratio	Provision coverage ratio	Loan provision ratio	Liquidity ratio
11.20%	11.20%	12.39%	0.0318%	N/A	2.75%	56.58%

### Distribution of loans by five-tier classification

Unit: 0'000 Yuan Currency: RMB

Item	Amount	Percentage (%)
Normal	1,998,753	99.95
Special mention	344	0.02
Substandard	0	0.00
Doubtful	93	0.00
Loss	543	0.03
Total	1,999,733	100.00

## MANAGEMENT DISCUSSION AND ANALYSIS

### IV. MATERIAL INVESTMENT

During the reporting period, the Group did not hold any material investment.

### V. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed in the section headed “Material Disposal of Assets and Equity Interest” below, the Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the reporting period.

### VI. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

#### **Equity Transfer of Dongfeng Honda Engine and Capital Increase of GAC Honda**

##### **Equity Transfer**

On 30 October 2025, GAC Honda, a principal jointly-controlled entity of the Company, entered into the equity transfer agreement with Dongfeng Motor Group Co., Ltd. (“Dongfeng Motor Group”), pursuant to which Dongfeng Motor Group (as the vendor) agreed to sell and GAC Honda (as the purchaser) agreed to acquire 50% of the equity interest in Dongfeng Honda Engine Co., Ltd. (“Dongfeng Honda Engine”), at a consideration of RMB1,172,485,400 (equivalent to approximately HK\$1,286,847,541), which was conducted by way of public tender and transfer on the Guangdong United Assets and Equity Exchange (the “Equity Transfer”).

Upon completion of the Equity Transfer, GAC Honda held 50% of the equity interest in Dongfeng Honda Engine, and the attributable interest of the Company in Dongfeng Honda Engine became 25%. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Equity Transfer does not exceed 5%, the Equity Transfer does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Dongfeng Motor Group is an independent third party. The Equity Transfer also does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

##### **Capital Increase**

On 10 November 2025, the Company entered into the capital increase agreement with Honda Motor Co., Ltd. (“Honda Motor”), Honda Motor (China) Investment Co., Ltd. (“Honda China”) and GAC Honda, pursuant to which the registered capital of GAC Honda would be enlarged from US\$541,000,000 to US\$867,215,960. The Company, Honda Motor and Honda China contributed to the capital increase at an aggregate amount of US\$326,215,960 (equivalent to approximately HK\$2,544,484,488) in proportion to their respective capital contributions in GAC Honda (the “Capital Increase”).

## MANAGEMENT DISCUSSION AND ANALYSIS

Honda Motor and Honda China are substantial shareholders of GAC Honda, a principal jointly-controlled entity of the Company, and are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Capital Increase and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Capital Increase exceeds 0.1% but is less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Capital Increase, each of the Company, Honda Motor and Honda China would maintain their respective percentage holding of equity interest in GAC Honda and continue to hold 50%, 40% and 10% of the equity interest in GAC Honda respectively. However, Honda Motor and Honda China no longer hold any equity interest in Dongfeng Honda Engine. The equity interest of GAC Honda in Dongfeng Honda Engine would increase from 50% to 100%, and the attributable interest of the Company in Dongfeng Honda Engine would become 50%. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Capital Increase is less than 5%, the Capital Increase does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and thus the Capital Increase is not subject to the announcement and shareholders' approval requirements therein.

For details, please refer to the Company's announcement dated 10 November 2025.

### **Provision of Loans to an Investee Company, HYCAN Automobile, in Proportion to Equity Interest**

On 27 January 2025, the 2025 first extraordinary general meeting held by the Company approved the resolution on the provision of loans to an investee company, HYCAN Automobile Technology Co., Ltd. ("HYCAN Automobile"), in proportion to equity interest by ordinary resolution. Following unanimous agreement among HYCAN Automobile's shareholders, the Company agreed to provide shareholder loans specifically for payment of HYCAN Automobile's employee wages and economic compensation in proportion to equity interest. Among them, the Company and GAC AION provided loans of a total of approximately RMB23.80 million in proportion to equity interest (collectively holding its 25% equity interest). Additionally, it has been agreed to entrust GAC AION with the after-sales service business for HYCAN Automobile's products. Based on a ten-year after-sales service term, shareholders of HYCAN Automobile would provide loans not exceeding RMB174 million in proportion to their respective equity interest, specifically for the after-sales services of HYCAN Automobile's products.

## MANAGEMENT DISCUSSION AND ANALYSIS

As all applicable percentage ratios (calculated under Rule 14.07 of the Listing Rules) for the transaction involving the Group's provision of loans to HYCAN Automobile are less than 5%, the matter of the Group providing loans to HYCAN Automobile is fully exempt from all disclosure requirements under Chapter 14 of the Listing Rules.

### VII. PROVISION FOR ASSET IMPAIRMENT

The Company held the 21<sup>st</sup> meeting of the seventh session of Board on 27 March 2026, at which the Resolution on Provision for Asset Impairment was reviewed and approved. In order to objectively, fairly and accurately reflect the Company's financial position and the value of its various assets for 2025, and in accordance with the China Accounting Standards for Business Enterprises and the relevant requirements of the Company's accounting policies as well as based on the principle of prudence, the Company conducted impairment tests on relevant assets as of 31 December 2025. Provision for impairment of RMB2.747 billion was made for assets showing indications of impairment (the amount of asset impairment under the Hong Kong Financial Reporting Standards is consistent with that under the Chinese Enterprise Accounting Standards).

#### **Approach, Basis and Standard of the Provision for Impairment**

According to the China Accounting Standards for Business Enterprises No.1 – Inventory, at the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost of inventories is higher than their net realizable value, a provision for impairment of inventories shall be made and included in the profit or loss for the current period. For sold inventories, the cost shall be carried forward to profit or loss for the current period, and the corresponding provision for impairment of inventories shall also be carried forward.

According to the China Accounting Standards for Business Enterprises No.8 – Asset Impairment, where there is any impairment indication of assets, its recoverable amount shall be estimated. The recoverable amount shall be determined by the higher one of the net amount of the asset's fair value minus disposal expenses and the present value of the asset's expected future cash flow. If the measurement results of the recoverable amount indicates that the recoverable amount of an asset is lower than its carrying amount, the carrying amount of such asset shall be written down to its recoverable amount, and the amount written down shall be recognised as impairment loss of the asset and included in profit or loss for the current period. A provision for impairment of the asset shall be made accordingly.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Details of the Provision for Impairment

As a result of the fluctuated market prices of certain goods for 2025, in accordance with the China Accounting Standards for Business Enterprises and relevant accounting policies of the Company, the Company proposed to make provision for impairment of RMB2.747 billion, which was mainly due to the inventory write-down of RMB1.223 billion and impairment of intangible assets of RMB1.246 billion (under the Hong Kong Financial Reporting Standards, the impairment of intangible assets was RMB1.285 billion, which includes the impairment losses on intangible assets and development costs under the Chinese Enterprise Accounting Standards).

## Impact of the Provision for Impairment on the Company

The Company made provision for asset impairment amounting to RMB2.747 billion for 2025, resulting in a decrease of RMB2.747 billion in total profit during the reporting period. The provision for asset impairment was made in compliance with the China Accounting Standards for Business Enterprises and the relevant requirements of the Company's accounting policies, with solid bases and proper procedures. After the provision for asset impairment, the conditions of the Company's assets and operating results would be more fairly reflected, without prejudicing the interests of the Company and all the Shareholders.

For details regarding the Company's provision for asset impairment, please refer to the announcement regarding provision for asset impairment (Announcement no.: Lin 2026-020) disclosed by the Company on the websites of the SSE and the Stock Exchange on 27 March 2026 and 29 March 2026, respectively.

## VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND JOINT VENTURES

<b>Company name</b>	<b>Production volume during the reporting period (units)</b>	<b>Changes compared with the corresponding period last year</b>	<b>Sales volume during the reporting period (units)</b>	<b>Changes compared with the corresponding period last year</b>	<b>Revenue (RMB100 million)</b>	<b>Changes compared with the corresponding period last year</b>
GAC Honda	354,460	-14.82%	351,926	-25.22%	511.42	-25.07%
GAC Toyota	756,299	2.76%	756,000	2.44%	1,106.86	1.04%
GAC Trumpchi	328,656	-18.96%	319,161	-23.02%	404.41	-25.12%
GAC AION	300,520	-15.76%	290,081	-22.62%	283.84	-24.15%

## IX. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

N/A.

## MANAGEMENT DISCUSSION AND ANALYSIS

### X. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

#### 1. Industry layout and trend

China's automobile market has entered a moderate growth phase dominated by competition for existing resources. The focus of industrial competition has shifted from single-product competition to ecosystem-based competition. The industrial changes of the automobile industry are becoming increasingly clear, characterized by the "four overlapping periods" of profound transformation, rapid technological iteration, shifts in competitive landscape, and restructuring of management processes. Firstly, the period of profound industry transformation. The transformation toward electrification and intelligentisation has entered a critical moment, with its pace and intensity far exceeding expectations. The proportion of domestic NEV market exceeded 50% in 2025. Driven by trends such as an aging population, nuclear families, gentrification and feminization, personalized user demand is growing. Structural incremental opportunities exist in segmented markets, including the 100,000 to 200,000 mainstream market, lower-tier markets, the silver economy and the "she economy". Traditional fuel-powered vehicles show potential for a structural recovery and still dominate the global market. Secondly, the period of rapid technological iteration. Technological innovations in the automobile industry emerge continuously with iteration speeds far surpassing expectations. The "15th Five-Year Plan" period is expected to mark a pivotal turning point for the rapid increase in the penetration rate of L3 autonomous driving, while competition in core new energy technologies will also focus on key areas such as solid-state batteries and high-efficiency electric drives. Thirdly, the period of adjustments in competitive landscape. In the domestic market, as self-developed brands have risen strongly to become dominant players, sales volume for the passenger vehicles of Chinese brands accounted for nearly 70% of the total sales volume of passenger vehicles in 2025. The share of joint-venture brands has further declined, and brand competition has entered the knockout stage. Fourthly, the period of restructuring of management processes. The traditional straight-line functional organizational structure is increasingly inadequate to keep pace with industry developments. It is necessary to integrate the full chain of "user demand – product R&D – market success" to achieve a high alignment between organizational capabilities and market demand.

According to the estimations of the China Association of Automobile Manufacturers, China's total sales volume will reach 34,750 thousand units in 2026, representing a year-on-year increase of 1%. Among them, sales volume for the passenger vehicles will reach 30,250 thousand units, representing a year-on-year increase of 0.5%. NEV sales volume will reach 19,000 thousand units, representing a year-on-year increase of 15.2%. Exports will come to 7,400 thousand units, representing a year-on-year increase of 4.3%.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Development strategy of the Company

During the “15th Five-Year Plan” period, the Group will fully implement the “1733” strategy by consolidating seven segments, including R&D, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy ecosystem, internationalisation as well as investment and finance. We will focus on the three priorities of “stabilizing joint ventures, fortifying independence, and expanding the ecosystem”, and win the three critical campaigns of “user demands, product value, and service experience”, to achieve the goal of reshaping a “new GAC” with determination.

## 3. Operational plan

1. The Group will reform to tackle challenges and accelerate the effective implementation of measures. The Group will deepen the second phase of IPD transformation and further implement reforms for self-developed brands BU. The Group will deepen DSTE process management to achieve a closed-loop management covering strategy, operation, execution and monitoring, and strengthen project-based management by establishing a comprehensive project lifecycle management system, and refining the appraisal and incentive mechanism.
2. To achieve product breakthroughs, the Group will focus on developing core vehicle models. Efforts will be intensified to enhance user insights capabilities to accurately identify user demands and optimize product planning strategies. We will implement a differentiated new-vehicle strategy to accelerate the launch of new models, such as the AISTALAND series, Hyptec A800, AION N60 and bZ7, thereby increasing success rate. Additionally, the Group will strengthen product management capabilities throughout its entire lifecycle to continuously enhance product experience and quality.
3. Brand leadership accelerates the transformation of marketing system. The Group will clarify brand positioning, sharpen brand labels, and focus resources on building a product portfolio matrix. The Group will deepen IPMS reform to systematically strengthen marketing capabilities, address weaknesses in new media marketing, and promote improvements in NPS across all brands. The Group will accelerate expansion into lower-tier markets, rapidly deploy in potential markets, and fill gaps in uncovered areas, thereby enhancing channel capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

4. Through technological innovation, the Group will leverage strengths to leapfrog the competition. We will continue to consolidate our strengths in electrification and low-carbon technologies, and advance the development of technologies such as the magazine battery 3.0, Quark Electric Drive 3.0 and excellent energy-saving technology 2.0. Through adopting a dual-track approach of “cooperation + independent development” to enhance ICV, the Group will complete the development of self-developed technologies including the cockpit-facing terminal-cloud integrated large-scale models 2.0 and EEA4.0, and accelerate mass production for installation. Besides, we will strengthen the layout and research of cutting-edge technologies to secure a leading position for future development.
5. The Group will deepen global expansion to build the second growth curve. Focusing on A0 and A-class mainstream markets, we will develop regional bestsellers tailored to local conditions. By innovating sales and services as well as localized operations, and formulating differentiated solutions of “one country, one policy”, the Group will create business-end smart mobility solutions to rapidly penetrate the business-end markets and establish the second growth curve internationally. Additionally, we will execute the “thousand network plan” to expand our network scale. Efforts will also be made to strengthen all-round support across products, sales and services, brand, localized production, ecosystem, talent and compliance to enhance capabilities for overseas expansion.
6. Ecological empowerment deepens the synergetic development across sectors. By deepening external cooperation and integrating high-quality resources, the Group will continuously expand the “ecological network”. Strengthening, upgrading and extending the industrial chain, while enhancing independent control, we will continue to advance R&D of domestic chip for major projects, and promote the professional and neutral development of the components sector. The Group will leverage the integrated strengths of the financial sector in areas such as inventory financing, retail loans, retail financial leasing and automobile insurance to deepen the synergy between industry and finance and empower principal businesses of whole vehicles.
7. The Group will work together to enhance operational quality and efficiency through lean management. We will optimize financial management models, strengthen closed-loop management of comprehensive budgets, and reinforce full lifecycle management of vehicle models, to facilitate the achievement of profit targets. We will continuously implement cost reduction initiatives, bolster the development of a technology-driven cost reduction system, and establish a cost-optimized supply chain. The Group will intensify manufacturing cost reduction efforts, strictly control internal operating expenses, and achieve lean control of per-unit internal operating costs.



## MANAGEMENT DISCUSSION AND ANALYSIS

8. Driven by AI, the Group will systematically build a digital and intelligent GAC. By advancing AI capabilities, we will accelerate the transformation into a process-oriented organization. Through comprehensive and in-depth AI integration, we will reshape our product and operational competitiveness, strengthen data management mechanisms to enable data-driven decision-making, and develop an integrated digital platform for business operations to achieve sustained quality enhancement and cost reduction.
9. With talent as its foundation, the Group will stimulate vitality to enhance efficiency. We will strengthen the talent development, with a focus on key areas such as marketing, AI, software, and internationalization, by further strengthening the recruitment of specialized professionals and leading talents. We will intensify efforts to enhance workforce efficiency, promote a striver culture, and stimulate the vitality of our team.

### 4. Potential risks

#### (1) Intensified market competition

The competitive landscape of the automobile market is restructuring at an accelerated pace, increasing survival pressure on automobile enterprises and entering the high-speed shuffling phase of survival of the fittest. Enterprises with unclear brand positioning, weak product competitiveness and slow response to market demand will be at a competitive disadvantage. The intensifying market competition directly erodes the profit margins of automobile enterprises. According to the data of the National Bureau of Statistics, the ex-factory price of China's automobile manufacturing industry fell by 2.8% in 2025 compared with the previous year. The profit margin of the automobile manufacturing industry is lower than the average level of downstream industrial enterprises. The market structure continues to diverge, the domestic penetration rate of NEVs has exceeded 50%, leading to a further contraction in the fuel-powered vehicle market share. The proportion of sales volume for the passenger vehicles of Chinese brands is approaching 70%, thereby further compressing the market space for joint venture brands. Certain joint venture brands with a high proportion of fuel-powered vehicles and relatively low levels of intelligence will face even greater competitive pressure.

#### (2) Price fluctuations of raw materials and key components

Since 2025, prices of upstream raw materials and key components have remained high and continued to rise, with particularly significant fluctuations in lithium carbonate, copper, aluminum, rhodium and other key commodities. Prices of key components such as memory chips have increased substantially, continuously driving up cost pressure on the automobile industry. In response to rising prices of raw materials and key components, the Company has endeavored to reduce procurement costs by consolidating the procurement system of self-developed brands, optimizing the supplier structure and expanding the scale of centralized procurement. Nevertheless, such measures can hardly fully offset the cost pressure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **(3) Adjustment of industry policies**

Since January 2026, China has implemented a new policy on vehicle purchase tax for NEVs. NEVs are subject to a 50% reduction in vehicle purchase tax, while the technical requirements for vehicles eligible for tax reductions and incentives have been raised. The pure-electric mode range and energy consumption standards for plug-in hybrid (including range-extended) passenger vehicles have been further tightened, continuously driving enterprises to shift from being driven by policy subsidies to being driven by policies. If a company lags in R&D or supply chain fails to meet the standards, its main models may not comply with the new regulations, resulting in the loss of subsidy eligibility or market access, thereby exposing the company to significant pressure from product transition and inventory management. To meet stricter safety, range, and environmental standards, enterprises' mandatory investments in areas such as battery materials, thermal management systems, and low-carbon manufacturing processes will continuously increase. At the same time, the phase-out of purchase tax subsidies has directly reduced profit margins per vehicle, presenting severe challenges to the overall profitability of the industry.

### **(4) Increased uncertainty in the external environment**

High international geopolitical risks and rising trade protectionism may disrupt trade or even suspend operations in some regions due to geopolitical conflicts, abrupt policy changes or international sanctions. Industrial repatriation policies in certain countries will exert long-term impacts on the layout of the global automobile supply chain. The global economic slowdown and major-power competition have led to volatile raw material prices and rising tariff costs, continuously squeezing profit margins.

### **(5) Pressure on the Company's operations**

The Company's operating performance has declined for two consecutive years, recording a loss for the first time. Although the Company has advanced the three-year "Panyu Action" to accelerate management and process reforms, and fully implemented the three critical campaigns of "user demands, product value and service experience" to strive for business recovery, there remains room for further improvement and refinement in areas such as product competitiveness, marketing reform and transformation, cost control and international expansion.

# CORPORATE GOVERNANCE

## I. CORPORATE GOVERNANCE

The Group was in strict compliance with relevant corporate governance requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Listing Rules and its Appendix C1, the Corporate Governance Code. The Group constantly optimised the structure of corporate governance, regulated the operation of general meeting and the Board in an orderly manner, and disclosed information in compliance with laws and regulations so as to establish a modern corporate governance system with sound scientific norms, effective checks and balances, and efficient operation. A total of 24 Board meetings and 15 meetings of special committees of the Board were held during the year. In addition, in order to constantly improve governance, the Company has reviewed and revised the internal management system from time to time. The Company revised important management systems such as the Articles of Association, the Rules of Procedures of General Meetings, the Rules of Procedures of the Board, the Management System of Information Disclosures, the Rules for the Independent Directors and the Decision-making Management Rules of Related Party Transactions, in accordance with regulatory requirements and the Company's development plan during the reporting period, which further optimised the governance structure and improved its governance.

There was no deviation by the Company's corporate governance from the requirements as specified in the existing laws and regulations, and the listing rules of the SSE and the Stock Exchange during the year. The Company is consistently committed to continuous improvements on corporate governance, and firmly believes that good governance is crucial for long stability and sustainable development of the Company.

The Company's structure of corporate governance comprises the general meeting, the Board and its special committees, the management and the employees, each of which plays an important role in the corporate governance of the Company. The specific information is described below:

### (I) General Meeting

The general meeting is the authoritative body of the Company and has legal power to decide on significant matters of the Company. The Company carries out policies of open and honest communication and fair disclosures. The Company can ensure all shareholders, especially minority shareholders enjoy equal status and rights. Pursuant to Article 71 of the Articles of Association, if shareholders individually and jointly holding over 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting, an extraordinary general meeting shall be held within two months after receipt of such written request.

## CORPORATE GOVERNANCE

Pursuant to Article 73 of the Articles of Association, shareholders individually and jointly holding over 1% of the shares of the Company are entitled to propose extraordinary motions to the Company and submit them in writing to the convener ten days before the general meeting. The convener of the general meeting shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. The Company formulates efficient channels of communication with shareholders. All shareholders have the right to be informed and to participate in significant events of the Company; shareholders may raise enquiries and express their view to the Board in writing at any time (Contact address: The office of the Board of GAC Group, No. 668 Jinshan Road East, Panyu District, Guangzhou (Postal code: 511434), Telephone: 020-83151139, Email: ir@gac.com.cn).

The Company has formulated the Rules of Procedures of General Meetings, convened and held general meeting in strict compliance with regulatory requirements so as to ensure that shareholders are able to fully exercise their rights. When the Company convenes an annual general meeting, written notice shall be given to all shareholders twenty-one days prior to the convening of the meeting. When convening an extraordinary general meeting, written notice shall be given to all shareholders fifteen days prior to the convening of the meeting. The notice of general meeting containing an agenda, resolutions proposed and a voting form are announced in a timely manner in accordance with the requirements. All shareholders are encouraged to attend the general meetings. All registered shareholders on the record date are entitled to attend the general meeting. H shareholders who are unable to attend the general meeting can appoint their proxies or the chairman of the general meeting as their proxies to attend the general meeting on their behalves (the proxy form shall be completed and returned by H shareholders to the Company or the Company's H share registrar). All directors, members of management of the Company are also requested to try their best to attend the general meeting. Resolutions (or poll results) of the general meeting shall be announced in a timely manner as required by the Listing Rules. Lawyers witnessed each general meeting and issued legal opinions.

The controlling shareholders and ultimate controller of the Company conscientiously fulfilled their obligations in good faith. There was no act that interfered with the decisions and operations of the Company directly or indirectly, by-passing the general meeting, nor was there any damage to the interest of the Company and other shareholders. The related party transactions of the Company were fair and reasonable, the pricing of which has been adequately disclosed and no conduct damaging interests of the Company was found.

During the reporting period, the Company convened 1 annual general meeting and 3 extraordinary general meetings, the procedures of which have complied with the Company Law, and the Articles of Association.

# CORPORATE GOVERNANCE

## (II) Directors and the Board

### 1. Directors and Composition of the Board

Directors of the Company are elected or replaced at the general meeting. The sixth session of the Board consists of 11 directors, including 2 executive directors, namely Zeng Qinghong (former Chairman)<sup>1</sup> and Feng Xingya (Chairman and General Manager)<sup>1</sup>; 5 non-executive directors, namely Chen Xiaomu, Ding Hongxiang, Guan Dayuan, Deng Lei and Wang Yiwei; and 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. During the reporting period, the Company completed the re-election and appointment of the sixth session of the Board on 28 March 2025, resulting in the formation of the members of the seventh session of the Board. The current session of the Board consists of 11 directors, including 2 executive directors, namely Feng Xingya (Chairman) and Xia Xianqing (General Manager)<sup>2</sup>; 5 non-executive directors, namely Chen Xiaomu, Deng Lei, Zhou Kaiquan, Wang Yiwei and Hong Suli; and 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. Other than Xia Xianqing, Zhou Kaiquan and Hong Suli, all the other directors of the seventh session of the Board are members of the sixth session of the Board, and Ding Hongxiang and Guan Dayuan did not stand for re-election at the seventh session of the Board due to work reasons, and therefore they ceased to act as non-executive directors after the conclusion of the 2025 second extraordinary general meeting of the Company convened on 28 March 2025.

Independent directors have diverse professional backgrounds such as automobile industry, legal and compliance, audit and finance and strategic management, coming from different areas, whereas certain independent directors have work experience as senior management in well-established enterprises of various countries and areas. During the reporting period, the Company had two female directors of the seventh session of the Board, representing a further increase in the proportion compared to previous years, thereby achieving diversity of the Board in terms of age, professional knowledge, work experience, region and gender. In the future, the Company will enhance the diversity of the Board in more aspects in view of the needs of Company's development.

<sup>1</sup> Zeng Qinghong ceased to serve as an executive director and the Chairman of the Board on 3 February 2025. Feng Xingya, an executive director, was appointed as the new Chairman of the Board on 3 February 2025.

<sup>2</sup> Xia Xianqing was appointed as the general manager of the Company on 16 November 2025. Prior to this, Feng Xingya concurrently served as the general manager. Xia Xianqing was appointed as an executive director of the seventh session of the Board on 23 January 2026.

## CORPORATE GOVERNANCE

All directors have attended the meetings with an earnest and responsible attitude all the time. They are familiar with the relevant laws and regulations and understand their rights, responsibilities and obligations as a director. The directors believed that, the Company has sufficient resources to continue its business in the foreseeable future and there are no material uncertainties which may materially affect the Company's ability to operate as a going concern.

During the reporting period, the Company convened 24 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Association and the Rules of Procedures of the Board.

### **2 Powers of the Board**

The Board is accountable to the general meeting and exercises the following powers:

- (1) To convene general meetings and report its work at the general meetings;
- (2) To implement the resolutions of the general meetings;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To decide on the mid-term and long-term development plans of the Company;
- (5) To formulate the profit distribution plans and plans on making up losses of the Company;
- (6) To formulate proposals for increase or reduction of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (7) To formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, division, dissolution or alteration of corporate form of the Company;
- (8) To determine material external investments, purchases and sales of assets, pledge of assets, external guarantees, loans, entrusted asset management, disposal of assets, connected transactions and external donations of the Company, save for the matters that are required to be resolved at the general meeting pursuant to the law, regulations, the Articles of Association and other regulatory documents;



## CORPORATE GOVERNANCE

- (9) To determine the establishment of the Company's internal management structure;
- (10) To appoint or remove the general manager and the secretary to the Board based on the nomination by the chairman of the Board; to appoint or remove the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to determine their remunerations and rewards and penalties;
- (11) To formulate the basic management system of the Company;
- (12) To formulate proposals for amendment to the Articles of Association;
- (13) To formulate the information disclosure system of the Company and to manage information disclosure of the Company;
- (14) To propose the appointment or removal of the Company's auditors at the general meeting;
- (15) To receive the work report and inspect the work of the general manager of the Company;
- (16) To formulate share incentive schemes;
- (17) To be responsible for the establishment, refinement and effective implementation of risk management, compliance management, internal control and other systems, and make decisions on major issues related to risk management, compliance management and internal control; and
- (18) Any other functions and powers granted by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association or the general meeting.

The exercise of power by the Board on the aforesaid matters or any transactions or arrangements of the Company shall be proposed for consideration and approval at the general meeting should the listing rules of the place where the shares of the Company are listed so require.

## CORPORATE GOVERNANCE

### **3. Responsibilities of Directors**

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The Board, which is responsible for overseeing the preparation of annual financial statements, receives the Company's monthly management accounts in respect of operation and updates on the Group's performance, financial position and prospects. In preparing the financial statements for the year ended 31 December 2025, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the financial position of the Company and of the Group as at 31 December 2025 and of the financial performance and cash flows for the year.

### **4. Corporate Governance Functions**

The Board of the Company has adopted the terms of reference for directors to perform its corporate governance functions, which include the formulation and review of the Company's corporate governance policy and practices; review and oversee the training and continuous professional development of the directors and senior management; review and oversee the Company's policy and practices on compliance with law and regulations; formulate, review and oversee the Code of Conduct and Compliance Manual for employees and directors, and review the Company's observance of the Corporate Governance Code and disclosures made in Chapter 4 – "Corporate Governance" of this report.

For the year of 2025, the Board has performed the above corporate governance functions. Save as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (version as of 30 June 2025) during the year. The amendments to the Corporate Governance Code effective from 1 July 2025 will apply to the Company's corporate governance report and annual report for the financial year commencing on or after 1 July 2025.



## CORPORATE GOVERNANCE

On 3 February 2025, Mr. Zeng Qinghong resigned as the Chairman of the Board of the Company as he had reached the retirement age. On the same day, Mr. Feng Xingya was elected as the new Chairman of the Board and continued to serve as the general manager of the Company concurrently. On 16 November 2025, Mr. Feng Xingya ceased to concurrently serve as the general manager of the Company due to work allocation, and Mr. Xia Xianqing was appointed as the new general manager. Accordingly, the roles of the chairman and chief executive of the Company are distinct and are no longer performed by the same individual concurrently. As at the date of this report, the Company has complied with code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (version as of 30 June 2025).

Code provision C.1.6 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (version as of 30 June 2025) stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain a comprehensive and balanced understanding of the views of the shareholders of the company. Certain non-executive directors and independent non-executive directors did not attend all general meetings of the Company held in 2025 due to other business arrangements (please refer to the disclosure in Section IV, “Directors’ Performance of Their Duties” of this section for details). However, there were sufficient directors (including executive directors, independent non-executive directors and non-executive directors) present at the general meetings for the Board to gain a comprehensive understanding of the views of the Shareholders.

Pursuant to code provision B.3.5 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (effective from 1 July 2025), issuers should appoint at least one director of a different gender to the nomination committee. The 2025 second extraordinary general meeting of the Company held on 28 March 2025 approved the re-election of the Board and the change of the relevant directors. However, before and after the Board’s re-election up to the date of this report, the nomination committee of the Board is composed of directors of a single gender. According to the relevant provisions of the Management Measures for Independent Directors of the CSRC and the SSE Listing Rules, the terms of office of the independent non-executive directors of the Company will expire at the end of May 2026. The Company expects to make appropriate arrangements in conjunction with the re-election of independent non-executive directors to be conducted at that time, in order to comply with the relevant requirements of the Corporate Governance Code that the nomination committee should include directors of different genders.

## CORPORATE GOVERNANCE

### 5. Director Training

The directors of the Company actively participated in the relevant continuing professional development trainings on corporate governance, directors' duties and operation management. The secretary to the Board and company secretary, Mr. Liu Xiangneng and the joint company secretary, Mr. Leung Chong Shun have complied with the professional training requirement under Rule 3.29 of the Listing Rules during the year. All directors have also provided their relevant training records during the reporting period. Details regarding the training of directors during the reporting period are as follows:

Directors	Feng Xingya	Xia Xianqing	Zhao Fuquan	Xiao Shengfang	Wong Hakkun	Song Tiebo	Chen Xiaomu	Deng Lei	Zhou Kaiquan	Wang Yiwei	Hong Suli
Trainings participated	BC	BC	BC	ABC	ABC	ABC	BC	BC	BC	BC	BC

Notes:

- A: Trainings on corporate governance of listed companies, directors' duties and the relevant trainings organised by stock exchanges or securities regulatory authorities;
- B: Special training, seminars and conferences on aspects of economics, finance and corporate management; and
- C: Reading materials related to corporate governance, directors' duties and regulations of internal control and risk management; and attending seminars, forums and conferences, etc.

All directors of the Company can timely access the relevant laws, regulations and other information relating to their continuing obligations through the secretary to the Board and the office of the Board. The Company ensures that all directors keep abreast of business development of the Company, the competitive and regulatory environment, as well as the development trend of the industry through provision of materials, conferences and seminars, which help directors understand their responsibilities, make right decisions and conduct effective supervision. The Company has adopted the Model Code as the code of conduct for securities transactions by directors. There is no financial, business, family or other material or related relationship existing among the directors.

After making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2025.



## CORPORATE GOVERNANCE

### **6. Independence of Directors**

The Company's independent directors have knowledge of the rights and obligations of the directors and independent directors of listed companies. In accordance with the Management Measures for Independent Directors of Listed Companies and Rule 3.13 of the Listing Rules, each of the independent directors has issued his annual confirmation of independence. The Company considers that they are independent.

During the reporting period, independent directors were able to faithfully perform their duties of integrity and diligence in accordance with the requirements of relevant laws and regulations. The independent directors attended the meetings of the Board and its respective special committees, where discussions were raised and decisions were made regarding important matters. With professional knowledge and experience, the independent directors provided opinions on the Company's standardised operations, carefully reviewed the fairness and objectivity of the terms of related transactions, expressed their opinions and performed their duties independently without being influenced by the Company's controlling shareholder or other units and individuals that have an interest in the Company. During the reporting period, the Board had reviewed the implementation and effectiveness of the systems concerning independent directors and confirmed that the relevant systems are effective.

The Company has reported to the independent directors the production and operation situation of the Company and the progress of significant events, submitted the annual reports and audit work schedule in compliance with the relevant requirements of the CSRC and the SSE concerning annual reports. Independent directors have communicated with the Company's auditors in respect of the related issues of the audit process.

During the reporting period, the independent directors did not hold dissenting views regarding resolutions of the Board or other matters which were resolved outside Board meetings.

Apart from regular meetings of the Board, the Chairman has met with the independent directors without the presence of other directors during the year ended 31 December 2025.

## CORPORATE GOVERNANCE

### 7. Special Committees of the Board

The Board has set up the Strategy Committee, the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee. Composition of each of the committees of the Board is as follows:

- (1) The Strategy Committee of the sixth session of the Board comprises 6 directors, namely Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang, while the Strategy Committee of the seventh session of the Board comprises 6 directors, namely Feng Xingya, Zhao Fuquan, Song Tiebo, Zhou Kaiquan and Hong Suli, with one position currently vacant, among whom, Zhao Fuquan and Song Tiebo are independent directors and Zeng Qinghong was the chairman of the committee, who has been subsequently succeeded by Feng Xingya<sup>3</sup>. The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. During the reporting period, 2 meetings of the Strategy Committee were held and all members attended the meetings, at which the matters with respect to the ESG Report and the “15th Five-Year” development plan were considered and reviewed. The Implementation Rules of the Strategy Committee were also amended on 31 December 2025.
- (2) The Audit Committee of the sixth and seventh sessions of the Board comprises 3 independent directors, namely Wong Hakkun, Xiao Shengfang and Song Tiebo, among whom Wong Hakkun is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company, and compliance supervision. During the reporting period, 6 meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed and deliberated the regular reports and results, profit distribution, appointment of auditors and selection of chief financial officer, and also timely reviewed the internal control system at the meetings. The Implementation Rules of the Audit Committee were also amended on 31 December 2025.

<sup>3</sup> Mr. Zeng Qinghong ceased to serve as the chairman of the Board's Strategy Committee on 3 February 2025. Mr. Feng Xingya was appointed as the new chairman of the Strategy Committee on 3 February 2025.



## CORPORATE GOVERNANCE

- (3) The Remuneration and Assessment Committee of the sixth session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, while the Remuneration and Assessment Committee of the seventh session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Zhou Kaiquan, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their primary duties are to formulate the assessment criteria and appraise the directors and senior management of the Company, as well as formulate and review the remuneration policies and proposals of directors and senior management of the Company. During the reporting period, 3 meetings of the Remuneration and Assessment Committee were held in total and all members attended the meetings. The Remuneration and Assessment Committee reviewed the remuneration and appraisal proposal of senior management for the year 2024 and the appraisal plan relating to the share option incentive schemes of the Company, and recommendations were provided to the Board. The Implementation Rules of the Remuneration and Assessment Committee were also amended on 31 December 2025.
- (4) The Nomination Committee of the sixth session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, while the Nomination Committee of the seventh session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Zhou Kaiquan, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their duties are to make recommendations and review the candidates for the Company's directors and senior management, the selection standards and procedures as well as evaluating the composition and performance of the Board and being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. During the year, the Nomination Committee held 4 meetings. All committee members attended the meetings and reviewed and expressed opinions on the selection procedures and qualifications of candidates for directorship and senior management. In accordance with regulatory rules on listing and the actual situation of the Company, it also revised the Implementation Rules of the Nomination Committee on 31 December 2025 to specify its duties such as the evaluation of directors.

## CORPORATE GOVERNANCE

### 8. Board Diversity Policy

According to the Board diversity policy of the Company (the “Diversity Policy”), when determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, gender, educational background, ethnicity, professional experience, skills, knowledge and term 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. The Nomination Committee of the Company will disclose the composition of the Board annually in the annual report and monitor the implementation of the Diversity Policy. The Nomination Committee will review the Diversity Policy, when appropriate, to ensure the effectiveness of the Diversity Policy, and will recommend any such revisions to the Board for consideration and approval. During the reporting period, the Board has reviewed the implementation and effectiveness of the Diversity Policy and considered the implementation of relevant policies to be effective.

As the Company stated in the 2023 and 2024 Annual Reports, the Company was aiming to add one or more female director(s) to the Board to achieve the gender diversity of members before 31 December 2024, through various channels (including appointing an independent professional recruitment agency to assist in identifying potential candidates, referring to the nomination policy, or inviting existing directors, senior management or shareholders of the Company to recommend appropriate candidates). With the appointment of Ms. Deng Lei as a non-executive director of the Company on 4 September 2023, the relevant objective has been achieved. Subsequently, Ms. Hong Suli was also appointed as a non-executive director of the Company on 28 March 2025. Nonetheless, the Company will continue to establish a potential director succession pipeline that empowers gender diversity in the long run.

During the reporting period, the Company has completed the amendments to the Implementation Rules of the Nomination Committee of the Board in December 2025, further clarifying the Nomination Committee’s responsibilities, including reviewing the composition and diversity of the Board, assisting the Board in preparing the Board skills matrix, and making recommendations to the Board regarding any proposed changes to the directors to align with the Company’s strategy. Going forward, the Nomination Committee will, in line with the Company’s development needs, consider Board diversity in terms of, among other things, age, gender, educational background, ethnicity, professional experience, skills, knowledge and term 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.



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The Group strictly adheres to the Rules for Recruitment and Employment and the Rules for Management of Employee Salary and Benefit, treats employees of different races, genders, and beliefs equally, and conducts recruitment of staff and salary management in a fair and objective manner, thereby achieving diversity in all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. As of 31 December 2025, the number of female employees of the Group was 14,653, accounting for approximately 17.86% of the total number of employees (excluding senior management); the number of male employees was 67,407, accounting for approximately 82.14% of the total number of employees (excluding senior management). The gender ratio of the Group's senior management is 5:2. The Group will continue to promote and achieve gender diversity amongst its employees.

### **9. Nomination Policy**

According to the nomination policy (the "Nomination Policy") of the Company, in evaluating and selecting candidates for directorship, the Nomination Committee shall:

- (1) review the structure, composition and diversity (including but not limited to the skills, knowledge, experience and background) of the Board at least, with reference to the operations, assets scale and shareholding structure of the Company, assist the Board in maintaining a Board skills matrix, annually and make recommendations to the Board on any proposed changes concerning the directors in line with the implementation of the Company's strategy;
- (2) formulate the selection criteria and procedures of the directors and senior management;
- (3) search extensively for the qualified candidates of the directors and senior management;
- (4) select and review to the Board on the candidates of the directors and senior management;
- (5) make recommendations on the nomination, appointment and removal of directors and the appointment or dismissal of senior management;
- (6) assess the independence of independent directors, conduct an annual assessment of each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively, disclose the assessment process and results in the Corporate Governance Report, review and monitor the training and continuous professional development of directors and senior management;

## CORPORATE GOVERNANCE

- (7) give due regard to the benefits of diversity on the Board against objective criteria with reference to the Diversity Policy when performing the duties set out in items (1) to (5) above;
- (8) review the Diversity Policy where appropriate, review the measurable objectives and the progress of attainment under the Board Diversity Policy, and to disclose its review in the annual report each year to ensure effective implementation;
- (9) other matters conferred by the Board.

The selection procedures of the directors and senior management are as follows:

- (1) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new directors and senior management and to produce the result in writing;
- (2) the Nomination Committee may extensively look for candidates of the directors and senior management within the Company and its controlling (investee) enterprises as well as in the labour market;
- (3) to obtain information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates and to produce the result in writing;
- (4) to seek the nominees' approval on the nomination, otherwise he/she shall not be nominated as the candidates of the directors and senior management;
- (5) to convene meetings of the Nomination Committee and to review the qualification of the preliminary proposed candidates according to the job criteria of the directors and senior management;
- (6) to recommend and to provide materials about the candidates of the directors and senior management to the Board one to two months prior to the election of new directors and the appointment of new senior management;
- (7) to conduct other follow up work according to the decisions and feedbacks of the Board.



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### **(III) Supervisors and the Board of Directors**

Upon the approval of the amendments to the Articles of Association by the Shareholders at the third extraordinary general meeting held on 29 September 2025, the Supervisory Committee was abolished on the same date, and its relevant duties shall be undertaken by the Audit Committee of the Company. For details, please refer to the announcements and circulars published by the Company on 12 September 2025.

During the reporting period, as of 28 September 2025, the Supervisory Committee strictly performed its supervisory function in accordance with the requirements of relevant laws and regulations and the Articles of Association in a diligent and responsible manner. The Supervisory Committee comprises 5 supervisors, namely Cao Xiandong, Huang Cheng, Huang Zhuo, Wang Yuan and Zhu Chun, among whom, Huang Zhuo, Wang Yuan and Zhu Chun are staff representative supervisors. As of 28 September 2025, the Supervisory Committee has held 4 meetings. The convening and procedural conduct of these meetings complied with the relevant provisions of the Articles of Association and the Rules of Procedure for the Supervisory Committee. All supervisors attended the meetings of the Supervisory Committee held during the year and diligently performed their duties as supervisors.

### **(IV) The Management**

The appointment, dismissal of and rewards and punishment for the senior management of the Company were in strict compliance with the provisions of relevant laws, regulations and the Articles of Association. The Company has clearly defined the roles and division of work between the Board and the management as well as the respective responsibilities of the chairman of the Board and the general manager in its Articles of Association, ensuring the independence of the Board in decision-making and the independence of the management in managing the daily operations. The management of the Company mainly exercises the following daily operation rights under the authorisation of the Board:

- (1) to be responsible for the Company's production, operation and management, to organise resources to carry out the Board's resolutions, and to report to the Board;
- (2) to organise the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;

## CORPORATE GOVERNANCE

- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer;
- (7) to decide on the appointment or dismissal of management personnel and staff other than those required to be appointed or dismissed by the Board;
- (8) to propose the convening of extraordinary Board meeting; and
- (9) to exercise other powers conferred by the Articles of Association or the Board.

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

<b>Remuneration bands (RMB)</b>	<b>Number of persons</b>
0 to 1,000,000	3
1,000,001 to 2,000,000	7
Total	10

### **(V) Company Secretary**

During the reporting period, the company secretaries of the Company are Mr. Liu Xiangneng, senior management of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. The primary contact person of the Company is Mr. Liu Xiangneng, the secretary to the Board. The company secretaries have received relevant professional training which fulfilled the requirements of Rule 3.29 of the Listing Rules.

### **(VI) Appointment and Remuneration of External Auditor**

The external auditor for H shares appointed by the Company is KPMG. The auditor's remuneration is disclosed in the paragraph titled "Appointment or Dismissal of Accountants" under Chapter 7 – "Significant Events" of this report.



# CORPORATE GOVERNANCE

## **(VII) Investor Relations**

The Group has formulated relevant systems such as the Investor Relations Management System and the Working System for Investor Complaint Handling to ensure a sound communication with the shareholders. The Group communicates with its investors through multiple channels and at multiple levels. The communication method should be as convenient and effective as possible for investors and shareholders to express their opinions on various matters affecting the Group, and for the Group to seek and understand the opinions from shareholders and stakeholders. Abovementioned methods include: general meetings, SSE E-interactive, investor relations column on the Company's official website, open day for investors, investor hotline, email, visiting survey, performance briefing, roadshow, reverse roadshow activities, etc.

In 2025, the Group conducted a total of 111 domestic and overseas roadshows and reverse roadshows, as well as entertained 534 investors and analysts. The Company has held a total of 3 performance briefings, which were attended by the Chairman, the General Manager, the Independent Directors, the Chief Financial Officer and the Secretary to the Board, who also engaged in discussions. The Group ensures smooth dialogue with small and medium-sized shareholders and individual investors through the SSE E-interactive platform, hotline, IR mailbox, and the Company's official website. In 2025, the Group responded to more than 126 investor inquiries through the SSE E-interactive platform and more than 76 investor consultations through the hotline. In view of the various channels for communicating with investors and shareholders, the Group believes that the implementation and effectiveness of relevant systems during the year are effective and sufficient.

## **(VIII) Amendments to the Articles of Association**

In accordance with the Proposals to Further Expand the Paperless Listing Regime and Other Rule Amendments issued by the Stock Exchange, the amended Company Law, the amended Guidelines for the Articles of Association of Listed Companies and the Rules of Procedures of General Meetings issued by the CSRC, and in light of the actual situation of the Company, the Company has made corresponding amendments to the Articles of Association. The relevant amendments were approved at the 2025 third extraordinary general meeting held by the Company on 29 September 2025 by way of a special resolution. Upon the amendments to the Articles of Association becoming effective on 29 September 2025, the Supervisory Committee was formally abolished, and its relevant responsibilities were assumed by the Audit Committee of the Company. For details, please refer to the announcement and circular of the Company dated 12 September 2025.

## CORPORATE GOVERNANCE

### II. GENERAL MEETINGS

<b>Session of the meeting</b>	<b>Date of the meeting</b>	<b>Enquiry index of the designated website for the publication of the resolutions</b>	<b>Date of disclosure of the publication of the resolutions</b>	<b>Resolutions of meetings</b>
2025 first extraordinary general meeting	27 January 2025	Websites of SSE and the Stock Exchange	27 January 2025	Resolutions of the 2025 first extraordinary general meeting
2025 second extraordinary general meeting	28 March 2025	Websites of SSE and the Stock Exchange	28 March 2025	Resolutions of the 2025 second extraordinary general meeting
2024 annual general meeting	23 May 2025	Websites of SSE and the Stock Exchange	23 May 2025	Resolutions of the 2024 annual general meeting
2025 third extraordinary general meeting	29 September 2025	Websites of SSE and the Stock Exchange	29 September 2025	Resolutions of the 2025 third extraordinary general meeting

Convening of the general meetings of the Company was in strict compliance with the requirements under the Listing Rules of the SSE and the Stock Exchange, and relevant provisions of the Articles of Association and the Rules of Procedures of General Meetings. The proposal and voting procedures were in compliance with the relevant requirements of laws and regulations, and all matters proposed for consideration were reviewed and approved by the general meetings. General meetings held during this reporting period were all witnessed by lawyers who issued legal opinions. The Company disclosed the announcements on general meetings' resolutions in a timely, complete and accurate manner after the general meetings.

# CORPORATE GOVERNANCE

## III. PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

### (I) Particulars of Changes in the Shareholding and Remuneration of Incumbent and Resigned Directors and Senior Management During the Reporting Period

Unit: A share

Name	Position	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease in number of shares during the year	Reason for the increase/ decrease	Total remuneration (before tax) obtained from the Company	
										during the reporting period (RMB0'000)	Remuneration from related parties of the Company
Feng Xingya	Party Secretary, Chairman	Male	56	28 March 2025	27 March 2028	690,933	603,933	-87,000	Cancellation of restricted share repurchase	93.93	No
	General Manager			8 October 2021	16 November 2025						
Xia Xianqing	Director	Male	52	23 January 2026	27 March 2028	183,800	110,300	-73,500	Cancellation of restricted share repurchase	124.81	No
	General Manager			16 November 2025	27 March 2028						
Chen Xiaomu	Director	Male	50	28 March 2025	27 March 2028	97,367 (A shares) 98,000 (H shares)	97,367 (A shares) 98,000 (H shares)	0	N/A	79.1	No
Deng Lei	Staff Representative Director	Female	49	28 March 2025	27 March 2028	229,620	191,130	-38,490	Cancellation of restricted share repurchase	118.62	No
Zhao Fuquan	Independent Director	Male	62	28 March 2025	Note	0	0	0	N/A	15	No
Xiao Shengfang	Independent Director	Male	56	28 March 2025	Note	0	0	0	N/A	15	No
Wong Hakkun	Independent Director	Male	69	28 March 2025	Note	0	0	0	N/A	15	No
Song Tiebo	Independent Director	Male	60	28 March 2025	Note	0	0	0	N/A	15	No

## CORPORATE GOVERNANCE

Name	Position	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration (before tax) obtained from the Company	
										during the reporting period (RMB0'000)	Remuneration from related parties of the Company
Zhou Kaiquan	Director	Male	52	28 March 2025	27 March 2028	0	0	0	N/A	0	No
Wang Yiwei	Director	Male	53	28 March 2025	27 March 2028	0	0	0	N/A	0	No
Hong Suli	Director	Female	42	28 March 2025	27 March 2028	0	0	0	N/A	0	No
Gao Rui	Deputy General Manager	Male	46	16 November 2025	27 March 2028	168,000	120,000	-48,000	Cancellation of restricted share repurchase	122.69	No
Wang Dan	Chief Accountant	Female	55	16 November 2025	27 March 2028	654,968	576,968	-78,000	Cancellation of restricted share repurchase	121.84	No
Jiang Xiuyun	Deputy General Manager	Female	58	16 November 2025	27 March 2028	0	0	0	N/A	122.70	No
Huang Yongqiang	Deputy General Manager	Male	51	16 November 2025	27 March 2028	N/A	0	N/A	N/A	14.33	No
Chen Jiakai	Deputy General Manager	Male	43	16 November 2025	27 March 2028	N/A	0	N/A	N/A	32.82	No
Liu Xiangneng	Secretary to the Board	Male	54	28 November 2025	27 March 2028	53,880	26,940	-26,940	Cancellation of restricted share repurchase	117.43	No
Zeng Qinghong	Chairman	Male	64	8 October 2021	3 February 2025	398,300	N/A	N/A	N/A	6.72	No
Ding Hongxiang	Director	Male	59	8 October 2021	28 March 2025	0	N/A	N/A	N/A	0	No
Guan Dayuan	Director	Male	62	8 October 2021	28 March 2025	0	N/A	N/A	N/A	0	No
Yan Zhuangli	Deputy General Manager	Male	57	8 October 2021	18 September 2025	260,000	N/A	N/A	N/A	89.37	No
Zheng Heng	Deputy General Manager	Male	55	20 June 2022	24 December 2025	350,979	N/A	N/A	N/A	122.2	No
Yu Jun	Deputy General Manager	Male	59	20 June 2022	28 November 2025	343,000	N/A	N/A	N/A	111.79	No
Total	/	/	/	/	/				/	1,338.35	/

# CORPORATE GOVERNANCE

## Notes:

1. The terms of office of 4 independent directors of the Company will expire for 6 years in May 2026. The Company will proceed the transition work for the new sessions of independent directors as scheduled in accordance with relevant regulatory requirements.
2. If the term of some personnel in the above table is less than one complete year, the total remuneration shall be annualised based on their actual term of office.
3. On 16 November 2025, Mr. Xia Xianqing was appointed as the general manager of the Company. On 23 January 2026, he was appointed as an executive director.
4. On 3 February 2025, Mr. Zeng Qinghong ceased to be the Chairman of the Board of the Company due to reaching the age of retirement. Mr. Feng Xingya was elected as the new Chairman of the Board of the Company by the Board.
5. On 28 March 2025, the Company held the election of the seventh session of the Board. As Mr. Ding Hongxiang and Mr. Guan Dayuan did not stand for re-election for the seventh session of the Board due to work reasons, Mr. Zhou Kaiquan and Ms. Hong Suli were elected as new directors at the general meeting.

## **(II) Interests Required to be Disclosed under the SFO**

The following are the interests or short positions of the current and resigned directors, supervisors and senior management of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2025, 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 or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

## CORPORATE GOVERNANCE

Name	Position	Class of Shares	Capacity	Number of Shares held	Number of interests in underlying Shares held under equity derivatives		Total	Percentage in the class of issued Share capital <sup>Note 2</sup>	Percentage of total Share capital <sup>Note 3</sup>
Feng Xingya	Director, General Manager, Deputy Party Secretary; Chairman and Party Secretary	A Shares	Beneficial owner	603,933	400,000		1,003,933	0.0136%	0.0098%
Chen Xiaomu	Director	A Shares	Beneficial owner	97,367	–		97,367	0.0013%	0.0010%
		H Shares	Beneficial owner	98,000	–		98,000	0.0035%	0.0010%
Deng Lei	Director	A Shares	Beneficial owner	191,130	340,000		531,130	0.0072%	0.0052%
Xia Xianqing	Deputy General Manager; General Manager	A Shares	Beneficial owner	110,300	360,000		470,300	0.0064%	0.0046%
Gao Rui	Deputy General Manager	A Shares	Beneficial owner	120,000	360,000		480,000	0.0065%	0.0047%
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	A Shares	Beneficial owner	576,968	360,000		936,968	0.0127%	0.0092%
Jiang Xiuyun	Deputy General Manager	A Shares	Beneficial owner	–	360,000		360,000	0.0049%	0.0035%
Huang Yongqiang	Deputy General Manager	A Shares	Beneficial owner	–	253,040		253,040	0.0034%	0.0025%
Liu Xiangneng	Secretary to the Board, Company Secretary	A Shares	Beneficial owner	26,940	184,000		210,940	0.0029%	0.0021%
Zeng Qinghong <sup>Note 4</sup>	Chairman and Party Secretary	A Shares	Beneficial owner	398,300	–		398,300	0.0054%	0.0039%
Yan Zhuangli <sup>Note 5</sup>	Deputy General Manager	A Shares	Beneficial owner	182,000	360,000		542,000	0.0073%	0.0053%
Yu Jun <sup>Note 5</sup>	Deputy General Manager	A Shares	Beneficial owner	269,500	360,000		629,500	0.0085%	0.0062%
Zheng Heng <sup>Note 5</sup>	Deputy General Manager	A Shares	Beneficial owner	277,479	360,000		637,479	0.0086%	0.0063%



## CORPORATE GOVERNANCE

### Notes:

1. In view of good practice of corporate governance, interests of senior management (other than the chief executive) in the Company are also disclosed in the above table.
2. The percentages are calculated based on the number of ordinary A shares of the Company in issue as at 31 December 2025, which was 7,383,697,595, including 14,799,854 treasury shares.
3. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2025, which was 10,197,065,900, including 14,799,854 treasury shares.
4. On 3 February 2025, Zeng Qinghong ceased to be the Chairman due to reaching the age of retirement. Feng Xingya was elected by the Board as the new Chairman. Therefore, the information regarding the number of Shares held by Zeng Qinghong, the number of interests in underlying Shares held under equity derivatives by Zeng Qinghong, the related total amount etc., is as of 3 February 2025, being the last date on which the Company could confirm Zeng Qinghong's interests.
5. Yan Zhuangli, Yu Jun and Zheng Heng resigned as Deputy General Managers on 18 September 2025, 28 November 2025 and 24 December 2025, respectively. Accordingly, the number of shares held by Yan Zhuangli, Yu Jun and Zheng Heng, the number of interests in shares held under equity derivatives, and the relevant totals are as of their respective resignation dates, i.e. 18 September 2025, 28 November 2025 and 24 December 2025, being the last dates on which the Company could confirm their interests.

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Feng Xingya	<p>Mr. Feng holds a Master of Business Administration (MBA). He is the Chairman of the seventh session of the Board, an executive director and a member of the Strategy Committee. Mr. Feng Xingya has been elected as the new Chairman of the Board and the chairman of the Strategy Committee of the Board since 3 February 2025. He is also the chairman of GAIG. Mr. Feng has joined the Group since 2004, and he has held positions as the deputy head of sales department, deputy general manager, executive deputy general manager and a director of GAC Toyota. He has been the deputy general manager of the Company from July 2008 to November 2016. Since 25 March 2015, he has been a director of the Company. From November 2016 to November 2025, he has been the general manager of the Company. Mr. Feng is a delegate of the 14th National People's Congress and the 16th People's Congress in Guangzhou.</p>
Xia Xianqing	<p>Mr. Xia holds a bachelor's degree and is currently an executive director of the Company and the general manager. He is also the chairman of GAC Toyota, the chairman of GAC AION, the chairman of AISTALAND Auto, the vice chairman of GAC Toyota Engine and a director of GAC International. Mr. Xia previously served as the deputy general manager and the head of the strategic development department of the Company, the chairman and general manager of GAC Business, the deputy general manager and head of the sales department of GAC Honda, and a director of Wuyang-Honda.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Zhao Fuquan	<p>Mr. Zhao holds a doctoral degree and is currently an independent non-executive director of the Company and a member of the Strategy Committee. He is a professor and PhD supervisor of the School of Vehicle and Mobility of Tsinghua University, the dean of Tsinghua Automotive Strategy Research Institute (TASRI), the Chairman of the International Federation of Automotive Engineering Societies, and an independent director of China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司). He successively served as the research director of USA DaimlerChrysler, the vice president and general manager of the R&amp;D center of Shenyang Brilliance Jinbei Automobile Co., Ltd. (沈陽華晨金杯汽車有限公司), the vice president of Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團) and an executive director of Geely Automobile Holdings Limited (吉利汽車控股有限公司), a director of BMW Brilliance Automotive Ltd. (華晨寶馬公司), the chairman of the board of Australia DSI Holdings Ltd. (澳大利亞DSI控股公司), a director of Manganese Bronze Holdings (英國錳銅公司), an independent director of BAIC Motor Corporation Limited (北京汽車股份有限公司), and an independent director of Weichai Power Co., Ltd. (濰柴動力股份有限公司), among other positions.</p>
Xiao Shengfang	<p>Mr. Xiao holds a Master of Business Administration and is a recipient of the State Council Special Allowance. He is currently an independent non-executive director of the Company, the chairman of the Remuneration and Assessment Committee, the chairman of the Nomination Committee and a member of the Audit Committee. He is the chief of Guangdong Sino-Win Law Firm, the vice president of the All China Lawyers Association, the chairman of the Guangdong Lawyers Association, the vice chairman of the Guangdong Province Law Society, and a member of the Guangdong Provincial Judge Selection Committee. He concurrently serves as an independent director of Guangzhou Municipal Construction Group Co., Ltd. (廣州市建築集團有限公司) and Guangzhou Port Co., Ltd. (廣州港股份有限公司). He once served as a delegate of the 13th National People's Congress, a special supervisor of the Supreme People's Court and the Supreme People's Procuratorate, an independent director of Guangdong Fenghua High-Tech Co., Ltd. (廣東風華高新科技股份有限公司), and an independent director of Kingfa Science &amp; Technology Co., Ltd. (金發科技股份有限公司), among other positions.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wong Hakkun	<p>Mr. Wong holds a bachelor's degree and is currently an independent non-executive director of the Company and the chairman of the Audit Committee. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Management Accountants and the Institute of Chartered Secretaries and Administrators, an independent non-executive director and the chairman of the audit committee of Haier Smart Home Co., Ltd. (海爾智家股份有限公司), an independent non-executive director and the chairman of the audit committee of Yue Yuen Industrial (Holdings) Limited (裕元工業(集團)有限公司), an independent non-executive director and the chairman of the audit committee of Lung Kee (Bermuda) Holdings Limited (龍記(百慕達)集團有限公司), and an independent non-executive director and the chairman of the audit committee of Hangzhou SF Intracity Industrial Co., Ltd. (杭州順豐同城實業股份有限公司). He served as an independent non-executive director and the chairman of the audit committee of Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀表集團股份有限公司) from June 2018 to 24 July 2021. He was an audit partner of Deloitte China from 1992 to 2013 and a national audit and assurance leading partner and a member of the management leadership team of Deloitte China from 2013 to 2017, with extensive experience in audit, assurance and management.</p>
Song Tiebo	<p>Mr. Song holds a doctoral degree and is currently an independent non-executive director of the Company, a member of the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Audit Committee. He is a professor and doctoral tutor of the China Enterprises Strategic Management Research Center of the South China University of Technology. He has been focusing on teaching and researching in the field of enterprise strategic management for a long time. He has recently focused on the research on the collaborative evolution of Chinese enterprises strategies and institutional environment. Mr. Song currently serves as an independent director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd. (廣東新寶電器股份有限公司) and Guangdong Sky Dragon Technology Group Co., Ltd. (廣東天龍科技集團股份有限公司), and served as a former independent director of Guangzhou Zhujiang Brewery Group Co., Ltd. (廣州珠江啤酒股份有限公司).</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Chen Xiaomu	Mr. Chen holds a doctoral degree and is currently a non-executive director of the Company. He served as the head of the human resources department of the Company, the party secretary, the secretary to the disciplinary committee, the chairman of labour union and a director of GAC Mitsubishi and a director of GAC Mitsubishi Motor Sales Co., Ltd. (廣汽三菱汽車銷售有限公司).
Deng Lei	Ms. Deng holds a bachelor's degree and is currently a non-executive director (staff representative) and the chairwoman of the labour union of the Company. She previously served as the assistant to the general manager, an office director and the director of the general manager's office and party committee office of the Company, and a member of the Executive Committee of the Company.
Wang Yiwei	Mr. Wang holds a bachelor's degree and is currently a non-executive director of the Company, the party secretary, the chairman and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), a director of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司), and the chairman and legal representative of Furong Fund Management Co.,Ltd. (富榮基金管理有限公司). He previously acted as the deputy party secretary, general manager and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), the chairman and legal representative of Guangzhou New Central Axis Construction Co.,Ltd. (廣州新中軸建設有限公司), the head of the investment and development department of Guangzhou City Infrastructure Investment Group Limited (廣州市城市建設投資集團有限公司), and the chairman and legal representative of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司).

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Zhou Kaiquan	<p>Mr. Zhou holds a master's degree and is currently a non-executive director of the Company, and a director and general manager of China National Machinery Industry Corporation (中國機械工業集團有限公司). He previously served as a deputy general manager of China National Machinery Industry Corporation (中國機械工業集團有限公司), the chairman and president of China Changan Automobile Group Co., Ltd. (重慶長安汽車股份有限公司) (renamed as Chenzhi Automotive Technology Group Co., Ltd. (辰致汽車科技集團有限公司) in July 2025), a director of Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), and the deputy general manager, general manager and vice chairman of Chongqing Tsingshan Industrial Co., Ltd. (重慶青山工業有限責任公司).</p>
Hong Suli	<p>Ms. Hong holds an MBA degree and has been appointed as a non-executive director of the Company and a member of the Strategy Committee since 28 March 2025. She is currently the secretary to the board and the chief investment officer of Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州工業投資控股集團有限公司), a director of Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司), Guangzhou Energy Storage Group Co., Ltd. (廣州儲能集團有限公司), Jinming Machinery (Guangdong) Co., Ltd. (廣東金明精機股份有限公司), Guangzhou Gongkong Wanbao Financial Leasing Co., Ltd. (廣州工控萬寶融資租賃有限公司), Farasis Energy (Ganzhou) Co., Ltd. (孚能科技(贛州)股份有限公司董事), and the chairman of Guangzhou Gongkong Automobile Parts Group Co., Ltd. (廣州工控汽車零部件集團有限公司). She has served as the office director and the general manager of the investment management department of Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州工業投資控股集團有限公司).</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wang Dan	<p>Ms. Wang, Executive Master of Business Administration (EMBA), senior accountant and a non-practicing registered accountant, is currently the chief accountant and the person in charge of accounting function of the Company. She concurrently serves as the chairwoman of GAC Finance Company and a director of GAC Trumpchi and GAC International. Ms. Wang joined GAC Group in March 1999, and has been the Company's person in charge of accounting function and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group (廣州駿達汽車企業集團) and was the deputy head of the financial audit division of GAC Group, the chairwoman of the supervisory committees of GAC Trumpchi and GAC AION, the chairwoman of Guangyue Assets (廣悅資產), Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and GAC-SOFINCO, and the deputy general manager of GAC Group.</p>
Gao Rui	<p>Mr. Gao holds a Master of Business Administration (MBA) and is currently the executive deputy general manager and the head of the division of strategic development and cooperation of the Company. He concurrently acts as the chairman of GAC Honda, Wuyang Honda, UPOWER Energy, GAC Energy, Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司) and Guangzhou Chenqi Automobile Service Co., Ltd. (廣州宸祺汽車服務有限公司). He previously served as the head of the assets management department of the Company, the chairman and general manager of China Lounge Investments, the general manager of Denway Motors Limited (駿威汽車有限公司) and the chairman and general manager of Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司).</p>
Jiang Xiuyun	<p>Ms. Jiang holds a bachelor's degree and is currently the deputy general manager and general legal counsel of the Company, and concurrently serves as a director of GAC Toyota and the chairman of Da Sheng Technology. She previously served as the chief accountant, a staff representative supervisor, the deputy head of compliance department, the head of risk control department and the head (senior assistant level) of the audit department of the Company, the chairman of GAC Mitsubishi, the chairman of the supervisory committees of Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), and the director of the financial tax audit office of the Audit Bureau of Guangzhou Municipality (廣州市審計局財政稅務審計處).</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wong Wing Keung	Mr. Wong holds a bachelor's degree and is currently the deputy general manager, and the head of the public relations and publicity department of the Company. He also serves as the vice chairman of GAC International. He previously served as the deputy party secretary, vice chairman and general manager of GAC Trumpchi, a director of GAC Business, a director of GAC-SOFINCO, a director of Da sheng Technology, and the deputy general manager of GAC Toyota.
Chen Jiakai	Mr. Chen holds a Master of Administration and is currently the deputy general manager of the Company. He also serves as the chairman of GAC International. He previously served as the rotating president of the overseas BU and a member of the group's EMT at Seres Automobile Group (賽力斯汽車集團), the general manager of Chery Automobile Jetour International (奇瑞汽車捷途國際公司), the general manager of Chery Commercial Vehicle International (奇瑞商用車國際公司), and the head of the management department of Chery Automobile Henan Co., Ltd. (奇瑞汽車河南有限公司).
Liu Xiangneng	Mr. Liu holds a master's degree, is a non-practicing member of the Chinese Institute of Certified Public Accountants, and is currently the secretary to the Board and the company secretary of the Company. He also serves as chairman of GAC Capital, China Lounge Investments, GAC-SOFINCO, and GAC-SOFINCO Leasing. He previously took office at the investment banking department of Guangdong Securities Co., Ltd. (廣東證券股份有限公司) and Guangzhou Baolong Motors Co., Ltd. (廣州東方寶龍汽車工業股份有限公司). He successively served as the director of the Board office and the Supervisory Committee office, and the deputy head and the head of the capital operation department of the Company, and a director and the general manager of GAC Capital.

Before Mr. Xia Xianqing, Mr. Zhou Kaiquan and Ms. Hong Suli's appointments became effective, on 20 January 2026 and 24 March 2025, they obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong laws referred to in Rule 3.09D of the Listing Rules and confirmed that they have understood their responsibilities as directors and the requirements under the Listing Rules that are applicable to them as directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

# CORPORATE GOVERNANCE

## (IV) Terms of Office of Incumbent and Resigned Directors, and Senior Management during the Reporting Period

### 1. Term of Office in Shareholders' Units

Name of staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Feng Xingya	GAIG	Chairman	March 2025	
Feng Xingya	GAIG	Director	August 2017	
Chen Xiaomu	GAIG	Director	March 2020	April 2026
Zhou Kaiquan	China National Machinery Industry Corporation	Director and General Manager	August 2025	
Wang Yiwei	Guangzhou Industrial Investment Fund	Chairman and Party Secretary	December 2023	
Hong Suli	Guangzhou Industrial Investment Holdings Group	Secretary to the Board, Chief Investment Officer, General Manager of Strategic Investment Department	December 2023	

Term of office in shareholders' units If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.

### 2. Term of Office in Other Units

Name of staff	Name of other unit	Position held in such unit	Commencement date of term	Expiry date of term
Feng Xingya	Guangdong Automobile Industry Association	President	September 2020	
Zhao Fuquan	Weichai Power Co., Ltd.	Independent Director	June 2024	January 2026
Zhao Fuquan	China Automotive Engineering Research Institute Co., Ltd.	Independent Director	November 2023	
Xiao Shengfang	Guangdong Lawyers Association	President	December 2016	
Xiao Shengfang	Guangzhou Municipal Construction Group Co., Ltd.	Independent Director	January 2020	
Xiao Shengfang	Guangzhou Port Co., Ltd.	Independent Director	May 2022	
Wong Hakkun	Haier Smart Home Co., Ltd.	Independent Director	June 2021	
Wong Hakkun	Hangzhou SF Intra-city Industrial Co., Ltd.	Independent Director	November 2021	
Wong Hakkun	Yue Yuen Industrial (Holdings) Limited	Independent Director	June 2018	

## CORPORATE GOVERNANCE

<b>Name of staff</b>	<b>Name of other unit</b>	<b>Position held in such unit</b>	<b>Commencement date of term</b>	<b>Expiry date of term</b>
Wong Hakkun	Lung Kee (Bermuda) Holdings Limited	Independent Director	June 2018	
Song Tiebo	Guangdong Sky Dragon Technology Group Co., Ltd.	Independent Director	July 2019	July 2025
Song Tiebo	Guangdong Xinbao Electrical Appliances Co., Ltd.	Independent Director	August 2020	
Hong Suli	Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司)	Director	August 2020	
Hong Suli	Guangzhou Energy Storage Group Co., Ltd. (廣州儲能集團有限公司)	Director	May 2023	
Hong Suli	Jinming Machinery (Guangdong) Co., Ltd. (廣東金明精機股份有限公司)	Director	October 2022	
Hong Suli	Guangzhou Gongkong Wanbao Financial Leasing Co., Ltd. (廣州工控萬寶融資租賃有限公司)	Director	April 2024	
Hong Suli	Guangzhou Gongkong Automobile Parts Group Co., Ltd. (廣州工控汽車零部件集團有限公司)	Chairman of the Board	April 2024	
Hong Suli	Farasis Energy (Gan Zhou) Co., Ltd. (孚能科技(贛州)股份有限公司)	Director	May 2025	
Term of office in other units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			



## CORPORATE GOVERNANCE

### **(V) Remuneration for Directors and Senior Management**

Decision-making procedures for fixing the remuneration of the directors and senior management

The remuneration management of the Company's directors and senior management is implemented in accordance with the party and administrative management positions they hold in the Company. Pursuant to the "High-Quality Development and Operating Performance Appraisal Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government" (廣州市國資委監管企業負責人高質量發展經營業績考核辦法) issued by the higher state-owned assets regulatory authorities, as well as the relevant remuneration management system formulated by the Company, the Remuneration and Assessment Committee of the Board deliberates and formulates the remuneration assessment program, which shall be submitted to the Board of the Company for decision and approval.

The allowance standard for the Company's independent directors is discussed and formulated by the Board based on the Company's actual development phase as well as the market and industry conditions, and is subject to review and approval by the Company's general meeting.

Whether directors abstain from discussions on their remuneration at the Board

Yes

## CORPORATE GOVERNANCE

<p>Details of the Remuneration and Assessment Committee or special meetings of independent directors issuing recommendations on remuneration matters for directors and senior management</p>	<p>Pursuant to the relevant provisions of the Articles of Association and the Implementation Rules of the Remuneration and Assessment Committee of the Board, the Board of the Company has established a Remuneration and Assessment Committee. The Committee is composed of three directors, a majority of whom are independent directors. It is primary responsible for formulating systems and plans regarding the remuneration decision-making mechanisms, decision-making processes, remuneration assessment schemes, and payment and cessation of payment recovery arrangements for directors and senior management. After conducting independent discussions on relevant remuneration matters, the Committee shall make recommendations to the Board.</p>
<p>Basis for determination of the remuneration of the directors and senior management</p>	<p>In accordance with the “High-Quality Development and Operating Performance Appraisal Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government” (廣州市國資委監管企業負責人高質量發展經營業績考核辦法), the Administrative Measures for Salary Assessment of Professional Managers (職業經理人薪酬考核管理辦法), and the Administrative Measures for Salary Assessment of Non-Professional Manager Leaders (非職業經理人領導人員薪酬考核管理辦法), the remuneration levels, structure and assessment rules for directors and senior management are determined. The Board enters into performance responsibility agreements with directors and senior management as the basis for remuneration assessment. The completion of the operating performance indicators is calculated and assessed based on audited operating financial data, to calculate and determine the remuneration plan.</p>



## CORPORATE GOVERNANCE

Actual payment of the remuneration of the directors and senior management

In light of aforementioned policies and regulations, the Company pays basic annual salary monthly to the directors, employee representative directors and senior management nominated by the controlling shareholders based on the party and administrative management positions they hold in the Company. The annual performance-related pay is organized and implemented by the Remuneration and Assessment Committee of the Board through operating performance assessment, and such pay is settled and distributed upon the decision of the Board and filing with the state-owned assets regulatory authority. 15% to 30% of the annual performance-related pay of directors and senior management shall be deferred and payable until the expiry of their term. The deferred payment of annual performance-related pay shall not be distributed, if there is any major operational risk, significant violation of operational regulations or major operational safety incident of the Company during their term for which the individual bears primary responsibility, or if the individual commits any major violations of laws, regulations and disciplines, or any significant misconduct in the performance of their duties. If the employment or labor relationship of a director or senior management is dismissed (terminated) due to personal reasons (such as dismissal for incompetence in assessment or voluntary resignation, but excluding health reasons), the annual performance-related pay for that year shall not be distributed.

Total remuneration paid to all directors and senior management as at the end of the reporting period

RMB13.3835 million

Basis for assessment and completion of remuneration paid to all directors and senior management as at the end of the reporting period

As at the end of the reporting period, the implementation of the 2025 annual operating performance assessment for the Company's directors and senior management was still undergoing relevant procedures. Based on policies and regulations, the Company has paid the basic annual salaries to directors and senior management, while the performance-related pay for 2025 has not been disbursed in practice.

## CORPORATE GOVERNANCE

Deferred payment arrangement of remuneration paid to all directors and senior management as at the end of the reporting period

Pursuant to the “High-Quality Development and Operating Performance Appraisal Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government” (廣州市國資委監管企業負責人高質量發展經營業績考核辦法) issued by the higher state-owned assets regulatory authorities, as well as the relevant remuneration management system formulated by the Company, 15% to 30% of the annual performance-related pay of directors and senior management shall be deferred and payable until the expiry of their term. The deferred payment of annual performance-related pay shall not be distributed, if there is any major operational risk, significant violation of operational regulations or major operational safety incident of the Company during their term for which the individual bears primary responsibility, or if the individual commits any major violations of laws, regulations and disciplines, or any significant misconduct in the performance of their duties.

Cessation of payment recovery of remuneration paid to all directors and senior management as at the end of the reporting period

In accordance with the “High-Quality Development and Operating Performance Appraisal Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government” (廣州市國資委監管企業負責人高質量發展經營業績考核辦法) issued by the higher state-owned assets regulatory authorities, as well as the relevant remuneration management system formulated by the Company, if the employment or labor relationship of a director or senior management is dismissed (terminated) due to personal reasons (such as dismissal for incompetence in assessment or voluntary resignation, but excluding health reasons), the annual performance-related pay for that year shall not be distributed. As at the end of the reporting period, as certain senior management resigned from their positions at the Company for personal reasons, the Company ceased to pay remuneration to such senior management from the effective date of the resignation.

# CORPORATE GOVERNANCE

## (VI) Changes of Directors and Senior Management of the Company

<b>Name</b>	<b>Position</b>	<b>Way of Change</b>	<b>Reason for change</b>
Zeng Qinghong	Chairman of the Board and director	Resignation	Retirement
Ding Hongxiang	Director	Resignation	Did not stand for re-election for the seventh session of the Board due to work arrangements
Guan Dayuan	Director	Resignation	Did not stand for re-election for the seventh session of the Board due to work arrangements
Zhou Kaiquan	Director	Assumption of office	Elected as a new non-executive director of the seventh session of the Board after the change of session of the Board
Hong Suli	Director	Assumption of office	Elected as a new non-executive director of the seventh session of the Board after the change of session of the Board
Chen Jiakai	Deputy General Manager	Assumption of office	Change of session
Yan Zhuangli	Deputy General Manager	Resignation	Personal reason
Zheng Heng	Deputy General Manager	Resignation	Personal reason
Yu Jun	Deputy General Manager	Resignation	Change of session

## (VII) Service Contracts of Directors

None of the directors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## CORPORATE GOVERNANCE

### IV. DIRECTORS' PERFORMANCE OF THEIR DUTIES

#### (I) Directors' Attendance in Board Meetings and General Meetings

Name of directors	Independent director or not	Mandatory attendance in Board meetings during the year	Board meeting(s)					Absent in person for two consecutive times or not	Attendance required	General meeting(s) Attendance in general meetings
			Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence				
Feng Xingya	No	24	24	20	0	0	No	4	4	
Chen Xiaomu	No	24	24	20	0	0	No	4	4	
Deng Lei	No	24	24	20	0	0	No	4	4	
Zhao Fuquan	Yes	24	24	20	0	0	No	4	1	
Xiao Shengfang	Yes	24	24	20	0	0	No	4	3	
Wong Hakkun	Yes	24	24	20	0	0	No	4	4	
Song Tiebo	Yes	24	24	21	0	0	No	4	1	
Zhou Kaiquan (appointed on 28 March 2025)	No	17	17	17	0	0	No	3	1	
Wang Yiwei	No	24	24	21	0	0	No	4	2	
Hong Suli (appointed on 28 March 2025)	No	17	17	15	0	0	No	3	3	
Zeng Qinghong (resigned on 3 February 2025)	No	2	2	2	0	0	No	1	1	
Ding Hongxiang (resigned on 28 March 2025)	No	7	7	7	0	0	No	2	0	
Guan Dayuan (resigned on 28 March 2025)	No	7	7	6	0	0	No	2	0	

#### Explanation on absence in person in Board meetings for two consecutive times

Applicable N/A

Number of Board meetings held during the year	24
Of which: Number of physical meetings	4
Number of meetings held by remote means	20
Number of meetings held by way of combination of both	4

# CORPORATE GOVERNANCE

## (II) Directors' Objections to Relevant Matters of the Company

Applicable N/A

### Explanation of director's objections to relevant matters of the Company

Applicable N/A

## V. SPECIAL COMMITTEES OF THE BOARD

### (I) Members of Special Committees of the Board

<b>Types of committee</b>	<b>Names of members of the sixth session of the Board</b>	<b>Names of members of the seventh session of the Board</b>
Audit Committee	Wong Hakkun, Xiao Shengfang and Song Tiebo	Wong Hakkun, Xiao Shengfang and Song Tiebo
Nomination Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang	Xiao Shengfang, Song Tiebo and Zhou Kaiquan
Remuneration and Assessment Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang	Xiao Shengfang, Song Tiebo and Zhou Kaiquan
Strategy Committee	Zeng Qinghong <sup>4</sup> , Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang	Feng Xingya, Zhao Fuquan, Song Tiebo, Zhou Kaiquan and Hong Suli

<sup>4</sup> Mr. Zeng Qinghong ceased to serve as the chairman of the Board's Strategy Committee on 3 February 2025. Mr. Feng Xingya was appointed as the new chairman of the Strategy Committee on 3 February 2025.

## CORPORATE GOVERNANCE

### (II) Nomination Committee's Four Meetings during the Reporting Period

Date	Contents	Important opinions & advices	Other performance of duty
6 March 2025	Deliberation regarding the matters related to election of new session of the Board	Following the “High-Quality Development and Operating Performance Appraisal Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government” (廣州市國資委監管企業負責人高質量發展經營業績考核辦法) issued by the higher state-owned assets regulatory authorities, as well as the relevant remuneration management system formulated by the Company, if the employment or labor relationship of a director or senior management is dismissed (terminated) due to personal reasons (such as dismissal for incompetence in assessment or voluntary resignation, but excluding health reasons), the annual performance-related pay for that year shall not be distributed. As at the end of the reporting period, as certain senior management resigned from their positions at the Company for personal reasons, the Company ceased to pay remuneration to such senior management from the effective date of the resignation.	Nil

# CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
5 November 2025	Deliberation regarding the matters related to the nomination of candidates for the general manager, chief financial officer and deputy general manager	The Nomination Committee was of the view that the selection and qualification of the candidates were in compliance with the relevant requirements. The Nomination Committee approved the nomination and agreed to submit the same to the Board for deliberation.	Nil
26 November 2025	Deliberation regarding the matters related to the nomination of secretary to the Board, as well as the appointment and dismissal of relevant personnel	The Nomination Committee was of the view that the selection and qualification of candidates for the secretary to the Board were in compliance with the relevant requirements. The Nomination Committee approved the nomination and agreed to submit the same to the Board for deliberation.	Nil
26 December 2025	Deliberation regarding amendments to the Implementation Rules of the Nomination Committee	The Nomination Committee agreed to the amendments to the Implementation Rules in accordance with relevant laws, regulations and regulatory requirements, taking into account the actual circumstances of the Company.	Nil

## CORPORATE GOVERNANCE

### (III) Audit Committee's Six Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
24 February 2025	Deliberation of the 2024 Working Report on Risk Management and the 2025 Work Plan, the 2024 Working Report on Compliance Management and the 2025 Work Plan	The Audit Committee approved the 2024 Working Report and the 2025 Work Plan and agreed to submit the same to the Board for deliberation.	Nil
24 March 2025	Deliberation of the annual report and its summary of 2024, the profit distribution plan of 2024, the related party transactions concerning the financial services business with related parties, the financial report of 2024, the connected transaction report on H-Share of 2024, the special report of deposit and the actual utilisation of proceeds raised, subsidiaries' forward foreign exchange trading, the internal control evaluation report and audit report of 2024, 2024 report on the performance of supervisory responsibilities of the Board Audit Committee over the accounting firm, the report on the performance of the Audit Committee of the Board of 2024, the audit work summary of 2024 and the audit work plan of 2025	The Audit Committee approved all the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil

# CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
22 April 2025	Deliberation of the 2025 First Quarterly Report, appointment of the Auditor for the 2025 A-Share and H-Share Financial Reports, the auditors in respect of A-Share internal control and amendments to the Articles of Association	The Audit Committee approved all the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
26 August 2025	Deliberation of the interim report of 2025, provision for asset impairment, the special report of deposit and the actual utilisation of proceeds raised for the first half of 2025, amendments to the Implementation Rules of the Audit Committee of the Board, the licensing of non-assurance services, internal audit, internal control and risk management for the first half of 2025	The Audit Committee approved all the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
22 October 2025	Deliberation of the 2025 Third Quarterly Report	The Audit Committee approved all the 2025 Third Quarterly Report proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
5 November 2025	Deliberation of nominated chief accountant (chief financial officer) candidates	The Audit Committee was of the view that the selection and qualification of chief accountant (chief financial officer) candidates were in compliance with the relevant requirements. The Nomination Committee approved the nomination and agreed to submit the same to the Board for deliberation.	Nil

### (IV) Strategy Committee's Two Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
27 March 2025	Deliberation of the 2024 Annual Social Responsibility/ Social Value/ESG Report for GAC Group	The Strategy Committee approved all the reports proposed for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
25 November 2025	Deliberation of the outline of the "15th Five-year" development plan (2026-2030) and overall development plan for self-developed brands of the "15th Five-Year" (2026-2030)	The Strategy Committee approved the plans proposed for deliberation, and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

### (V) Remuneration and Assessment Committee's Three Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
17 March 2025	Performance appraisal of professional managers and non-professional manager leaders within the Group for 2024 and the 2022-2024 term	According to the relevant requirements of the Administrative Measures for Salary Assessment of Professional Managers and the Administrative Measures for Salary Assessment of Non-professional Manager Leaders, as well as the operating performance for 2024 and the completion status of business targets during the term, the Remuneration and Assessment Committee formulated a remuneration plan for related personnel. The plan would be implemented after the approval of the Board.	Nil
16 June 2025	Deliberation of the adjustment of the exercise price of share options under the Fourth Share Option Incentive Scheme	The Remuneration and Assessment Committee approved to concurrently adjust the exercise price of share options based on the relevant requirements of the Company's profit distribution plans and incentive scheme.	Nil
12 September 2025	Revision of the Administrative Measures for Salary Assessment of Professional Managers	The Remuneration and Assessment Committee approved to revise the Administrative Measures for Salary Assessment of Professional Managers based on the Company's development needs.	Nil

## CORPORATE GOVERNANCE

### (VI) Details of Any Objections

Applicable N/A

## VI. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE AUDIT COMMITTEE

The Audit Committee has no objection to the supervision matters during the reporting period.

## VII. EMPLOYEE INFORMATION OF THE COMPANY AND MAJOR SUBSIDIARIES

### (I) Employees

Number of existing employees at the group level	334
Number of existing employees of major subsidiaries	81,733
Total number of existing employees	82,067
Number of employees resigned or retired the pensions of which the parent company and major subsidiaries had to be responsible for	415

#### Professional composition

Category of professional composition	Number of employees
Production personnel	49,454
Salesperson	5,937
Technician	14,350
Financial staff	1,450
Administrative staff	4,333
Finance and insurance staff	1,307
Others	5,236
<b>Total</b>	<b>82,067</b>

#### Education level

Category of education level	Number of employees
Doctorate	150
Master's degree	5,277
Undergraduate (including double bachelor's degree)	21,548
College graduate	16,564
Secondary and below	38,528
<b>Total</b>	<b>82,067</b>

Note: Employee information includes employees of joint ventures and associates.



# CORPORATE GOVERNANCE

## **(II) Remuneration Policy**

In terms of remuneration allocation mechanism, the Group adopted a comprehensive approach that took into account industry characteristics, operating performance and the current remuneration levels of its employees, and guided its subsidiaries to continuously optimise their remuneration allocation systems. The Group ensured that the remuneration remains competitive in the market. By studying market remuneration data and conducting industry benchmarking, the Group regularly assessed and adjusted remuneration levels to ensure that they could provide an effective incentive in talent retention.

The Group advocated the implementation of performance-linked remuneration policy and continuously improved the corporate performance appraisal mechanism, individual performance evaluation system, and employee promotion mechanisms, aiming to establish a remuneration and performance management framework that provided both incentives and restraints.

The Group continued to deepen the reform of the three institutional systems, focusing on achieving the “three flexibility” objectives. The Group also promoted the contracting reform over the tenure system to empower the executive promotion or demotion. The Group refined a linkage mechanism between employee’s remuneration and the Company’s performance and widened the income distribution gap in a rational manner to achieve the flexible fluctuation of revenue. The Group also strengthened the overall management of labour productivity indicators and reinforced the termination of incompetent personnel to achieve dynamic officeholding.

## **(III) Training Program**

During the reporting period, the Group focused on implementing key training programs, such as IPD, working methods with GAC’s characteristics, AI empowerment, party-building education, product general managers, international talent development and campus recruits for new employees, aligning with the Company’s strategic transformation and employees’ development needs. The Group enhanced its efforts in developing online courses and cultivating internal trainers, advanced the construction of platforms such as craftsman academies to further improve training efficiency and effectiveness. Throughout the year, the cumulative number of participants in training programs exceeded 900,000.

## CORPORATE GOVERNANCE

In 2026, the Group will further focus on themes such as deepening reforms and innovation-driven transformation, the integration of party building and businesses, product development and technological innovation, and brand marketing and market expansion. Key initiatives will include training programs on IPMS/IPD/DSTE trainings, as well as the development of management cadres, professional and technical talents. The Group will build an intelligent and integrated learning platform, systematically enrich trainers and course resources, promote the construction of the national high-skilled personnel training base, innovate the operation of the craftsman academies, and deepen industry-education collaboration with universities. These efforts are aimed at continuously building a diversified talent development system to provide talent support for the Group's high-quality development. The Group plans to provide trainings for 920,000 individuals in 2026.

### **(IV) Labour Outsourcing**

Total working hours of labour outsourcing	13,937,600
Total remuneration paid for labour outsourcing(RMBO'000)	80,115.56

Note: including joint ventures and associated enterprises of the Company.

### **(V) Production Safety**

Under the guidance of the competent authorities at all levels, the Group consistently upheld the philosophy of "To address problems on both symptoms and root causes by giving priority to people and safety, so as to achieve a scientific development" in 2025. On the basis of refining the safety production responsibility system and regulatory framework system with the intensified implementation of double prevention as the core and the safety production management targets as the foothold, the Group earnestly performed the main responsibility of enterprises for production safety and investment. In accordance with the work procedures of supervision, guidance and service, the Group will continue to promote the strict implementation of the main responsibility of safety production by all investment enterprises, and promote the synchronisation of enterprise safety production management and business development. During the reporting period, the Group and each investment enterprise had experienced no major (or above) safety production accidents, and its production safety remained generally stable and was in an orderly manner.



## CORPORATE GOVERNANCE

In 2026, the Group will improve and implement the production safety responsibility system in accordance with the laws and regulations. The Group will strengthen the standardization of production safety and strictly implement its main responsibilities of production safety, focusing on the plan for regulating production safety targets and taking the management on production safety responsibility targets as the foothold. The Group will implement the three-year action plan for addressing the root causes of production safety issues, strengthen the hierarchical management and control of safety risks as well as the investigation and management of hidden dangers to iterate digital application of production safety and promote the synchronisation of production safety management of enterprises and business development, with a view to preventing the occurrence of major production safety accidents and ensuring the tasks in respect of production safety target controls are met.

### **VIII. PROPOSED PROFIT DISTRIBUTION PLAN OR CONVERSION OF CAPITAL RESERVES**

#### **(I) Formulation, Implementation and Adjustments of Cash Dividend Policy**

During the reporting period, the Group strictly complied with the requirements of the Articles of Association and the Dividend Distribution Plans for Shareholders (2024-2026) of Guangzhou Automobile Group Co., Ltd. During the reporting period, profit distribution plans for the year of 2024 were implemented, among which the criteria and proportion of cash dividend were clear, and the related decision making procedures and mechanisms were complete and in compliance with the regulations. Independent directors performed their duties diligently and expressed their independent opinions.

In accordance with relevant laws and regulations and the Dividend Distribution Plans for Shareholders (2024-2026) of Guangzhou Automobile Group Co., Ltd., given that the Company realised a net loss in 2025, in order to safeguard the normal production and operation of the Company and better protect the long-term interests of all shareholders, after comprehensive consideration of the Company's long-term development and short-term operational needs, no profit distribution will be made for the current year, nor will there be any transfer from capital surplus to paid-in capital, or other forms of distribution.

## CORPORATE GOVERNANCE

### **(II) Reserves Available for Distribution to Shareholders**

According to the Articles of Association, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the generally accepted accounting principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2025, the Company's reserves available for distribution to shareholders amounted to RMB51,651,487,000 (2024: RMB50,226,252,000).

### **IX. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD**

The Company formulated and continuously consummated the Administrative Measures for Salary Assessment of Professional Managers, which improved the appraisal mechanism as well as the mid and long-term incentive mechanism for senior management. During the reporting period, according to the progress of implementation of annual performance contract signed with senior management, the Remuneration and Assessment Committee of the Board conducted an annual appraisal for the senior management, and the resolution in respect of the appraisal results was considered and approved by the Board.

### **X. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD**

The Group has formulated regulations and systems such as the Internal Control Management Manual and the Administrative Measures for the Reporting of Major Operational Risk Events and other systems in accordance with the Basic Principles for Internal Control of Enterprises and the Implementation Opinions on Strengthening the Construction and Supervision of the Internal Control System of Central State-owned Enterprises, and has further promoted the Company's internal audit work for standardisation, routinisation and normalisation. The Company's internal control is risk management-oriented with a focus on compliance management and supervision, and follows the basic principles of "comprehensiveness, materiality, checks and balances, adaptability, and cost-effectiveness" to establish and constantly improve a comprehensive and effective internal control system covering all business areas, departments and positions, as well as subsidiaries at all levels.

#### **Explanation on material deficiencies in internal control during the reporting period**

Applicable N/A

### **XI. SELF-EVALUATION REPORT ON INTERNAL CONTROL**

#### **(I) Risk Management and Internal Control**

The Company has established a risk management framework under which the Board is in charge of its overall management, the audit department is responsible for audit and internal control matters, and the risk control department is responsible for routine risk prevention and control matters. The digital audit model revolves around “overall analysis, regular forewarning, discovery of doubts, and precise positioning”, through which a digital platform for audit management and big data analysis is established to promote the auditorial standardisation and formalisation. This framework assists the Group in identifying and preventing different risks (including environmental, social and governance risks), so as to manage rather than passively eliminate the risks of failing to achieve business objectives, thereby proactively promoting the Group’s stable operations. The risk control department prepares the Group’s annual risk management report with reference to the annual risk management reports of each investment company and taking into account the risk identification, assessment, analysis, and response of each department under the Group. Upon approval by the Company’s management, the annual risk management report is submitted to the Audit Committee of the Board for review prior to the deliberation by the Board.

The Board is responsible for the risk management and internal control system, and has conducted a review at least once a year on the effectiveness of the internal control system of the Company and its subsidiaries during the reporting period. The review covered the scope and quality of the systems, and also covered all significant control aspects, including financial control, operational control and compliance control. During the reporting period, the Board did not find any material drawbacks and major defects in the internal control, and considered that such systems (including procedures relating to financial reporting and compliance with the requirements of the Listing Rules) were effective and adequate.

The Board also believes that the resources, staff qualifications and experience of the Company in terms of accounting, internal audit and financial reporting functions and ESG related performance and reporting, as well as the training courses and related budgets received by the staff are adequate.

## CORPORATE GOVERNANCE

### **(II) Whistle-blowing policy and system**

The Group has formulated the Working Measures for Disciplinary Supervision, Petition and Reporting, which clarifies the responsibilities of the disciplinary supervision department for accepting reports, stipulates the procedures for accepting, handling and settling the petition complaints together with its completion time, and promotes the standardisation, legalisation and datafication of petition reports. The Group focuses on protecting the rights and interests of whistle-blowers, and stipulates in the Prosecution and Accusation Guide that the personal information of whistle-blowers and the contents of reports shall be kept strictly confidential. The relevant system also allows anonymous reporting. The Group has continuously upgraded the digital platform for disciplinary inspection and supervision, and optimised the sub-module of “online reporting”. After the whistle-blower reports the relevant situation through the system, only the staff member that accepts the report can access the relevant content. After the report is accepted, it will be reviewed by the person in charge of disciplinary inspection and supervision, and then assigned to the relevant designated person for handling, all of whom are independent of the Group, thereby effectively protecting the safety and privacy of the whistle-blower.

### **(III) Anti-corruption policy**

The Group is committed to establishing a sound incorruptible employment system for combating corruption and upholding integrity, ensuring the internal and external reporting channels are smooth, and promoting the construction of a more transparent, efficient, objective and unprejudiced business environment. The Group has formulated certain rules and regulations such as the Code of Conduct on Integrity Practice of the Headquarter Employees and the Measures for Disciplinary Inspection and Supervision, which strictly implements the Company’s anti-corruption management system, and create a cultural atmosphere of integrity of “not daring to be corrupt, not being able to be corrupt, not wanting to be corrupt” within the Group.

## **XII. DETAILS ON THE REVIEW REPORT ON INTERNAL CONTROL MECHANISM**

The Company engaged ShineWing Certified Public Accountants for independent review of effectiveness of its internal control in 2025, which issued an opinion that “the internal control of the financial reporting of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all material aspects as at 31 December 2025” (for full text of the review report, please refer to the announcement disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 27 March 2026).



# CORPORATE GOVERNANCE

## **XIII. DIVIDEND POLICY**

Since 2012, the Company has formulated dividend distribution plans for Shareholders, which have been strictly implemented. To further improve the scientific, continuous and stable dividend distribution decisions and supervisory mechanism of the Company for higher transparency and practicability of profit distribution decisions, and to give guidance to investors to establish a concept of long-term and rational investment, pursuant to the “Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies (Revised in 2023)” issued by the CSRC (Securities Regulatory Commission Issue [2023] No. 61) and the requirements of the Company’s dividend distribution policy set out in the Articles of Association, the Board has formulated the “Dividend Distribution Plan for Shareholders (2024-2026)” (the “Distribution Plan”), specific details of which are as follows:

### **1. Factors Considered by the Company in Formulating the Distribution Plan**

The Company focuses on long term and sustainable development. After considering factors such as the profitability, operation planning, returns for shareholders, capital requirement for investment in future projects, social capital costs and financing environment, a continuous, stable and scientific distribution plan and mechanism for the investors are to be established, so that a systematic arrangement can be made for profit distribution in order to ensure continuity and stability of the profit distribution policy.

### **2. The Principle of the Distribution Plan Formulation**

The formulation of the Distribution Plan shall conform with the relevant national laws and regulations and the relevant provisions relating to profit distribution in the Articles of Association. The Company shall focus on stable and reasonable returns to the investors while at the same time fully consider the actual operation and sustainable development of the Company. On the basis of giving full consideration to the interests of shareholders and managing the relationship between short-term interests and long-term development of the Company, the Company shall determine a reasonable profit distribution proposal, and pursuant to which, formulate a plan to implement the profit distribution policy in a certain period to ensure continuity and stability of the profit distribution policy.

## CORPORATE GOVERNANCE

### **3. The Frequency of the Distribution Plan Formulation and Relevant Decision-Making Mechanism**

The Board shall formulate the Distribution Plan in accordance with the profit distribution policy stipulated in the Articles of Association. In the event that the Company needs to adjust the profit distribution policy due to the significant changes in the external operating environment and its internal operating conditions, the protection of the interest of shareholders (especially the public shareholders) shall be of the first priority and detailed argumentation and reasons shall be given. Further, detailed explanation regarding the adjustments of the dividend distribution policy shall be given in the regular report of the Company with stringent implementation of the decision making procedures. The Board shall ensure that the Distribution Plan will be reviewed every three years in order to ensure the content of the Distribution Plan conforms with the profit distribution policy as stipulated in the Articles of Association.

### **4. The Distribution Plan to Shareholders of the Company from 2024 to 2026**

- (a) The Company may distribute profits by cash, shares, and combination of cash and shares.
- (b) The Company shall give priority to profit distribution by way of cash, i.e. profit distribution shall be made in the form of cash dividends if the cash dividend conditions subsist.
- (c) According to the laws and regulations in the Company Law and the provisions in the Articles of Association, provided that the profit and cash of the Company are able to fulfill the needs for continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2024 to 2026 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for these three consecutive years shall be no less than 30% of the average distributable profits realised in such three years.
- (d) In principle, cash dividends shall be distributed by the Company annually from 2024 to 2026. The Board may propose to distribute interim cash dividend(s) based on the profitability and the capital requirements of the Company.
- (e) From 2024 to 2026, depending on the cumulative distributable profits, reserves and the condition of cash flow, the Company may distribute profits by way of shares to match share capital expansion with business growth provided that the minimum cash dividend payout ratio and a reasonable scale of share capital of the Company are maintained.

## Chapter 5

# REPORT OF THE DIRECTORS

The Board is pleased to submit the report of the directors together with the audited consolidated financial statements for the year ended 31 December 2025.

## **DIRECTORS**

The details of the directors of the Company for the year are set out in the paragraph titled “III. Profiles of Directors and Senior Management – (I) Particulars About Changes in the Shareholding and Remuneration of Incumbent and Resigned Directors and Senior Management during the Reporting Period” under Chapter 4 – “Corporate Governance” of this report. Such section forms part of this report of the directors.

## **PRINCIPAL ACTIVITIES**

Information of the principal activities of the Company for the year is set out in Chapter 2 – “Corporate Profile and Summary of Business” of this report. Such section forms part of this report of the directors.

## **PERMITTED INDEMNITY PROVISIONS**

The Company has arranged appropriate liability insurance for its directors and relevant management personnel during the reporting period. The permitted indemnity provisions were in force for the benefit of the directors and relevant management personnel of the Company during the reporting period.

## **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into during the year.

## **BUSINESS REVIEW**

### **1. Business Performance, Principal Risks and Uncertainties and Future Development**

The discussion on the business performance, principal risks and uncertainties and future development of the Group, as well as the analysis of financial key performance indicators of the Group are set out in Chapter 3 – “Management Discussion and Analysis” of this report. Such section forms part of this report of the directors.

## REPORT OF THE DIRECTORS

### 2. Significant Events Subsequent to the Reporting Period

#### **APPOINTMENT OF EXECUTIVE DIRECTORS**

Pursuant to the Articles of Association, the Board shall consist of 11 directors. During the reporting period, the seventh session of the Board comprised 10 directors, with vacancy for one director. On 23 January 2026, Mr. Xia Xianqing was appointed as an executive director, with his term of office commencing from the same date and until the expiry of the seventh session of the Board. For details, please refer to the Company's circular dated 7 January 2026 and the announcement dated 23 January 2026.

#### **PARTIAL DISPOSAL OF EQUITY INTERESTS IN AN INVESTEE COMPANY**

On 31 March 2026, UPOWER Energy, a wholly-owned subsidiary of the Company, entered into the agreement with GAIG to sell its 12% equity interest in Xinjiang Kunlun Blue Diamond Mining Development Co., Ltd. (新疆昆仑藍鑽礦業開發有限責任公司) (the "Target Company") to GAIG at a consideration of approximately RMB1.92 billion (the "Disposal"). On that date, the Group indirectly holds 20% equity interest in the Target Company through UPOWER Energy. Upon completion of the Disposal, GAIG will become a shareholder of the Target Company with 12% direct equity interest, while the Company's indirect equity interest in the Target Company will decrease from 20% to 8%.

On the date of the Disposal, GAIG is the controlling shareholder of the Company, holding approximately 54.02% of the Company's equity interest, and therefore a connected person of the Company. Accordingly, the Disposal contemplated under the agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, according to Rule 14A.76(2)(a) of the Listing Rules, the Disposal is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 31 March 2026 of the Company.

Save as disclosed above, there were no important events affecting the Company and its subsidiaries which have occurred since the end of the year ended 31 December 2025.



## REPORT OF THE DIRECTORS

### **3. Environmental Policies and Performance**

The Group always adheres to the development concept of green development, energy conservation and emission reduction and considers environmental protection as an important task for enterprises. The Group strictly complies with various environmental laws and regulations, adheres to the scientific development concept as guidance, strengthens the responsibility system for environmental protection targets, and increases efforts in energy conservation and emission reduction, actively promotes energy conservation and emission reduction from technical innovation, production organisation and daily management. The environmental protection facilities are in normal, stable and continuous operation with satisfactory treatment results. No major environmental pollution incidents occurred.

The Group strictly abides by various environmental protection laws and regulations stipulated by the Government and strictly controls all kinds of pollutants generated. The Group strictly implements the environmental impact assessment system and the “Three Simultaneous” system during the project construction (the environmental protection facilities must be designed, constructed and commenced operation with the construction project simultaneously).

In order to conscientiously implement the national environmental protection and safety laws and regulations, ensure timely control after unexpected environmental incidents, prevent the spread and pollution of major accidents, effectively organise post-incident relief and rescue, and protect the personal safety of employees and the safety of the Company’s properties, pursuant to the relevant documents such as the National Environmental Emergency Plan, and the actual situation of the enterprise, in line with the principle of “focus on prevention, focus on self-help, unified command, division of labour”, the Group has prepared corresponding emergency plans for unexpected environmental incidents, and notified the relevant environmental protection departments. The Group organises regular publicity and training within the enterprise and annual emergency drills and reviews which would improve the ability of enterprises to respond to unexpected environmental pollution accidents and prevent and control the occurrence of environmental pollution accidents effectively.

In order to consciously fulfill the obligations to environmental protection, the Group actively accepts social supervision, and develops self-monitoring programs in accordance with the requirements of national construction regulations and standards. All the monitoring results have met the standard.

### **4. Laws and Regulations that have a Significant Impact on the Company**

The Company strictly complies with domestic and overseas laws and regulations and industrial standards such as the Listing Rules, the SSE Listing Rules, the SFO, the Company Law, the Securities Law and the Regulations on the Supervision and Administration of Securities Companies.

## REPORT OF THE DIRECTORS

### 5. Key Relationships

Information regarding the Company's key relationships with its employees, customers and suppliers is set out in the paragraph titled "Employee Information of the Company and Major Subsidiaries" under Chapter 4 – "Corporate Governance" and in the paragraphs titled "Sales to major customers" and "Major suppliers" under Chapter 3 – "Management Discussion and Analysis" of this report.

### INTERESTS OF DIRECTORS

Save as disclosed in the sections titled "III. Profiles of Directors and Senior Management" under Chapter 4 – "Corporate Governance" and "X. Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Staff Incentive Schemes of the Company and Their Impacts Thereof" under Chapter 7 – "Significant Events" of this report, during the period and at the end of the Company's financial year, there were no arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits in shares or debentures of, the Company or any other body corporate.

### DONATIONS

On 5 December 2025, the Group donated HK\$6 million to support post-disaster reconstruction in the area affected by the fire at Wang Fuk Court in Tai Po, Hong Kong. For details, please refer to the announcement disclosed by the Company on the website of the Stock Exchange (in the form of overseas regulatory announcement) on 5 December 2025.

Save as disclosed above, details of charitable and other donations made by the Group during the year are set out in the section titled "III. Details on Performance of Consolidation of Antipoverty Achievements and Rural Revitalisation" under Chapter 6 – "Environmental and Social Responsibility" of this report and the full text of 2025 Environmental, Social and Governance Report disclosed on the website of the Stock Exchange on 28 April 2026.

### ISSUE OF SHARES

Pursuant to the "Resolution on the Share Repurchase Plan through Centralised Bidding" which was passed by Shareholders at the 2023 annual general meeting held on 20 May 2024, the Company may make on-market repurchases of in total not more than 738,828,395 A Shares and 309,862,030 H Shares at the then current market prices on the Shanghai Stock Exchange and the Stock Exchange respectively during the relevant period (the "Repurchase Mandate"). The repurchase period for A shares and H shares under the Repurchase Mandate has expired at the 2024 annual general meeting held on 23 May 2025.

## REPORT OF THE DIRECTORS

The monthly distribution of Shares repurchased under the Repurchase Mandate by the Company during the reporting period is as follows:

2025	A Shares (on-market repurchase on the Shanghai Stock Exchange)				H Shares (on-market repurchase on the Stock Exchange)			
	Number of Shares repurchased	Highest price (RMB)	Lowest price (RMB)	Total repurchase value (RMB) (transaction fees exclusive)	Number of Shares repurchased	Highest price (HKD)	Lowest price (HKD)	Total repurchase value (HKD) (transaction fees exclusive)
January	0*	-	-	-	24,496,000 <sup>#</sup>	3.16	3.02	75,785,420
February	0	-	-	-	0	-	-	-
March	0	-	-	-	0	-	-	-
April	1,288,404	7.79	7.73	9,999,365.48	0	-	-	-
May	0	-	-	-	0	-	-	-
June	N/A	-	-	-	N/A	-	-	-
July	N/A	-	-	-	N/A	-	-	-
August	N/A	-	-	-	N/A	-	-	-
September	N/A	-	-	-	N/A	-	-	-
October	N/A	-	-	-	N/A	-	-	-
November	N/A	-	-	-	N/A	-	-	-
December	N/A	-	-	-	N/A	-	-	-
<b>Total</b>	<b>1,288,404</b>	<b>7.79</b>	<b>7.73</b>	<b>9,999,365.48</b>	<b>24,496,000</b>	<b>3.16</b>	<b>3.02</b>	<b>75,785,420</b>

\* As the 2020 A Share option and restricted Share incentive scheme failed to meet the performance conditions for the third unlocking period, the Company repurchased and cancelled 26,048,350 restricted A Shares previously granted on 16 January 2025. However, such repurchase was made by the Company directly from the relevant scheme participants, rather than in accordance with the Repurchase Mandate.

# On 14 January 2025, 22 January 2025 and 23 January 2025, the Company repurchased 8,090,000 H Shares, 8,160,000 H Shares and 8,246,000 H shares respectively, with a total repurchase of 24,496,000 H Shares in January 2025.

## REPORT OF THE DIRECTORS

To sum up, as of 31 December 2025, through centralised bidding, a total of 1,288,404 A Shares were repurchased at the aggregate consideration of RMB9,999,365.48 (excluding transaction fees), and the Company had an increase of 1,288,404 A Shares as its treasury Shares. Meanwhile, a total of 24,496,000 H Shares were repurchased at the aggregate consideration of HK\$75,785,420 (excluding transaction fees). A total of 118,404,000 H Shares repurchased during the period from 4 December 2024 to 23 January 2025 (including the repurchased H Shares shown in the table above) were fully cancelled on 27 February 2025. As at 31 December 2025, the Company held 14,799,854 A Shares as treasury Shares. Pursuant to the share repurchase scheme disclosed by the Company through centralised bidding on 28 March 2024, the A Shares repurchased by the Company are intended to be used for the implementation of share option incentive scheme or employee stock ownership scheme. Should the Company fail to utilise the repurchased shares within 36 months after the completion of the share repurchase, the unused repurchased shares will be cancelled.

Save as disclosed above, the Company and its subsidiaries have not redeemed any of its listed securities during the reporting period. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year.

### ISSUE OF DEBENTURES, BONDS AND OTHER DEBT SECURITIES

The Company held the 10th meeting of the seventh session of the Board and the 2025 third extraordinary general meeting on 12 September 2025 and 30 September 2025, respectively, at which the Resolution on the Company's Proposed Issuance of Medium-term Notes was considered and approved, approving the Company's application for the issuance of medium-term notes of not more than RMB15 billion (inclusive) with the National Association of Financial Market Institutional Investors ("NAFMII"). On 10 November 2025, the Company received the Notice for Acceptance of Registration issued by the NAFMII that the registration of the technology innovation bonds of the Company was accepted, with a registered amount of RMB15 billion, and the registered amount shall be valid for a period of 2 years from the date of the notice. On 15 December 2025, the Company completed the issuance of the 2025 first tranche green technology innovation bonds, with an issuance scale of RMB2 billion, a term of 3 years, and an annual coupon rate of 1.8%. The Company completed the issuance of four tranches of green technology innovation bonds with an aggregate principal amount of RMB11 billion on 16 January, 23 January, 17 March, and 25 March 2026. Among these, RMB3 billion has a term of five years, and RMB8 billion has a term of three years. The annual coupon rates range from 1.77% to 1.99%. For details, please refer to the relevant announcements disclosed on the website of the Stock Exchange in the form of overseas regulatory announcement on 14 November and 16 December 2025, 19 January, 26 January, 18 March and 26 March 2026.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company during the year. For the information of the equity-linked agreements entered into by the Company in prior financial years, please refer to the paragraph titled "X. Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other staff Incentive Schemes of the Company and the Impacts Thereof" under Chapter 7 – "Significant Events" of this report.

# REPORT OF THE DIRECTORS

## DIVIDENDS

During the year, no interim dividend was distributed (2024: RMB0.03 (tax inclusive), approximately RMB310,455,251). The Board did not recommend to distribute the final dividend for the year ended 31 December 2025 (2024: RMB0.02 per share (tax inclusive), approximately RMB203,671,089).

The Company has confirmed that all decisions made by the directors regarding dividends are in compliance with the dividend policy. As audited by the Company's auditor, the Group recorded a loss of approximately RMB8.784 billion for 2025. In accordance with applicable laws and regulations, the Articles of Association and the Dividend Distribution Plans for Shareholders (2024-2026), and given that a net loss was incurred for the year, no profit distribution will be made for the current year, nor will there be any transfer from capital surplus to paid-in capital or any other form of distribution for the current year, in order to safeguard the normal production and operation of the Company and to better protect the long-term interests of all shareholders, taking into account the long-term development and short-term operational needs of the Company. The Company will actively enhance its development quality and improve profitability, and will strive to create and provide stable and sustainable returns for investors.

## REASONS FOR RESIGNATION

Mr. Zeng Qinghong ("Mr. Zeng") ceased to serve as chairman of the Board, director, the chairman and member of the Strategy Committee and authorised representative of the Company with effect from 3 February 2025 due to reaching the retirement age. Mr. Zeng confirmed that he has no disagreement with the Board, the Supervisory Committee and the Company, and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company. Mr. Feng Xingya has been appointed as the new Chairman of the Board and the chairman of the Strategy Committee of the Company since 3 February 2025. On the same date, he took over as the authorised representative of the Company.

On 28 March 2025, Mr. Ding Hongxiang ("Mr. Ding") and Mr. Guan Dayuan ("Mr. Guan") did not stand for re-election to the seventh session of the Board due to work reasons and therefore they ceased to act as non-executive directors, with Mr. Ding ceasing to act as a member of the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee of the Board and Mr. Guan ceasing to act as a member of the Strategy Committee of the Board. They confirmed that they have no disagreement with the Board, the Supervisory Committee and the Company and there are no other matters concerning their retirement that the shareholders need to be informed of. On the same day, Mr. Zhou Kaiquan ("Mr. Zhou") and Ms. Hong Suli ("Ms. Hong") were elected as non-executive directors of the seventh session of the Board of the Company, of which Mr. Zhou has been appointed as a member of the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee of the Board and Ms. Hong has been appointed as a member of the Strategy Committee.

## REPORT OF THE DIRECTORS

### **CHANGE OF AGENT FOR THE SERVICE OF PROCESS IN HONG KONG**

With effect from 20 June 2025, Ms. He Dan was appointed to replace Mr. Gao Feng to act as the agent of the Company for accepting service of process and notices for and on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 19A.13(2) of Listing Rules.

### **DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director and a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **MATERIAL CONTRACTS**

Save as disclosed in this report, no material contracts were entered into between the Company or its subsidiaries and the controlling shareholders or its subsidiaries, nor were there any material contracts under which the controlling shareholders or its subsidiaries provided services to the Company or its subsidiaries.

### **TAX RELIEF**

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the shares.

By order of the Board  
**Guangzhou Automobile Group Co., Ltd.**  
**Feng Xingya**  
*Chairman*

Guangzhou, the PRC, 27 March 2026.

## Chapter 6

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## I. ENVIRONMENTAL INFORMATION

The Company and every enterprise strictly abided by environmental protection laws and regulations, and endeavoured to implement the concept of environmental protection and green development in multiple dimensions based on industry characteristics, in order to co-construct a green, low-carbon and eco-friendly environment.

- (1) In the field of products, the Company continuously accelerated the launch of more new energy vehicle models, considerably reducing fuel consumption and exhaust emissions per vehicle;
- (2) In the field of production, the Company accelerated the advancement of innovative technologies, adopted greener and more energy-efficient facilities, and introduced more advanced technologies to reduce energy consumption;
- (3) In the field of energy, various enterprises used clean energy to replace the original choices, and developed solar power generation with tremendous efforts through proactively making use of resources in our factories so as to boost the “green electricity” share in the production link;
- (4) In the field of supply chain, the Company put forward requirements for environmental protection, energy conservation and emission reduction towards suppliers along the whole supply chain, conducted assessments on suppliers’ green and low-carbon management and encouraged suppliers to obtain environmental system certification; and
- (5) In the field of public and employees, the Company actively carried out various advertising activities for environmental protection and pollution control in order to raise environmental protection awareness and build a green homeland together.

The Group always adheres to the development concept of green environmental protection, energy conservation and emission reduction, and strictly complies with various environmental laws and regulations. During the reporting period, the environmental protection facilities of investee enterprises are in normal, stable and continuous operation with satisfactory treatment results. No major environmental pollution incidents occurred. For details about the policies and measures on the environmental protection of the Group, please refer to the full text of the 2025 Environmental, Social and Governance Report disclosed on the website of the Stock Exchange on 28 April 2026.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### II. FULFILLMENT OF SOCIAL RESPONSIBILITY

With the goal of “developing into a public company trusted by the society”, the Group always advocates green culture, builds a green supply chain, develops green offices, realises sustainable development and actively performs social responsibility.

For details about the fulfillment of social responsibilities by the Group, please refer to the full text of the 2025 Sustainability Report disclosed on the website of the Stock Exchange (in form of overseas regulatory announcement) on 27 March 2026.

### III. DETAILS ON PERFORMANCE OF CONSOLIDATION OF ANTIPOVERTY ACHIEVEMENTS AND RURAL REVITALISATION

In 2025, GAC Group, with a focus on effective connection between performance of consolidation of antipoverty achievements and rural revitalization, invested a total of over RMB5.65 million for assistance funds throughout the year, and achieved positive progress in all areas of work.

- 1. Comprehensively advancing town-based assistance and village support within the Guangdong Province.** In Dongshi Town, Pingyuan County, Meizhou City, the Group continued to deepen its five-year assistance plan, investing a total of RMB3.76 million for assistance funds throughout the year and implementing 32 projects at both the town and village levels. These projects cover areas such as industrial upgrading and infrastructure improvement, with effectively consolidating antipoverty achievements through dynamic monitoring. In Heyun Town, Qingxin District, Qingyuan City, the Group focused on developing the “Heyun Xiangwang” aromatic industry project, which planned 18 products across three major product lines of lifestyle, product promotion and cultural and creative goods, with some products already entering mass production. The Group actively explored a new model integrating agriculture, culture and tourism under the theme of “Revitalization of Intangible Cultural Heritage + Aromatic Economy”, thereby helping the town’s wok team earn recognition as a provincial advanced collective. In compliance with requirements for vertical assistance in Guangzhou City, the Group provided counterpart support to Yongning Subdistrict, Zengcheng District, and donated RMB250,000 for people’s livelihood projects and improvement of primary school facilities.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. **Further deepening and expanding east-west coordination.** The Group has continued to establish a pairing assistance relationship with one township and ten villages in Nayong County, Bijie City, Guizhou Province, and a total of over RMB1.67 million has been invested as assistance funds throughout the year. Efforts focused on establishing Lizi Village as a demonstration site for rural revitalization, and completing projects to improve living environment, thereby facilitating the aromatic industry to achieve annual sales revenue of over RMB10 million for the past three years, with cumulative sales revenue exceeding RMB46 million. With respect to educational assistance, the “GAC class” has cumulatively cultivated 326 students, while the “GAC Education Dream Support Project” has supported 153 students in need, with scholarships totaling RMB 195,000.
3. **Booting consumption assistance through innovative omni channel models.** Leveraging the “GAC Qifu” platform, over 2,700 varieties of agricultural products from assisted regions have been made available online, with the amount of consumption assistance expected to reach RMB38 million throughout the year. During the lychee season, the Group precisely coordinated with production areas in Conghua District and Zengcheng District of Guangzhou, resulting in the purchase of 350,000 jin of lychee. This generated an additional income of RMB 4.9 million for local fruit growers, effectively enhancing the assistance results of “customer satisfaction, farmer satisfaction and employee satisfaction”.
4. **Establishing sustainable mechanisms to empower industrial revitalization.** In Bijie City, the Group has promoted the “Love Filling Every Car with Fragrance” brand to cumulatively develop more than 60 products, thereby forming an aromatic industry chain that integrates planting, processing and sales. Concurrently, the Group has promoted the construction of the Meizhou GAC Parts and Components Industrial Park, where 16 enterprises have moved. For the year 2025, the Park is projected to achieve operating revenue of RMB2 billion and contribute over RMB100 million in taxes, while creating 1,925 job opportunities. The “self-sustaining” capacity of industrial assistance has thus been continuously strengthened. The Group has also proactively implemented the deployment of new energy usage in the countryside, and have cumulatively invested in the construction of 363 charging stations across 19 prefecture level cities within Guangdong Province throughout the year. 3 charging stations with 54 fast charging terminals were built in the “Two Mountains” Region, injecting green momentum into coordinated regional development.

## Chapter 7

# SIGNIFICANT EVENTS

## I. PERFORMANCE OF UNDERTAKINGS

### (I) THE UNDERTAKINGS BY THE ULTIMATE CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, PURCHASERS OF THE COMPANY, THE COMPANY AND OTHER RELEVANT PARTIES DURING THE REPORTING PERIOD OR SUBSISTING DURING THE REPORTING PERIOD

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time of undertaking	Period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments	Dividends	The Group	Provided that the profit and cash of the Company is sufficient for the continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2024 and 2026 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in these three years. Articles of Association: Profit distributed in cash shall be no less than 10% of the distributable profit realised in such year.	May 2024	2024-2026	Yes	Yes
	Resolving issues of competition within the industry	GAIG	(1) Directly or indirectly do or participate in (or assist in or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognised stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal	Listing date of A shares in 2012	Long-term	Yes	Yes

## SIGNIFICANT EVENTS

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time of undertaking	Period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
			<p>business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.</p>				

## SIGNIFICANT EVENTS

**(II) EXPLANATION ON WHETHER THE COMPANY HAS ACHIEVED ITS PROFIT FORECAST IN RELATION TO ASSETS OR PROJECTS, IF THERE IS ANY PROFIT FORECAST IN RELATION TO THE COMPANY'S ASSETS OR PROJECTS, AND THE REPORTING PERIOD IS WITHIN THE PROFIT FORECAST PERIOD**

Met Unmet N/A

**II. APPROPRIATION OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL ACTIVITIES DURING THE REPORTING PERIOD**

Applicable N/A

**III. GUARANTEE NOT IN COMPLIANCE**

Applicable N/A

**IV. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS**

*Unit: Yuan Currency: RMB*

**Currently appointed**

Name of domestic accounting firm	ShineWing Certified Public Accountants
Remuneration of domestic accounting firm	1,020,000
Audit years of domestic accounting firm	5
Names of the Certified Public Accountants of domestic accounting firm	Ou Jinguang, Luo Xiaming
Continuing service years of certified public accountant of domestic accounting firm	5
Name of overseas accounting firm	KPMG
Remuneration of overseas accounting firm	3,100,000
Audit years of overseas accounting firm	2

## SIGNIFICANT EVENTS

Unit: Yuan Currency: RMB

	<b>Name</b>	<b>Remuneration</b>
Internal control auditor	ShineWing Certified Public Accountants	400,000

### **EXPLANATION ON APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS**

As considered and approved at the 3rd meeting of the 7th session of the Board, the 27th meeting of the 6th session of the Supervisory Committee and the 2024 annual general meeting of the Company, the Company appointed ShineWing Certified Public Accountants and KPMG as auditors of the Company for the year 2025.

### **CHANGE OF ACCOUNTING FIRM DURING THE AUDITING PERIOD**

Applicable N/A

### **V. DESCRIPTION OF RISKS OF DELISTING**

Applicable N/A

### **VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING**

On account of its insolvency, the joint venture of the Company, GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司), filed for winding-up in accordance with relevant requirements of existing laws and regulations in 2022. On 29 November 2022, Intermediate People's Court of Changsha, Hunan Province issued the Civil Judgement [(2022) Xiang 01 Po Shen No. 139] ((2022) 湘01破申139號) to formally accept its winding-up application. On 6 March 2023, Notice (2022) Xiang 01 Po No.214-1 ((2022) 湘01破214-1號) was issued and Yingke (Changsha) Law Firm was designated to act as the administrator. During the reporting period, the administrator commenced the process of initiating the overall disposal of core assets.

### **VII. MATERIAL LITIGATIONS AND ARBITRATIONS**

The Company had no material litigations or arbitrations during the year.

## SIGNIFICANT EVENTS

### **VIII. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS AND RELEVANT RECTIFICATIONS FOR SUSPECTED VIOLATION OF LAWS AND REGULATIONS**

Applicable N/A

### **IX. DESCRIPTION OF INTEGRITY OF THE COMPANY AND ITS SHAREHOLDERS AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD**

Applicable N/A

### **X. SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EQUITY INCENTIVES OF THE COMPANY AND THE IMPACTS THEREOF**

#### **A-SHARE OPTION**

A-share option represents the right granted to a participant by the Company to acquire certain number of A shares of the Company at a pre-determined price and conditions within a particular period of time. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.

#### **RESTRICTED SHARES**

Restricted shares represent a certain number of A shares of the Company granted to the participants by the Company under the conditions and at the price as stipulated in the incentive scheme, which are subject to the lock-up period and can only be unlocked for trading when the unlocking conditions under the incentive scheme are satisfied. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.

## SIGNIFICANT EVENTS

### **(I) 2020 A SHARE OPTION AND RESTRICTED SHARE INCENTIVE SCHEME (THE “2020 INCENTIVE SCHEME”)**

The 2020 Incentive Scheme shall be effective from the date on which the Share options and the restricted Shares have been granted and registered, and end on the date on which all the Share options granted to the participants have been exercised or cancelled and all the restricted Shares granted to the participants have been unlocked or repurchased and cancelled respectively, which shall not exceed 60 months, i.e. still effective until December 2025. The vesting period and the lock-up period of Share options and restricted Shares respectively were 24 months, 36 months, 48 months from the date of completion of grant and registration. For details regarding the exercise period for Share options and the unlocking period for restricted Shares, and the relevant timetable, please refer to the section on the 2020 Incentive Scheme in the 2024 annual report of the Company.

Since all the 102,101,330 A Share options and 102,101,330 restricted A Shares available for grant under the 2020 Incentive Scheme were granted on 4 December 2020, the number of options and awards available for grant under the scheme mandate of the 2020 Incentive Scheme at the beginning and the end of the reporting period were both 0. As no service provider is eligible to be a participant under the 2020 Incentive Scheme, the service provider sublimit is not applicable to the 2020 Incentive Scheme.

#### **A Share options under the 2020 Incentive Scheme**

1. Under the first exercise period, such A Share options had become exercisable since 12 December 2022, expiring on 10 December 2023 (subject to the relevant restriction period).
2. Under the second exercise period, such A Share options had become exercisable since 11 December 2023, expiring on 10 December 2024 (subject to the relevant restriction period). Share options that had not been exercised during the second exercise period became lapsed on 11 December 2024 and were cancelled on 16 January 2025.
3. Under the third exercise period, such A Share options had become exercisable since 11 December 2024, expiring on 10 December 2025 (subject to the relevant restriction period). Due to the failure to satisfy the performance conditions during the Reporting Period, all such A Share options granted for the third exercise period were cancelled. For details, please refer to the announcement (Announcement no.: Lin 2024-080) disclosed on the website of the Stock Exchange in the form of overseas regulatory announcement on 10 October 2024.

## SIGNIFICANT EVENTS

### **Restricted A Shares under the 2020 Incentive Scheme**

Due to the failure to satisfy the performance assessment conditions, the restricted Shares corresponding to the third unlocking period fully lapsed on 11 December 2024. The Company repurchased and cancelled such 26,048,350 restricted A Shares on 16 January 2025, with a repurchase price of RMB4.20 per Share. For details of the repurchase and cancellation, please refer to the announcement disclosed on the website of the Stock Exchange in the form of overseas regulatory announcement on 13 January 2025 (Announcement no.: Lin 2025-007). Details of the repurchase price of the relevant restricted A Shares to be cancelled and the corresponding adjustments to the repurchase price are also set out on pages 130 to 132 of the 2024 annual report of the Company.

## **(II) 2022 A SHARE OPTION INCENTIVE SCHEME (THE “2022 INCENTIVE SCHEME”)**

### **1. Purpose**

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the senior management, other management personnel who have a direct impact on the Company's operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the Shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the Shareholders and on the principle of income equivalent to contribution, the Company formulated the 2022 Incentive Scheme, which has been duly approved by way of special resolutions passed at the 2023 first extraordinary general meeting and the 2023 first class meetings for A and H Shareholders of the Company respectively held on 20 January 2023.

### **2. Scheme Participants**

The participants under the 2022 Incentive Scheme are all employee participants as defined under Rule 17.03A(1)(a) of the Listing Rules, including the directors, senior management, other management personnel who have a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

### **3. Number of Granted Options and the Basis of Determining the Exercise Price of the Share Options**

A total of 233,896,200 A Share options were granted to 3,089 participants on 20 January 2023, and the exercise price was RMB11.99 per Share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A Shares:

- (1) the average trading price of the A Shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 13 December 2022) which is RMB11.82; and
- (2) one of the average trading prices of the A Shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

## SIGNIFICANT EVENTS

The adjustment details for the exercise price of Share options since the implementation of the 2022 Incentive Scheme are as follows:

- Since 16 June 2023, as a result of the implementation of the profit distribution plan for 2022, the exercise price of Share options was adjusted to RMB11.81/A Share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement no.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.
- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of Share options was adjusted to RMB11.76/A Share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement no.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.
- Since 13 June 2024, as a result of the implementation of the final profit distribution plan for 2023, the exercise price of Share options was adjusted to RMB11.66/A Share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement no.: Lin 2024-042) disclosed on the websites of SSE and the Stock Exchange on 4 June 2024.
- Since 18 October 2024, as a result of the implementation of the interim profit distribution plan for 2024, the exercise price of Share options was adjusted to RMB11.63/A Share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on the Price Adjustment and Partial Cancellation of Equity under the Share Option Incentive Scheme” (Announcement no.: Lin 2024-080) disclosed on the websites of SSE and the Stock Exchange on 10 October 2024.
- Since 27 June 2025, as a result of the implementation of the profit distribution plan for 2024, the exercise price of Share options was adjusted to RMB11.61/A Share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price under the Share Option Incentive Scheme” (Announcement no.: Lin 2025-48) disclosed on the websites of SSE and the Stock Exchange on 20 June 2025.

## SIGNIFICANT EVENTS

The closing price of the Company's A Shares on the date immediately before the grant date of the 2022 Incentive Scheme was RMB11.37 per Share. Within any 12-month period, none of the participants were granted or will be granted options and awards in aggregate exceeding 1% of the total issued A Shares of the Company under all effective Share option incentive schemes of the Company. Details of the maximum entitlement (i.e. A Share options) that each director and senior management of the Company may be granted under the 2022 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 4 January 2023, and the maximum entitlement that can be granted to each other individual participant shall not be higher than the above-mentioned maximum entitlement limit. No amount is payable by the participants on application or acceptance of the A Share options under the 2022 Incentive Scheme.

#### **4. Validity period, vesting period and exercise period**

The 2022 Incentive Scheme shall be effective from the date on which the Share options were granted (i.e. 20 January 2023), and end on the date on which all the Share options granted to the participants have been exercised or cancelled, and for no more than 60 months, i.e. until January 2028 with one year and eight months remaining. The vesting period of the respective portions are 24 months, 36 months and 48 months from the date on which the Share options were granted.

As of the date of this report (i.e., 28 April 2026), the total number of securities issuable under the 2022 Incentive Scheme was 186,764,320 Shares, representing approximately 1.83% of the total issued Shares of the Company then.

Since the 2022 Incentive Scheme was adopted on 20 January 2023, and given that all the 233,896,200 A Share options available for grant under the 2022 Incentive Scheme were granted on 20 January 2023 (and no Share award is available for grant under the 2022 Incentive Scheme), the number of options and awards available for grant under the scheme mandate of the 2022 Incentive Scheme at the beginning and the end of the reporting period were both 0. As no service provider is eligible to be a participant under the 2022 Incentive Scheme, the service provider sublimit is not applicable to the 2022 Incentive Scheme.

## SIGNIFICANT EVENTS

The arrangements of exercise period and the duration of each exercise period for the Share options are as follows:

<b>Exercise arrangement</b>	<b>Exercise period</b>	<b>Exercisable proportion</b>
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the grant date and ending on the last trading day of the 36-month period from the grant date	20%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the grant date and ending on the last trading day of the 48-month period from the grant date	40%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the grant date and ending on the last trading day of the 60-month period from the grant date	40%

The participants shall complete the exercise of the Share options within the relevant exercise period. If the exercise conditions are not satisfied, the A Share options for the corresponding period shall not become exercisable. If the exercise conditions are satisfied, but such relevant A Share options are not fully exercised within the stipulated exercise period, such Share options will automatically lapse and be cancelled by the Company.

During the reporting period, there were no A Share options or restricted Shares available for grant in accordance with the scheme mandate limit and service provider sublimit respectively defined under Rule 17.03(3) of the Listing Rules.

## SIGNIFICANT EVENTS

The details of the A Share options under the 2022 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:

### A Share options under the 2022 Incentive Scheme

Unit: Share(s) (A Share) Currency: RMB

Name	Position/Type of Participants	Number of outstanding A Share options held at the beginning of the reporting period <sup>(Note 1)</sup>	Number of A Share options newly granted during the reporting period	Weighted average closing price immediately before the dates on which the A Share options were granted (RMB)	Number of A Share options exercisable during the reporting period <sup>(Note 2)</sup>	Shares issued upon exercise			Exercise price of A Share options (RMB)	Number of outstanding A Share options held at the end of the reporting period
						Number of A Share options cancelled during the reporting period	Number of A Share options lapsed during the reporting period	Number of A Share options issued during the reporting period		
Feng Xingya	Chairman, Director and General Manager <sup>(Note 3)</sup>	400,000	0	N/A	0	0	0	0	N/A	400,000
Deng Lei	Non-executive Director, Chairwoman of the Labour Union	340,000	0	N/A	0	0	0	0	N/A	340,000
Yan Zhuangli	Deputy General Manager <sup>(Note 4)</sup>	360,000	0	N/A	0	0	0	0	N/A	360,000
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	360,000	0	N/A	0	0	0	0	N/A	360,000
Gao Rui	Deputy General Manager	360,000	0	N/A	0	0	0	0	N/A	360,000
Jiang Xiuyun	Deputy General Manager	360,000	0	N/A	0	0	0	0	N/A	360,000
Yu Jun	Deputy General Manager <sup>(Note 4)</sup>	360,000	0	N/A	0	0	0	0	N/A	360,000
Zheng Heng	Deputy General Manager <sup>(Note 5)</sup>	360,000	0	N/A	0	0	0	0	N/A	360,000
Xia Xianqing	General Manager, Deputy General Manager <sup>(Note 3)</sup>	360,000	0	N/A	0	0	0	0	N/A	360,000
Liu Xiangneng	Secretary to the Board and Company Secretary	184,000	0	N/A	0	0	0	0	N/A	184,000
Huang Yongqiang	Deputy General Manager	253,040		N/A	0	0	0	0	N/A	253,040
	Middle level and other core businesses, technical and management key personnel (i.e. 3,072 other employee participants in total)	183,067,280	0	N/A	0	0	0	0	N/A	183,067,280
<b>Total (together with that of the directors and senior management):</b>										
		3,083	186,764,320	0	/	0	0	0	/	186,764,320

## SIGNIFICANT EVENTS

### Notes:

1. During the reporting period, A Share options under the 2022 Incentive Scheme have not become exercisable yet. Details of the vesting period, the exercise period and exercise price for the relevant A Share options under the 2022 Incentive Scheme are set out on pages 123 to 126 of this report.
2. All A Share options under the 2022 Incentive Scheme have been granted to the participants (including the above-mentioned directors and senior management) on 20 January 2023. The above Share options granted are subject to the fulfillment of the performance appraisal requirements and the individual performance appraisal requirements by the Company and participants respectively during each of the relevant exercise periods. For details, please refer to Appendix VI to the circular of the Company dated 4 January 2023 in relation to, among other things, the Fourth Share Option Incentive Scheme. As the Company's operating performance failed to meet the exercise conditions for the first exercise period of the Fourth Share Option Incentive Scheme, all Share options granted to participants were cancelled. For details, please refer to the "Announcement on the Price Adjustment and Partial Cancellation of Equity under the Share Option Incentive Scheme" (Announcement no.: Lin 2024-080) disclosed on the websites of SSE and the Stock Exchange on 10 October 2024.

On 16 January 2026, the Company held the 18th meeting of the seventh session of the Board, at which the Resolution on the Cancellation of the Second Exercise Period of the Fourth Share Option Incentive Scheme was considered and approved. Due to the failure to meet the performance conditions for the year of 2024, 93,382,160 A-share options under the the Second Exercise Period of the Fourth Share Option Incentive Scheme were cancelled in full. For details, please refer to the "Announcement on the Cancellation of the Second Exercise Period of the Fourth Share Option Incentive Scheme" (Announcement no.: Lin 2026-006) disclosed on the websites of SSE and the Stock Exchange on 16 January 2026.

3. From 3 February 2025 to 16 November 2025, Feng Xingya has concurrently served as the general manager, while Xia Xianqing served as the deputy general manager. Feng Xingya ceased to concurrently serve as the general manager of the Company, and Xia Xianqing was appointed as the general manager of the Company on 16 November 2025. He was appointed as an executive director of the seventh session of the Board on 23 January 2026.
4. Yan Zhuangli resigned from the position of deputy general manager on 18 September 2025.
5. Zheng Heng resigned from the position of deputy general manager on 24 December 2025.
6. Yu Jun resigned as deputy general manager on 28 November 2025.

## SIGNIFICANT EVENTS

The Company granted a total of 0 A Share option and 0 Share award in respect of all Share schemes (including the 2020 Incentive Scheme and the 2022 Incentive Scheme referred to above) during the reporting period, and the number of Shares that may be issued in respect of all options granted (assuming that all the options are exercisable) was 0 A Share, representing 0% of the issued A Shares (excluding treasury Shares) during the Reporting Period, with the weighted average number of issued A Shares (excluding treasury Shares) during the Reporting Period being 10,226,666,900.

### **XI. MATERIAL RELATED TRANSACTIONS**

- 1.** Certain categories of related party transactions as disclosed in note 37 to the consolidated financial statements, including (i) sales of goods (sales of automobile parts and steels, sales of passenger vehicles), (ii) rendering of labour and insurance services, (iii) purchases of goods (purchases of automobile parts and materials and purchases of passenger vehicles), (iv) rental received from related parties and (v) rental paid to related parties, include transactions which also constituted connected transactions under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

#### **2. TRANSACTIONS UNDER THE LISTING RULES**

##### **(A) Transactions in relation to principal joint ventures**

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. For the 2025 financial year, the principal joint ventures of the Company were GAC Toyota, GAC Honda and GAC-SOFINCO.

As of 31 December 2025, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB60.605 billion and RMB92.310 billion respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.



## SIGNIFICANT EVENTS

### **(B) Connected transactions**

For the year ended 31 December 2025, the Group and its associates (as defined in the Listing Rules) had entered into the following connected transactions:

#### *Equity Transfer of Dongfeng Honda Engine and Capital Increase of GAC Honda*

##### Equity Transfer

On 30 October 2025, GAC Honda, a principal jointly-controlled entity of the Company, entered into the equity transfer agreement with Dongfeng Motor Group Co., Ltd. (“Dongfeng Motor Group”), pursuant to which Dongfeng Motor Group (as the vendor) agreed to sell and GAC Honda (as the purchaser) agreed to acquire 50% of the equity interest in Dongfeng Honda Engine Co., Ltd. (“Dongfeng Honda Engine”), at a consideration of RMB1,172,485,400 (equivalent to approximately HK\$1,286,847,541), which was conducted by way of public tender and transfer on the Guangdong United Assets and Equity Exchange (the “Equity Transfer”).

Upon completion of the Equity Transfer, GAC Honda held 50% of the equity interest in Dongfeng Honda Engine, and the attributable interest of the Company in Dongfeng Honda Engine became 25%. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Equity Transfer does not exceed 5%, the Equity Transfer does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Dongfeng Motor Group is an independent third party. The Equity Transfer also does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

## SIGNIFICANT EVENTS

### Capital Increase

On 10 November 2025, the Company entered into the capital increase agreement with Honda Motor Co., Ltd. (“Honda Motor”), Honda Motor (China) Investment Co., Ltd. (“Honda China”) and GAC Honda, pursuant to which the registered capital of GAC Honda would be enlarged from US\$541,000,000 to US\$867,215,960. The Company, Honda Motor and Honda China contributed to the capital increase at an aggregate amount of US\$326,215,960 (equivalent to approximately HK\$2,544,484,488) in proportion to their respective capital contributions in GAC Honda (the “Capital Increase”).

Honda Motor and Honda China are substantial shareholders of GAC Honda, a principal jointlycontrolled entity of the Company, and are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Capital Increase and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Capital Increase exceeds 0.1% but is less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Capital Increase, each of the Company, Honda Motor and Honda China would maintain their respective percentage holding of equity interest in GAC Honda and continue to hold 50%, 40% and 10% of the equity interest in GAC Honda respectively. However, Honda Motor and Honda China would no longer hold any equity interest in Dongfeng Honda Engine. The equity interest of GAC Honda in Dongfeng Honda Engine would increase from 50% to 100%, and the attributable interest of the Company in Dongfeng Honda Engine would become 50%. As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Capital Increase is less than 5%, the Capital Increase does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and thus the Capital Increase is not subject to the announcement and shareholders' approval requirements therein.

For details, please refer to the Company's announcement dated 10 November 2025.

## SIGNIFICANT EVENTS

### (C) Continuing connected transactions

For the year ended 31 December 2025, the Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

1. *Provision of transport and logistics services in respect of vehicle products and vehicle parts and components*

For the year ended 31 December 2025, each of the JV Partner Group provided transport and logistics services (the “JV Partner Logistics Services”) in respect of vehicle products and vehicle parts and components to the Company, its subsidiaries and the principal joint ventures (including GAC Toyota and GAC Honda) according to the following pricing terms on a regular basis. The Company’s principal joint ventures purchase raw materials and components from the relevant joint venture partners, as well as selling some products to the relevant joint venture partners. The relevant joint venture partners will provide transportation and logistics services to complete the entire process. Such service will continue during the term of the joint ventures.

On 21 March 2025:

- (i) GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司) (“GAC Toyota Logistics”) (as the service provider) of the JV Partner Group entered into an agreement in writing (the “Framework Agreement(s) of JV Partner”) with Guangzhou GAC Commercial Logistics Co., Ltd. (廣州廣汽商貿物流有限公司), Hunan Guang Jie Logistics Co., Ltd. (湖南廣捷物流有限公司), Guangzhou Guangyou Logistics Development Co., Ltd. (廣州廣祐物流發展有限公司), GAC Toyota and GAC Toyota Automobile Sales Co., Ltd. (廣汽豐田汽車銷售有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2025 to 31 December 2027. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (ii) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with UPOWER Energy, GAC Honda and GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2025 to 31 December 2027. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

## SIGNIFICANT EVENTS

- (iii) GAC Toyota Logistics (as the service provider) of the JV Partner Group entered into an agreement in writing (the “New Agreement(s) of JV Partner”) with Yichang Guang Xun Logistics Co., Ltd. (宜昌廣迅物流有限公司) of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2025 to 31 December 2027. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

Pursuant to the Framework Agreements of JV Partner and the New Agreements of JV Partner, all service providers and all service recipients have agreed that, they shall enter into individual agreement(s) in relation to the provision of the JV Partner Logistics Services within the validity period of the Framework Agreements of JV Partner and the New Agreements of JV Partner based on the terms, conditions and principles of the Framework Agreements of JV Partner and the New Agreements of JV Partner.

The remunerations or service fees charged by all service providers to all service recipients for the JV Partner Logistics Services are determined according to the prices in the contract determined with reference to (i) the prevailing prices of the same or same type of services in the market provided by independent third parties; and (ii) the volume of the logistics services provided to all service recipients. The parties shall compare the prices for the provision of the same or same type of services by independent third parties in respect of the logistics services from time to time to ensure that the payment received by all service providers for the logistics services shall be the prevailing market price for the logistics services. To ensure that products or services are obtained at the most favorable price, the Group will consider the market price for at least two equivalent services to ensure that the price will remain a reasonable and competitive one prior to selecting the service providers for the logistics services, and to ensure that the amount of payment by the Group to the JV Partner Group will not exceed the amount paid to independent third parties. In addition, the Group will determine the relevant price by taking into account the profit margin that can be achieved by the Group to ensure that the price will be set at a level that the Group will be able to generate a profit margin that is within the industry standard or even better.



## SIGNIFICANT EVENTS

In view of the above, the Framework Agreements of JV Partner and the New Agreements of JV Partner between the Group and joint venture partners were entered into on normal commercial terms that are fair and reasonable and are no less favourable to the Group than those provided by independent third parties to the Group in respect of the logistics services.

For the year ended 31 December 2025, the total amount of the consideration paid by the Group for the JV Partner Logistics Services was RMB1,253,190,000.

In relation to the transactions, the directors consider that the annual transaction amount of each transaction under the JV Partner Logistics Services should not be disclosed. The provision of transportation and logistics services is an important part of entering into cooperation arrangements with joint venture parties and their associates. They are a key part of the supply chain management and sales business of automobile production. Disclosing the annual transaction amount for each transaction under the JV Partner Logistics Services will disclose commercially sensitive information relating to the operation of the relevant joint ventures, which is not in the interest of the Group or the related joint ventures.

The Company has applied to the Stock Exchange for and was granted a waiver from compliance with the annual cap requirement relating to the above transactions for the duration of the terms of the respective transactions. The Company has also reached an agreement with the Stock Exchange that only disclosure of the annual aggregate dollar value of the transactions made each year would be made. However, the exemption expired before the Framework Agreements of JV Partner and the New Agreements of JV Partner were entered into.

During the reporting period, the Company has applied for, and was granted by the Stock Exchange a revised waiver from strict compliance with the annual reporting and annual caps requirements under the Listing Rules in respect of such transactions to the extent that the Company is still required to set aggregate caps for the Framework Agreements of JV Partner and the New Agreements of JV Partner and disclose the total annual consideration of such transactions in the annual report.

For details, the annual cap and the basis for determination of the Framework Agreements of JV Partner and the New Agreements of JV Partner, please refer to the Company's announcement dated 21 March 2025.

## SIGNIFICANT EVENTS

2. *Sale of vehicle products, parts and components, production equipment and vehicles related products (including its after-sales services)*

- (a) For the year ended 31 December 2025, members of the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

The Group will take into account market prices of the relevant products and services offered by independent third parties in determining the price of the services to make sure that the price offered to the JV Partner Group are fair and reasonable and on normal commercial terms.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempted from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between the contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

- (b) For the year ended 31 December 2025, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal joint ventures according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.



## SIGNIFICANT EVENTS

In relation to this type of transactions, where there are other local suppliers, members of the Group will obtain quotes for equivalent products or services that may be available from other local PRC suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price. If alternatives are available, the Group would go through a tender process before selecting the supplier for such alternatives. In such a tender process, JV Partner Group is treated no differently from any other third-party supplier. Consequently, the purchase of auto parts by Group from the JV Partner Group would not be made if the Group could obtain better terms from any other suppliers. Over time, fewer vehicle products, parts and components will be sourced from the JV Partner Group as cheaper viable alternatives are found in the PRC. Such process of “localisation” is widely regarded as key means of cost reduction in the PRC automotive industry and is also the priority of the principal joint ventures.

As a business reality, given the additional transportation and tax costs of purchasing vehicle products, parts and components and production equipment from a foreign supplier, it is neither in the Company’s nor the joint venture partners’ interest to purchase the vehicle products, parts and components and production equipment from the foreign joint venture partners if viable alternatives are available from local suppliers on more favourable terms.

In determining the price for the products and/or service, the Company will also consider the market price for equivalent products or services in order to make sure that the price will remain a reasonable and competitive one. However, unlike normal consumer products, some of the vehicle products, parts and components provided by the JV Partner Group are specific to the car models produced by the principal joint ventures and there is no alternative but to source the vehicle products, parts and components from the JV Partner Group for the duration of the relevant principal joint ventures and market prices for these vehicle parts are not readily available. The Company’s representatives will rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in determining the price. In order to ensure that the price is fair and reasonable, the Group will also obtain quotes for similar products or services, though not specific to the car models produced by the principal joint ventures, as reference.

## SIGNIFICANT EVENTS

The Group will also determine the price by taking into account the profit margin that could be achieved by the Group to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better taking into account the international and PRC benchmark raw materials costs.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and is only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

3. *Provision of technical support, research and development support and information enquiry services (including production preparation support, local support, advisory services, and provisions of software)*

For the year ended 31 December 2025, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. The Company's joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal joint ventures and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal joint ventures and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

Generally, the pricing principle for technology license and technical assistance between the joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.



## SIGNIFICANT EVENTS

In accordance with normal industry practice, the terms (including the price) of the technology licenses and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price by taking into account the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transaction value between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

4. *Provision of the use of intellectual property rights (in relation to production and sales of vehicles)*

For the year ended 31 December 2025, the joint venture partners of the principal joint ventures provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal joint ventures according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long-term profitability and competitiveness of the principal joint ventures and their products. The Group entered into several technology license agreements and trademark license agreements with the Company's joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

## SIGNIFICANT EVENTS

The joint venture partners and its associates are primarily responsible for the research and development of the new vehicle models and it is therefore essential for the principal joint ventures to enter into technology license with its joint venture partners. The relevant intellectual property rights that are specific to the car models produced by the relevant principal joint ventures and are thus fundamental to the production of the Group. Without them, the businesses of the principal joint ventures could not have been established and cannot operate. The Group therefore has no alternative but to source the intellectual property rights from the joint venture partners for the duration of the principal joint ventures. It is therefore standard practice in the PRC automotive industry for Sino-foreign automotive manufacturing joint ventures to provide royalties to the proprietor of the relevant technology licence, technological know-how or intellectual property right, which is very often, the joint venture partners.

The purpose of sino-foreign automotive manufacturing joint ventures is that the PRC manufacturer will be able to benefit from the technological expertise and product portfolio of its foreign joint venture partner, whilst the foreign partner is able to participate in the domestic PRC market. The joint venture relationship is therefore founded on the foreign joint venture partner contributing its technological expertise to the joint ventures and the PRC partner contributing its manufacturing capabilities and facilities, labour and local market and regulatory knowledge.

A key reason for the PRC Government's encouragement of sino-foreign automotive manufacturing joint ventures is to rapidly enhance technological and product standards in the PRC automotive industry.

Generally, the pricing principle for technology license and technical assistance between the principal joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.



## SIGNIFICANT EVENTS

In accordance with normal industry practice, the terms (including the price) of the technology licences and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price taking into account of the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company also believes that the primary purpose of international automotive manufacturers in establishing joint ventures with the Company is the establishment of a strong presence in the PRC automotive industry, the gaining of market share for their brand of vehicles and long term investment returns from the principal joint ventures, rather than any short term gains from intellectual property rights on terms which may be prejudicial to the principal joint ventures' long term profitability and competitiveness. Such short-term gains would be eclipsed by the potential losses to the joint venture partners if the principal joint ventures were to prove unsuccessful.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

## SIGNIFICANT EVENTS

### **(D) Control Mechanism**

In relation to the connected transactions between the Company and its subsidiaries on one hand and the joint venture partners and their associates on the other hand as described above, negotiations will be conducted by the Company and/or the relevant subsidiary directly on an arm's length basis and the Company is able to control the negotiations between the subsidiaries and the joint venture partners and/or their associates. The joint venture partners and/or their associates will not be in a position to influence the Company and/or its subsidiaries to agree to terms which may not be in its and the Company's interest.

In relation to the connected transactions between the principal joint ventures on the one hand and the joint venture partners and their associates on the other hand as described in paragraphs (C) 2 to 4 above, it is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that negotiations between the principal joint ventures and the joint venture partner and its associates should always be conducted directly by the relevant principal joint ventures' senior management nominated by the Company on behalf of the Company or by representative of the Company as a joint venture partner and will thus be conducted on an arm's length basis. No joint venture partners or their associates is in a position to influence the principal joint ventures to agree to terms which may not be in the principal joint ventures' and therefore the Company's interest. The Company also confirms that negotiations of transactions between the principal joint ventures and the relevant joint venture partners were all conducted by the relevant principal joint ventures' senior management nominated by the Company.

Also, the principal joint ventures have implemented internal control and reporting mechanisms which enable business developments and transactions that may be subject to applicable continuing obligations under Chapter 14A of the Listing Rules to be reported to their respective boards and/or designated persons enabling both the Company and its relevant joint venture partners, through representatives on the board of the relevant principal joint ventures and/or designated persons to decide whether to consent to and approve the relevant transactions.



## SIGNIFICANT EVENTS

Further, there are also established procedures under the respective joint venture agreements, articles of association and memorandum of the principal joint ventures that the entering into of any contract of material importance/material transaction with a joint venture partner and its associates shall either be approved by a majority of the directors present at the board meeting or be mutually agreed/signed off by the general manager and the deputy general manager of the relevant principal joint ventures (as the case may be). It is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that the Group and the joint venture partner will be entitled to nominate the general manager and deputy general manager respectively in turn and when the general manager is nominated by the Group, the deputy general manager will be nominated by the joint venture partner and vice versa.

### **(E) Confirmation by the Independent Non-executive Directors**

The independent non-executive directors of the Company confirm that for the year ended 31 December 2025, the above continuing connected transactions entered into by the Company as one of the parties are:

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

### **(F) Auditor's Letter**

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Auditor of the Company confirmed in such letter that for the year ended 31 December 2025, in respect of the above continuing connected transaction to which the Company is one of the parties:

## SIGNIFICANT EVENTS

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;
- (4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

## XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

### (I) TRUSTS, CONTRACTS AND LEASE ARRANGEMENTS

**1. Trusts**

Applicable N/A

**2. Contracts**

Applicable N/A

**3. Lease arrangements**

Applicable N/A

## SIGNIFICANT EVENTS

### (II) GUARANTEE

Unit: 0'000 Yuan Currency: RMB

#### External Guarantee of the Company (excluding those provided to subsidiaries)

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0

#### Guarantee provided to subsidiaries by the Company and its subsidiaries

Total guarantee provided to subsidiaries of the Company during the reporting period	5,400
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	32,300

#### Total guarantee of the Company (including those provided to subsidiaries)

Total guarantee (A+B)	32,300
Proportion of total guarantee in the net assets of the Company (%)	0.32

Including:

Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)	0
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Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)	0
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Amount of the total guarantees exceeding 50% of net assets (E)	0
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Total amount of above three guarantees (C+D+E)	0
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Description on unexpired guarantees that may be subject to joint liability	N/A
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Description of guarantee	Guarantees provided to subsidiaries during the reporting period mainly included the guarantee for customs duty issued to GAC Business, GAC Trumpchi and its subsidiary Guangzhou Qisheng Powertrain Co., Ltd. (廣州祺盛動力總成有限公司) by GAC Finance Company, a subsidiary of the Group.
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## SIGNIFICANT EVENTS

### (III) ENTRUSTED CASH ASSETS MANAGEMENT

#### 1. Entrusted wealth management

Applicable N/A

#### 2. Entrusted loans

As of 31 December 2025, details of the undue entrusted loans are shown in the table below.

*Unit: 0'000 Yuan Currency: RMB*

<b>Name of the borrower</b>	<b>Amount of entrusted loan</b>	<b>Commencement date of entrusted loans</b>	<b>Termination date of entrusted loans</b>	<b>Annualised rate of return</b>	<b>Actual recovery</b>
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	2,695.00	2024/10/14	2025/10/14	3.45%	Overdue and unrecovered

Note: please refer to the “Announcement on Progress of Provision of Entrusted Loans to Its Investee Companies by a Subsidiary” disclosed on the website of the Stock Exchange in the form of overseas regulatory announcement on 17 October 2025.

### (IV) OTHER MATERIAL CONTRACTS

Applicable N/A



## SIGNIFICANT EVENTS

### **XIII. UTILISATION OF PROCEEDS FROM NON-PUBLIC ISSUANCE OF A SHARES**

The non-public issuance of A shares of the Company was completed in November 2017 (details of which are set out in the announcement of the Company dated 17 November 2017).

The shares issued under the non-public issuance of A shares are RMB denominated ordinary shares (A shares) with a nominal value of RMB1.00 per share listed on the SSE. The number of shares issued was 753,390,254 shares with an issue price of RMB19.91/A share. The net price to the Company of each security was RMB19.80. The five target subscribers for the non-public issuance of A shares are Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd, Guangzhou State-owned Assets Development Holdings Co., Ltd., GFHAM Wealth Management Select No.3 Private Investment Fund, Guangzhou Light Industry and Trade Group Co., Ltd. and Suiyong Holdings Co., Ltd. The closing price of A shares under the non-public issuance of A shares on 17 October 2017, being the date on which the Company received the relevant approval from the CSRC, was RMB19.03.

The actual amount of gross proceeds raised was RMB14,999,999,957.14 and the actual amount of net proceeds raised, after deducting the issuance expenses of RMB83,050,000.00 was RMB14,916,949,957.14.

Proceeds from non-public issuance of A shares facilitated the comprehensive and sustainable development of the Company's business. The implementation of the investment projects using the proceeds from the non-public issuance, on the one hand, further strengthened the research and development capability of the Company's self-developed brands, promoted the establishment of its range of self-developed brands and enriched the product mix under such brands, while on the other hand, enabled the Company to keep abreast of future trend in new energy development of the vehicle industry, laying a solid foundation for the Company to seize a share in the new energy vehicle market. In addition, the proceeds from the non-public issuance optimised the Company's capital structure and lowered the gearing ratio, which reduced the Company's financial risk and cost of debt financing.

## SIGNIFICANT EVENTS

Details of utilisation of the proceeds raised as of 31 December 2025 are set out below:

### As of 31 December 2025

As of 31 December 2025, the amount of proceeds brought forward was RMB116,966,013.07 whereas the total cumulative amount of utilised proceeds was RMB13,521,864,834.42 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

Details of utilisation of the proceeds raised are set out below:

Unit: 0'000 Yuan Currency: RMB

No.	Investment project	Total amount of investment commitment from the proceeds raised	Amount invested for this year	Cumulative amount invested	Estimated time of completion
1	New energy vehicles and R&D of prospective technology project	480,000.00	0.00	479,422.30	Completed
2	GAEI phase 1 base expansion project	60,000.00	0.00	50,743.99	Completed
3	GAEI phase 2 base construction project	100,000.00	0.00	76,518.68	Completed
4	GAC proprietary brand project of Xinjiang	22,782.95	0.00	22,782.95	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	0.00	212,165.22	Completed
7	GAC proprietary brands vehicle models projects	277,157.79	33,479.70	257,279.52	Completed
8	GAMC engine project	50,000.00	0.00	48,581.73	Completed
9	GAMC gearbox project	30,000.00	0.00	29,036.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	–	0.00	8,305.00	–
	<b>Total</b>	<b>1,504,940.74</b>	<b>33,479.70</b>	<b>1,352,186.49</b>	



## SIGNIFICANT EVENTS

As at 28 March 2024, as approved by the 60th meeting of the sixth session of the Board and the 19th meeting of the sixth session of Supervisory Committee of the Company, the Company proposed to change the unused remaining proceeds (including interest and cash management revenue) of a total of approximately RMB621.5779 million of the original fund-raising project “GAC proprietary brand project of Xinjiang” to the new fund-raising project “GAC proprietary brands vehicle models projects”. The total investment of the new fund-raising project amounted to approximately RMB1,355.83 million (of which the total investment of the A66 project was approximately RMB671.92 million, and that of the T68 project was approximately RMB683.91 million). The proceeds intended for utilisation was approximately RMB621.5779 million (as at 31 December 2023, the exact amount shall be subject to the balance in the special project account upon actual carrying forward), and the remaining funds were financed by the self-owned funds or self-raised funds. Reasons of the changes are that the second phase of investment in production capacity will be temporarily suspended in accordance with the development trend of the industry and the utilisation of the Company’s production capacity. Subsequently, feasibility studies will be further promoted combined with the industrial chain layout and sales volume, which shall be implemented with self- owned funds after being proved to be feasible. At the same time, the use of such certain proceeds raised will be adjusted to the development of new automobile models of self-developed brands.

For further information on the deposit and actual utilisation of proceeds raised from the non-public issuance, please refer to the “2025 Annual Specific Report on the Deposit and Actual Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd.” disclosed by the Company on the website of the Stock Exchange on 27 March 2026. For information on the construction of GAC proprietary brand project of Xinjiang, please see “Announcement on the Changes of Use of Certain Proceeds Raised” disclosed by the Company on the website of the Stock Exchange on 28 March 2024 by way of overseas regulatory announcement.

## Chapter 8

# CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### (I) STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in the change (±, -)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	26,048,350	0.25				-26,048,350	-26,048,350	0	0
1. State-owned Share									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	26,048,350	0.25				-26,048,350	-26,048,350	0	0
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	26,048,350	0.25				-26,048,350	-26,048,350	0	0
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	10,315,469,900	99.75				-118,404,000	-118,404,000	10,197,065,900	100
1. RMB-denominated ordinary shares	7,383,697,595	71.40					7,383,697,595	72.41	
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	2,931,772,305	28.35				-118,404,000	-118,404,000	2,813,368,305	27.59
4. Others									
III. Total shares	10,341,518,250	100				-144,452,350	-144,452,350	10,197,065,900	100

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### Explanation on changes in shares

In accordance with the 2020 A Share Option and Restricted Share Incentive Scheme, 26,048,350 restricted A Shares were repurchased and cancelled during the reporting period due to its failure to comply with unlocking conditions. Meanwhile, in accordance with the share repurchase scheme, 118,404,000 H Shares repurchased during the reporting period were cancelled, resulting in a total reduction of 144,452,350 Shares.

### Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

Applicable N/A

### Other disclosure deemed necessary by the Company or required by securities regulatory authorities

Applicable N/A

## (II) CHANGES IN SHARES SUBJECT TO TRADING RESTRICTIONS

Unit: share

Name of shareholder	Number of shares subject to trading restrictions at the beginning of the year	Number of shares released from trading restrictions during the year	Increase in the number of shares subject to trading restrictions during the year	Number of shares subject to trading restrictions at the end of the year	Reasons for trading restrictions	Date of lifting trading restrictions
2020 A share and restricted share incentive scheme of the Company	26,048,350	0	0	0	Share incentive scheme	N/A
Total	26,048,350	0	0	0	/	/

Note: Shares subject to trading restrictions of the Company were restricted shares granted to the participants pursuant to the 2020 A share option and restricted share incentive scheme of the Company. As the performance conditions for the third vesting period were not met, 26,048,350 restricted shares were repurchased and cancelled on 16 January 2025. Following the cancellation of these restricted shares, the Company no longer holds any restricted shares.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### II. ISSUE AND LISTING OF SECURITIES

#### (I) ISSUE OF SECURITIES DURING THE REPORTING PERIOD

Unit: share Currency: RMB

Type of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Amount issued	Date of listing	Number of shares permitted to be traded	Termination date of trading
Bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises):						
2025 First tranche green technology innovation bonds	15 December 2025	1.8%	2 billion	15 December 2025	2 billion	15 December 2028

Notes on issuance of securities during the reporting period:

On 15 December 2025, the Company issued 2025 first tranche green technology innovation bonds with an issuance scale of RMB2 billion, with a term of 3 years, and an interest rate of 1.8%.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### (II) CHANGES IN TOTAL NUMBER OF SHARES AND SHAREHOLDING STRUCTURE OF THE COMPANY AND CHANGES IN ASSETS AND LIABILITIES STRUCTURE OF THE COMPANY

In accordance with the 2020 A Share Option and Restricted Share Incentive Scheme, the Company repurchased and cancelled 26,048,350 restricted A shares due to the failure to comply with unlocking conditions during the reporting period. Meanwhile, in accordance with the share repurchase scheme, the Company repurchased and cancelled 118,404,000 H shares, the total number of shares of the Company decreased by an aggregate of 144,452,350 shares during the reporting period.

### (III) Existing Internal Staff Shares

Applicable N/A

## III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

### (I) TOTAL NUMBER OF SHAREHOLDERS

Total number of shareholders of ordinary shares as at the end of the reporting period	134,625
Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report	139,440

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### (II) SHAREHOLDING OF TOP TEN SHAREHOLDERS, TOP TEN SHAREHOLDERS OF CIRCULATING SHARES (OR HOLDERS OF SHARES NOT SUBJECT TO TRADING RESTRICTIONS) AS AT END OF THE REPORTING PERIOD

Unit: Share

#### Shareholding of top ten shareholders (excluding shares lent under the margin refinancing transfer)

Name of shareholder (Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, tagged or frozen Status	Number	Nature of shareholder
GAIG (Note 1)	-	5,508,160,069	54.02	0	Nil	0	State-owned shareholder
HKSCC NOMINEES LIMITED (Note 2)	-118,297,431	2,810,122,779	27.56	0	Unknown	Unknown	Foreign legal person
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股 權投資基金管理有限公司)	-	396,030,558	3.88	0	Pledged	62,095,610	State-owned legal person
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資 控股集團有限公司)	-	143,973,553	1.41	0	Nil	0	State-owned legal person
Guangzhou Finance Holdings Assets Management Co., Ltd. - GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司- 廣金資產財富管理優選3號私募投資基金)	-	140,738,735	1.38	0	Nil	0	Other
HONG Zejun	-1,300,000	131,000,000	1.28	0	Nil	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-26,256,387	57,884,481	0.57	0	Nil	0	Foreign legal person
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工貿易集團有限公司)	-	51,084,691	0.50	0	Nil	0	State-owned legal person
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司- 華泰柏瑞滬深300交易型開放式指數證券投資基金)	-1,505,880	36,740,852	0.36	0	Nil	0	Other
China Construction Bank Corporation - E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund (中國 建設銀行股份有限公司-易方達滬深300交易型開 放式指數發軔式證券投資基金)	-300,100	26,094,071	0.26	0	Nil	0	Other

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Unit: Share

### Particulars of shareholdings of the top ten holders of tradable shares not subject to trading restrictions

Name of shareholder	Number of tradable shares not subject to trading restrictions	Class	Class and number of shares Number
GAIG <sup>(Note 1)</sup>	5,508,160,069	A shares, H shares	5,508,160,069
HKSCC NOMINEES LIMITED <sup>(Note 2)</sup>	2,810,122,779	Overseas listed foreign shares	2,810,122,779
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	396,030,558	RMB ordinary shares	396,030,558
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	143,973,553	RMB ordinary shares	143,973,553
Guangzhou Finance Holdings Assets Management Co, Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司 – 廣金資產財富管理優選3號私募投資基金)	140,738,735	RMB ordinary shares	140,738,735
HONG Zejun	131,000,000	RMB ordinary shares	131,000,000
Hong Kong Securities Clearing Company Limited	57,884,481	RMB ordinary shares	57,884,481
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	51,084,691	RMB ordinary shares	51,084,691
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	36,740,852	RMB ordinary shares	36,740,852
China Construction Bank Corporation – E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund (中國建設銀行股份有限公司 – 易方達滬深300交易型開放式指數發起式證券投資基金)	26,094,071	RMB ordinary shares	26,094,071
Description of related relationship or concerted party relationship among the above shareholders	GAIG, the largest shareholder of the Company, is not related to any of the above shareholders, nor is it a party acting in concert with any of them, and it is not known to the Company whether other shareholders are related to each other or whether they are parties acting in concert.		

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### Notes

- 1: GAIG held 5,206,932,069 A shares of the Company in total, representing approximately 70.52% of the A share capital of the Company. At the same time, GAIG held 301,228,000 H shares of the Company in total through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), representing approximately 10.71% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 54.02% of the total share capital of the Company;
- 2: H shares held by HKSCC Nominees Limited were held on behalf of a number of clients. H shares of the Company held by Guangzhou Auto Group (Hong Kong) Limited are also registered in trust with HKSCC Nominees Limited. During the reporting period, the decrease in the number of shares held by it was primarily due to the Company's cancellation of 118,404,000 repurchased H shares on 27 February 2025.

### **Participation of shareholders holding more than 5% of the shares, top ten shareholders and top ten shareholders not subject to trading restrictions in shares lent under the margin refinancing transfer business**

Applicable N/A

### **Changes in top 10 shareholders and top 10 shareholders of tradable shares not subject to trading restrictions compared to the previous period due to reasons related to shares lent/returned through refinancing**

Applicable N/A

### **Number of shares subject to trading restrictions held by top 10 shareholders and conditions of trading restrictions**

Applicable N/A

### **(III) STRATEGIC INVESTOR OR ORDINARY LEGAL PERSON BECOMING TOP 10 SHAREHOLDERS AFTER PLACING OF NEW SHARES**

Applicable N/A

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

#### (I) CONTROLLING SHAREHOLDER

##### 1 Legal person

Name	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	Feng Xingya
Date of establishment	18 October 2000
Principal business	Corporate management; corporate headquarters management; engagement in investment activities with self-owned funds; property management; leasing of non-residential real estate.
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	Guangzhou Automobile Industry Group Co., Ltd. holds 22.68% equity interest of Chenqi Technology Limited (如祺出行科技有限公司), a H-share listed company.
Other matters	Nil

##### 2 Natural person

Applicable  N/A

##### 3 Special explanation on absence of a controlling shareholder of the Company

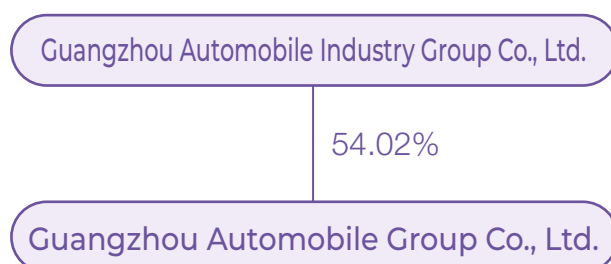
Applicable  N/A

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### 4 Explanation of changes of controlling shareholder during the reporting period

Applicable  N/A

### 5 Chart showing the ownership and controlling relationship between the Company and the controlling shareholder



## (II) ULTIMATE CONTROLLER

### 1 Legal person

The ultimate controller of the Company is Guangzhou State-Owned Assets Administration Bureau, which is a department directly under the Guangzhou Municipal People's Government, and as authorised by the Guangzhou Municipal People's Government. It performs the obligation of the investor on behalf of the Guangzhou Municipal People's Government and is responsible for the supervision of municipal state-owned assets.

### 2 Natural person

Applicable  N/A

### 3 Special explanation on absence of an ultimate controller of the Company

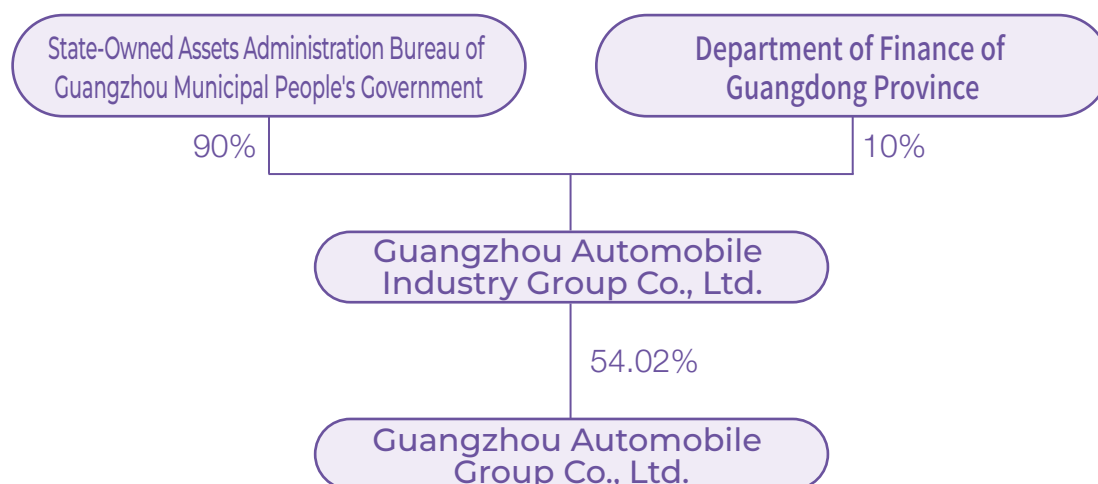
Applicable  N/A

### 4 Details about changes of control over the Company during the reporting period

Applicable  N/A

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### 5 Chart showing the ownership and controlling relationship between the Company and the ultimate controller



### 6 The ultimate controller controlled the Company through a trust or other asset management company

Applicable  N/A

### (III) OTHER INFORMATION OF THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

Applicable  N/A

### V. THE CUMULATIVE NUMBER OF SHARES PLEDGED BY THE COMPANY'S CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER AND THEIR CONCERT PARTIES ACCOUNT FOR MORE THAN 80% OF THE TOTAL SHARES THEY HOLD IN THE COMPANY

Applicable  N/A

### VI. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% OF SHARES

Applicable  N/A

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### VII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

*Unit: 100 million Currency: RMB*

Name of share repurchase plan	The plan on repurchase of shares by way of centralized bidding
Disclosure date of share repurchase plan	28 March 2024
Number of shares proposed to be repurchased and proportion to total share capital (%)	A total of 136,735,372 to 273,470,744 shares have been repurchased, accounting for 1.30% to 2.61% of the total share capital.
Amount of proposed repurchase	No less than RMB500 million and no more than RMB1 billion (inclusive)
Period of proposed repurchase	No more than 12 months from the date when the Company's general meeting considered and approved the share repurchase plan
Purpose of repurchase	A shares were used for share incentives or employee shareholding, and H shares were used for cancellation.
Number of shares repurchased (share)	As of the expiration of the repurchase period, a total of 300,051,854 shares had been repurchased, of which 14,799,854 shares were A shares and 285,252,000 shares were H shares.
Number of shares repurchased as a percentage of the underlying shares under the share option incentive scheme (%)	N/A
Progress of the Company to reduce shareholding of shares repurchased through centralized bidding	Nil

Note: Number of shares proposed to be repurchased and proportion to total share capital were calculated based on the Company's total share capital and market price at the time of disclosure of the repurchase plan.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### VIII. INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SFO

As of 31 December 2025, the names of the persons (other than directors and supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

<b>Name</b>	<b>Class of shares</b>	<b>Capacity</b>	<b>Number of shares (Note 1)</b>	<b>Percentage in the class of issued share capital (Note 2) (%)</b>	<b>Percentage of total share capital (Note 3) (%)</b>
GAIG <sup>Note 4</sup>	A shares	Beneficial owner	5,206,932,069 (L)	70.52	51.06
	H shares	Interest of a controlled corporation	301,228,000 (L)	10.71	2.95
HONG Zejun	H shares	Beneficial owner	374,000,000 (L)	13.29	3.67

Notes:

- (L) – Long Position, (S) – Short Position, (P) – Lending Pool
- The percentages are calculated based on the Company's issued ordinary A shares as at 31 December 2025 (i.e. 7,383,697,595 shares, including 14,799,854 treasury shares).
- The percentages are calculated based on the total number of ordinary shares in issue as at 31 December 2025 (i.e. 10,197,065,900 shares, including 14,799,854 treasury shares).
- As of 31 December 2025, the total number of A shares of the Company actually held by GAIG was 5,206,932,069 shares, representing approximately 70.52% of the A share capital of the Company. At the same time, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), GAIG held 301,228,000 H shares of the Company in total, representing approximately 10.71% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 54.02% of the total share capital of the Company.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### IX. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Pursuant to the “Resolution on the Share Repurchase Plan through Centralised Bidding” which was passed by Shareholders at the 2023 annual general meeting held on 20 May 2024, the Company might make on-market repurchases of in total not more than 738,828,395 A Shares and 309,862,030 H Shares at the then prevailing market prices on the Shanghai Stock Exchange and the Stock Exchange respectively during the relevant period (the “Repurchase Mandate”). The repurchase period for A Shares and H Shares under the Repurchase Mandate has expired at the 2024 annual general meeting held on 23 May 2025.

The monthly breakdown of the Shares repurchased under the Repurchase Mandate by the Company during the reporting period is as follows:

2025	A Shares (on-market repurchase on the Shanghai Stock Exchange)				H Shares (on-market repurchase on the Stock Exchange)			
	Number of Shares repurchased	Highest price (RMB)	Lowest price (RMB)	Total repurchase value (RMB) (transaction fees exclusive)	Number of Shares repurchased	Highest price (HKD)	Lowest price (HKD)	Total repurchase value (HKD) (transaction fees exclusive)
January	0*	-	-	-	24,496,000 <sup>#</sup>	3.16	3.02	75,785,420
February	0	-	-	-	0	-	-	-
March	0	-	-	-	0	-	-	-
April	1,288,404	7.79	7.73	9,999,365.48	0	-	-	-
May	0	-	-	-	0	-	-	-
June	N/A	-	-	-	N/A	-	-	-
July	N/A	-	-	-	N/A	-	-	-
August	N/A	-	-	-	N/A	-	-	-
September	N/A	-	-	-	N/A	-	-	-
October	N/A	-	-	-	N/A	-	-	-
November	N/A	-	-	-	N/A	-	-	-
December	N/A	-	-	-	N/A	-	-	-
<b>Total</b>	<b>1,288,404</b>	<b>7.79</b>	<b>7.73</b>	<b>9,999,365.48</b>	<b>24,496,000</b>	<b>3.16</b>	<b>3.02</b>	<b>75,785,420</b>

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

- \* As the vesting conditions for the third restricted period under the 2020 A Share Option and Restricted Share Incentive Scheme were not met, the Company repurchased and cancelled 26,048,350 restricted A Shares previously granted on 16 January 2025. However, such repurchase was directly conducted by the Company with the relevant scheme participants, rather than in accordance with the Repurchase Mandate.
- # On 14 January 2025, 22 January 2025 and 23 January 2025, the Company repurchased 8,090,000 H Shares, 8,160,000 H Shares and 8,246,000 H Shares, respectively. In January 2025, an aggregate of 24,496,000 H Shares were repurchased.

In summary, as of 31 December 2025, through centralized bidding, a total of 1,288,404 A Shares were repurchased at the aggregate consideration of RMB9,999,365.48 (exclusive of transaction fees), and the Company increased 1,288,404 A Shares as its treasury Shares. Meanwhile, a total of 24,496,000 H Shares were repurchased at the aggregate consideration of HK\$75,785,420 (exclusive of transaction fees). A total of 118,404,000 H Shares repurchased during the period from 4 December 2024 to 23 January 2025 (including the repurchased H Shares as shown in the table above) were fully cancelled on 27 February 2025. As at 31 December 2025, the Company held 14,799,854 A Shares as treasury Shares. According to the Share repurchase plan through centralized bidding disclosed by the Company on 28 March 2024, the A Shares repurchased by the Company were intended for the implementation of Share option incentive scheme or employee stock ownership scheme. If the Company fails to fully utilize the repurchased shares within 36 months following the completion of the share repurchase, the repurchased shares not yet utilized then would be cancelled.

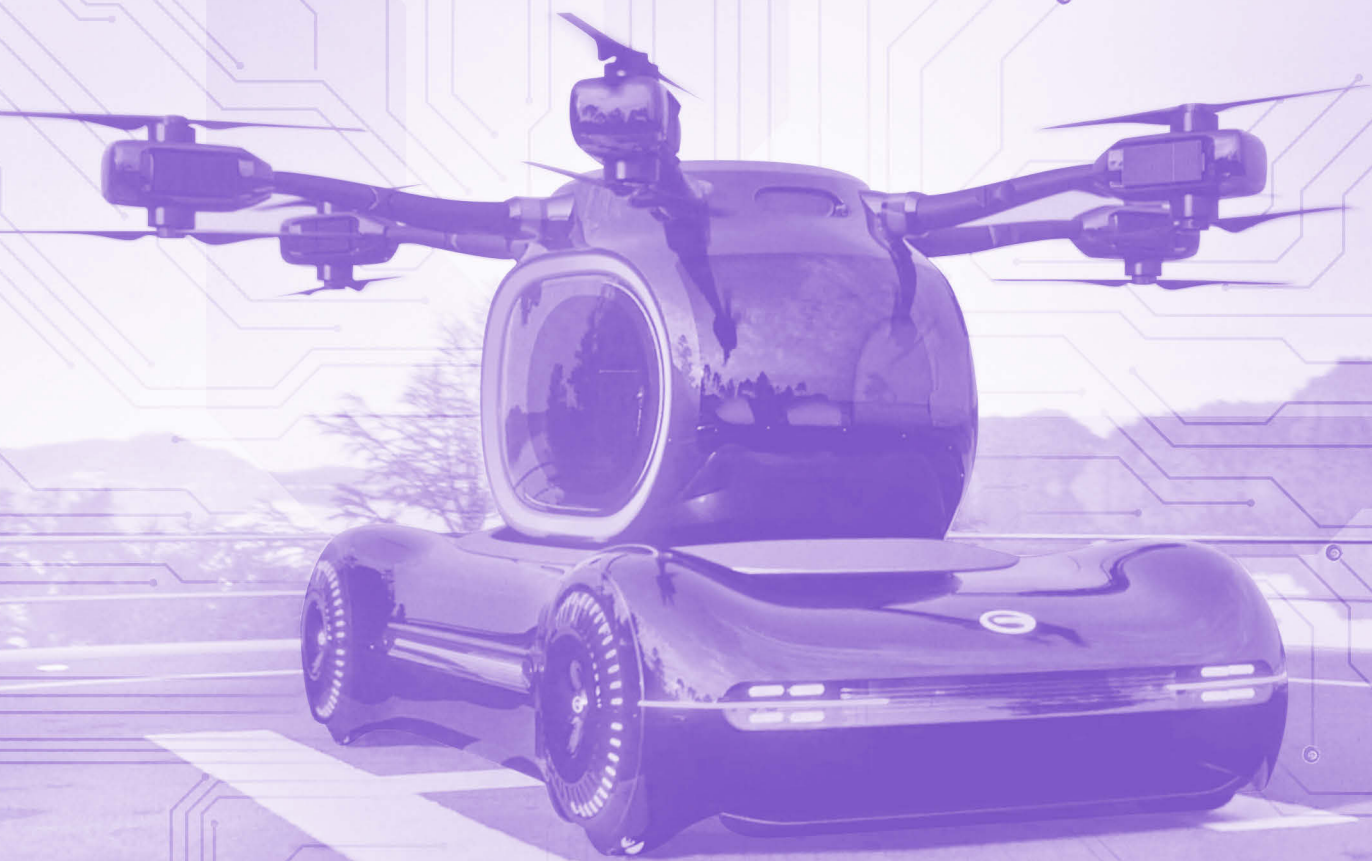
Save as disclosed above, neither the Company nor any of its subsidiaries has redeemed any of its listed securities during the reporting period. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year.

### **X. PRE-EMPTIVE RIGHTS AND PUBLIC FLOAT**

There is no provision for pre-emptive rights of the shareholders in the Articles of Association and the relevant laws, and they are not entitled to ask the Company to issue shares to them pre-emptively in proportion to their shareholding.

Based on the information publicly available and to the knowledge of the directors, as at the latest practicable date prior to the issue of this annual report, the Company has met the minimum requirement on public float of H shares under the Listing Rules.

# Financial Report



# INDEPENDENT AUDITOR'S REPORT

## **Independent auditor's report to the members of Guangzhou Automobile Group Co., Ltd.**

*(Incorporated in the People's Republic of China with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Guangzhou Automobile Group Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 172 to 314, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

### **BASIS FOR OPINION**

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

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

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

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#### **Impairment assessment of property, plant and equipment, land use rights and intangible assets associated with passenger vehicles production**

*Refer to notes 12, 13 and 14 to the consolidated financial statements.*

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##### **The Key Audit Matter**

##### **How the matter was addressed in our audit**

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As at 31 December 2025, the aggregated carrying value of the Group's property, plant and equipment ("PP&E"), land use rights and intangible assets associated with passenger vehicles production amounted to RMB28,630,545,000.

An impairment loss of RMB1,297,796,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The Group's PP&E, land use rights and intangible assets associated with passenger vehicles production are allocated to relevant cash generating units ("CGUs") for the purpose of assessing if there is any indication of impairment as at 31 December 2025.

Where indicators of impairment of the Group's CGUs are identified, management performs an impairment assessment of the CGUs by comparing the carrying value of each CGU with its recoverable amount, which is the higher of its fair value less costs of disposal and value in use based on discounted cash flow forecasts.

Our audit procedures to assess impairment of PP&E, land use rights and intangible included the following:

- obtaining an understanding of the design and implementation of key internal controls relating to the impairment assessment of CGUs;
- assessing the management's evaluation of indicators of impairment, identification of CGU, the allocation of PP&E, land use rights and intangible assets to each CGU with reference to our understanding of the Group and the requirements of prevailing accounting standards;
- involving our internal valuation specialists, on a sample basis, to assist us in assessing the appropriateness of the valuation methodology adopted by management in the preparation of the discounted cash flow forecast with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rates applied in the discounted cash flow forecast by considering whether these were within the range adopted by other companies in the same industry;

# INDEPENDENT AUDITOR'S REPORT

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## **Impairment assessment of property, plant and equipment, land use rights and intangible assets associated with passenger vehicles production (continued)**

*Refer to notes 12, 13 and 14 to the consolidated financial statements.*

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### **The Key Audit Matter**

Management exercises significant judgement in determining certain key assumptions, which include growth rate of revenue, gross margin and the discount rates applied, when preparing the discounted cash flow forecasts.

We identified the impairment assessment of PP&E, land use rights and intangible assets associated with passenger vehicles production as a key audit matter because determining the level of impairment, if any, involves a significant degree of management judgement, which can be inherently uncertain and could be subject to management bias.

### **How the matter was addressed in our audit**

- challenging the reasonableness of growth rate of revenue, gross margin and the discount rates by comparing these with the financial budget which was approved by the management, historical performance of relevant CGUs and our knowledge of the business of Group;
- comparing the assumptions used in discounted cash flow forecasts prepared in the prior year with the current year's performance and making enquiries of management as to the reasons for any significant variations identified to identify if there were any indications of management bias;
- performing sensitivity analyses on discount rates applied and other key assumptions, to assess the impact of changes on the conclusion reached in management's impairment assessments and considering whether there were any indications of management bias; and
- evaluating the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment recognition with reference to the requirements of the prevailing accounting standards.

## INDEPENDENT AUDITOR'S REPORT

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### Accrual of warranty provisions

Refer to note 32 to the consolidated financial statements.

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#### The Key Audit Matter

#### How the matter was addressed in our audit

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As of 31 December 2025, the Group's provision for warranty was RMB2,433,815,000.

A warranty provision is accrued for the future claim on the passenger vehicles sold, which involves management's estimates of the expected cost to repair or replace items under the warranty period based on the estimated unit warranty cost for each vehicle and the sales volume.

Our audit procedures to assess the warranty provisions included the following:

- obtaining an understanding of the design, implementation and operating effectiveness of key internal controls relating to the estimation of warranty provisions;
- evaluating the appropriateness of the Group's policy for warranty provisions with reference to the requirements of the prevailing accounting standards;
- involving our internal financial risk management specialists to assist us in:
  - (a) assessing the appropriateness of the model adopted by management to estimate the warranty provision with reference to the requirements of the prevailing accounting standards;
  - (b) challenging the reasonableness of the estimated unit warranty cost for each vehicle by comparing with the actual claims, on a sample basis;

# INDEPENDENT AUDITOR'S REPORT

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## **Accrual of warranty provisions (continued)**

*Refer to note 32 to the consolidated financial statements.*

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### **The Key Audit Matter**

We identified the estimation of warranty provisions as a key audit matter because determining the warranty provisions requires the exercise of significant management judgement, which is inherently subjective.

### **How the matter was addressed in our audit**

- assessing the relevance and reliability of the information that management uses in the estimation, by comparing:
  - (a) the historical actual claims with claims documents, on a sample basis;
  - (b) the historical sales volume and sales date with sales receipts, on a sample basis; and
- re-performing the calculation of accrual of warranty provisions prepared by management.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Kai Wa (practising certificate number: P04696).

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	3	<b>96,542,390</b>	107,783,807
Cost of sales		<b>(101,967,311)</b>	(105,345,899)
<b>Gross (loss)/profit</b>		<b>(5,424,921)</b>	2,437,908
Selling and distribution costs	6	<b>(5,890,788)</b>	(5,416,689)
Administrative expenses	6	<b>(5,385,720)</b>	(5,833,509)
Net impairment losses on financial assets	35(a)	<b>(103,951)</b>	(1,032,182)
Interest income	4	<b>249,101</b>	312,678
Other net gains	5	<b>2,488,351</b>	6,097,914
<b>Operating loss</b>		<b>(14,067,928)</b>	(3,433,880)
Interest income	4	<b>161,433</b>	271,571
Finance costs	6(a)	<b>(638,948)</b>	(562,994)
Share of net profit of joint ventures and associates	17	<b>2,485,260</b>	2,998,268
<b>Loss before taxation</b>	6	<b>(12,060,183)</b>	(727,035)
Income tax credit	7	<b>578,456</b>	232,988
<b>Loss for the year</b>		<b>(11,481,727)</b>	(494,047)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(8,783,621)</b>	823,579
Non-controlling interests		<b>(2,698,106)</b>	(1,317,626)
<b>Loss for the year</b>		<b>(11,481,727)</b>	(494,047)
<b>(Loss)/earnings per share (expressed in RMB per share)</b>	11		
Basic		<b>(0.85)</b>	0.08
Diluted		<b>(0.85)</b>	0.08

The notes on pages 183 to 314 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the (loss)/profit for the year are set out in note 33(c).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Loss for the year</b>		<b>(11,481,727)</b>	(494,047)
<hr/>			
<b>Other comprehensive income for the year</b>	10		
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		<b>60,441</b>	(263,241)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	17	<b>(7,475)</b>	(4,333)
Remeasurement of defined benefit plan obligations	29	<b>(13,778)</b>	(5,033)
Income tax relating to these items		<b>(9,803)</b>	138,530
		<b>29,385</b>	(134,077)
<hr/>			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<b>12,318</b>	15,351
Changes in the fair value of debt instruments at fair value through other comprehensive income		<b>28,281</b>	44,961
(Reversal of impairment loss)/impairment loss on debt instruments at fair value through other comprehensive income		<b>(6,356)</b>	5,167
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	17	<b>(4,944)</b>	283
Income tax relating to these items		<b>(4,490)</b>	(12,607)
		<b>24,809</b>	53,155

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025  
(Expressed in Renminbi)

Note	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
	<b>54,194</b>	(80,922)
<b>Other comprehensive income for the year</b>		
	<b>(11,427,533)</b>	(574,969)
<b>Total comprehensive income for the year</b>		
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(8,755,096)</b>	740,765
Non-controlling interests	<b>(2,672,437)</b>	(1,315,734)
	<b>(11,427,533)</b>	(574,969)
<b>Total comprehensive income for the year</b>		

The notes on pages 183 to 314 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	27,064,287	28,395,996
Investment properties	12	1,296,884	984,353
Right-of-use assets	13	8,845,264	9,430,513
Intangible assets	14	17,074,046	16,990,615
Time deposits	22	1,679,461	940,000
Goodwill	15	93,835	93,706
Investments in joint ventures and associates	17	35,555,649	30,122,264
Financial assets at fair value through other comprehensive income ("FVOCI")	18(a)	7,551,277	11,716,266
Financial assets at fair value through profit or loss ("FVPL")	18(b)	5,061,883	1,972,042
Prepayments and other long-term receivables	21	6,539,412	15,003,461
Deferred tax assets	31(b)	6,204,446	5,777,101
		<b>116,966,444</b>	121,426,317
<b>Current assets</b>			
Financial assets at FVOCI	18(a)	13,436,397	14,238,125
Financial assets at FVPL	18(b)	4,382,112	2,558,787
Inventories	19	16,445,554	15,688,476
Trade receivables and other current assets	20	26,320,405	28,002,526
Contract assets		2,689	18,790
Time deposits	22	7,228,413	9,939,925
Restricted cash	23	6,372,038	4,157,330
Cash and cash equivalents	24	23,843,381	36,482,090
		<b>98,030,989</b>	111,086,049

The notes on pages 183 to 314 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Current liabilities</b>			
Trade and other payables	25	54,663,948	63,226,725
Contract liabilities	26	2,965,855	2,573,115
Current taxation	31(a)	83,951	415,478
Loans and borrowings	27	28,082,981	23,321,740
Lease liabilities	28	391,492	456,396
Provisions	32	913,774	784,606
		<b>87,102,001</b>	90,778,060
<b>Net current assets</b>			
		<b>10,928,988</b>	20,307,989
<b>Total assets less current liabilities</b>			
		<b>127,895,432</b>	141,734,306
<b>Non-current liabilities</b>			
Trade and other payables	25	4,539,157	4,193,388
Loans and borrowings	27	9,697,265	11,968,855
Lease liabilities	28	1,808,514	1,727,522
Deferred tax liabilities	31(b)	465,762	579,744
Provisions	32	1,560,764	1,326,752
Contract liabilities	26	86,252	107,438
		<b>18,157,714</b>	19,903,699
<b>NET ASSETS</b>			
		<b>109,737,718</b>	121,830,607

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital	33(d)	<b>10,197,066</b>	10,341,518
Reserves	33(a)	<b>46,660,474</b>	46,647,855
Retained earnings		<b>48,428,018</b>	57,418,733
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>105,285,558</b>	114,408,106
<b>Non-controlling interests</b>			
		<b>4,452,160</b>	7,422,501
<b>TOTAL EQUITY</b>			
		<b>109,737,718</b>	121,830,607

Approved and authorised for issue by the board of directors on 27 March 2026.

**Feng Xingya**  
*Chairman*

**Xia Xianqing**  
*Director*

The notes on pages 183 to 314 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025  
(Expressed in Renminbi)

Attributable to equity shareholders of the Company

	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (note33(d))	RMB'000 (note33(a))	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>		10,490,234	47,317,286	57,966,657	115,774,177	8,679,635	124,453,812
<b>Changes in equity for 2024:</b>							
Profit/(loss) for the year		-	-	823,579	823,579	(1,317,626)	(494,047)
Other comprehensive income	10	-	(82,814)	-	(82,814)	1,892	(80,922)
<b>Total comprehensive income</b>		-	(82,814)	823,579	740,765	(1,315,734)	(574,969)
Appropriation to general risk reserve	33	-	24,112	(24,112)	-	-	-
Dividend declared by the Company and subsidiaries	33(c)	-	-	(1,355,760)	(1,355,760)	(116,628)	(1,472,388)
Contributions from non-controlling shareholders of subsidiaries		-	-	-	-	128,502	128,502
Repurchase and cancellation of shares	33(d)	(166,848)	(654,377)	-	(821,225)	-	(821,225)
Employee share-based awards scheme							
- Value of employee services	30(b)	-	(16,842)	-	(16,842)	-	(16,842)
- Proceeds from shares issued	33(d)	21,462	175,775	-	197,237	-	197,237
- Repurchase and cancellation of restricted shares	33(d)	(3,330)	3,330	-	-	-	-
Share of changes in investment in associates		-	(119,904)	-	(119,904)	-	(119,904)
Others		-	1,289	8,369	9,658	46,726	56,384
<b>Balance at 31 December 2024</b>		10,341,518	46,647,855	57,418,733	114,408,106	7,422,501	121,830,607

The notes on pages 183 to 314 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total			
		RMB'000 (note33(d))	RMB'000 (note33(a))	RMB'000	RMB'000	RMB'000		
<b>Balance at 31 December 2024 and 1 January 2025</b>		10,341,518	46,647,855	57,418,733	114,408,106	7,422,501	121,830,607	
<b>Changes in equity for 2025:</b>								
Loss for the year		-	-	(8,783,621)	(8,783,621)	(2,698,106)	(11,481,727)	
Other comprehensive income	10	-	28,525	-	28,525	25,669	54,194	
<b>Total comprehensive income</b>		-	28,525	(8,783,621)	(8,755,096)	(2,672,437)	(11,427,533)	
Appropriation to general risk reserve	33	-	41,057	(41,057)	-	-	-	
Dividends declared	33(c)	-	-	(203,645)	(203,645)	(101,376)	(305,021)	
Contributions from non-controlling shareholders of subsidiaries		-	-	-	-	39,580	39,580	
Disposals of a subsidiary	34(b)	-	-	-	-	(286,093)	(286,093)	
Repurchase of shares	33(d)	-	(79,978)	-	(79,978)	-	(79,978)	
Cancellation of shares	33(d)	(118,404)	118,404	-	-	-	-	
Employee share-based awards scheme								
- Value of employee services	30(b)	-	(123,756)	-	(123,756)	-	(123,756)	
- Cancellation of restricted shares	33(d)	(26,048)	26,048	-	-	-	-	
Share of changes in investment in associates and joint ventures		-	39,996	-	39,996	-	39,996	
Disposal of equity investments at FVOCI		-	(37,608)	37,608	-	-	-	
Others		-	(69)	-	(69)	49,985	49,916	
<b>Balance at 31 December 2025</b>		10,197,066	46,660,474	48,428,018	105,285,558	4,452,160	109,737,718	

The notes on pages 183 to 314 form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025  
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Cash (used in)/generated from operations	24(b)	(15,501,279)	9,314,578
Interest received		334,673	584,184
Interest paid	24(c)	(514,234)	(1,096,754)
Income tax paid	31(a)	(517,721)	(502,779)
<b>Net cash (used in)/generated from operating activities</b>		<b>(16,198,561)</b>	8,299,229
<b>Investing activities</b>			
Purchases of property, plant and equipment, land use rights and intangible assets		(8,960,980)	(10,859,240)
Proceeds from sales of property, plant and equipment and intangible assets		85,615	159,660
Acquisition of subsidiaries, net of cash and cash equivalent acquired		60,830	22,168
Acquisition of non-controlling interests		(24,445)	–
Disposals of subsidiaries, net of cash and cash equivalent disposed of		(354,643)	–
Investment in joint ventures and associates		(4,035,111)	(1,824,444)
Disposals or capital reduction of joint ventures and associates		733,854	877,932
Acquisition of investment in financial assets at FVPL, FVOCI and amortised cost		(73,917,176)	(43,685,659)
Proceeds from disposal of financial assets at FVPL, FVOCI and amortised cost and investment income		74,845,556	30,187,598
Proceeds from repayment of entrusted loans		–	42,629
Receipt of government grants related to assets		662,994	1,117,599
Dividends received		3,909,407	11,810,795
Redemption of deposits in a joint venture		2,500,000	–
Net changes in time deposits		1,972,051	(4,051,578)
<b>Net cash used in investing activities</b>		<b>(2,522,048)</b>	(16,202,540)

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Financing activities</b>			
Proceeds from issuance of ordinary shares under employee share option scheme		–	197,237
Repurchase of restricted shares under employee incentive scheme		–	(127,209)
Repurchase of ordinary shares	33(d)(ii)	(9,616)	(821,225)
Contribution from non-controlling shareholders of subsidiaries		39,580	128,502
Dividend paid to shareholders of the Company	33(c)(i)/(ii)	(203,645)	(1,355,760)
Dividend paid to non-controlling shareholders of subsidiaries		(98,208)	(103,114)
Proceeds from loans and borrowings	24(c)	42,648,476	43,950,488
Repayments of loans and borrowings	24(c)	(34,711,779)	(36,287,098)
Net changes in assets sold under repurchase agreements	24(c)	295,867	(145,691)
Principal element of lease payments	24(c)	(610,516)	(617,923)
Net changes in deposits for financing purpose		(1,298,812)	–
<b>Net cash generated from financing activities</b>		<b>6,051,347</b>	4,818,207
<b>Net decrease in cash and cash equivalents</b>		<b>(12,669,262)</b>	(3,085,104)
<b>Cash and cash equivalents at 1 January</b>		<b>36,482,090</b>	39,522,331
<b>Effect of foreign exchange rate changes</b>		<b>30,553</b>	44,863
<b>Cash and cash equivalents at 31 December</b>	24(a)	<b>23,843,381</b>	36,482,090

The notes on pages 183 to 314 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

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

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

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

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets are stated at their fair value as explained in the note 1(g).

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

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

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

### (c) Changes in accounting policies

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

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

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o) or (r) depending on the nature of the liability.

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

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

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

#### (e) Associates and joint ventures

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1(l)(i)).

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

### (f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(l)(iii)).

### (g) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at financial assets at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 35(e). These investments are subsequently accounted for as follows, depending on their classification.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (g) Other investments in securities (Continued)

##### (i) *Non-equity investments*

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(v)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

##### (ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(v)(ii)(b)).

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (h) Investment property

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(l)(iii)). Depreciation is calculated to write off the costs of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 – 50 years
-----------	---------------

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(v)(ii)(a).

### (i) Property, plant and equipment

Property, plant and equipment and right-of-use assets are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(l)(iii)):

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. No depreciation is provided against construction in progress.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (i) Property, plant and equipment (Continued)

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

– Buildings situated on leasehold land are depreciated over their estimated useful life, being no more than 50 years after the date of completion.	
– Machinery	5 to 15 years
– Vehicles	4 to 12 years
– Moulds	3 to 5 years
– Office and other equipment	3 to 20 years
– Leasehold improvements	2 to 20 years
– Right-of-use assets	Over the lease term

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

#### (j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(l)(iii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (j) Intangible assets (other than goodwill) (Continued)

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

- Capitalised development costs is amortised over the period of expected future sales from the related project for 3 to 6 years
- Patent, proprietary technology and trademarks 5 to 10 years
- Computer software and others 2 to 10 years

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

### (k) Leased assets

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

#### (i) *As a lessee*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Leased assets (Continued)

##### (i) As a lessee (Continued)

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(l)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 1(g)(i), 1(v)(ii)(c) and 1(l)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (k) Leased assets (Continued)

#### (i) *As a lessee (Continued)*

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

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

#### (ii) *As a lessor*

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

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(v)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(k)(i), then the Group classifies the sub-lease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (I) Credit losses and impairment of assets

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

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

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables (excluding prepayment and value-added tax recoverable));
- non-equity securities measured at FVOCI (recycling) (see note 1(g)(i));
- lease receivables; and

#### Measurement of ECLs

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

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

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

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

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

##### **Measurement of ECLs (Continued)**

ECLs are measured on either of the following bases:

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

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

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

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

##### **Significant increases in credit risk**

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (I) Credit losses and impairment of assets (Continued)

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

###### **Significant increases in credit risk (Continued)**

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

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

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

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see note 1g(i)).

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

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

##### **Credit-impaired financial assets**

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

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

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

##### **Write-off policy**

The gross carrying amount of a financial asset, lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 365 days past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (I) Credit losses and impairment of assets (Continued)

##### (ii) *Credit losses from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(I)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### *(iii) Impairment of other non-current assets*

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (l) Credit losses and impairment of assets (Continued)

##### (iv) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and (ii)).

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

#### (m) Inventories and other contract costs

##### (i) *Inventories*

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

##### (ii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(m)(i)), property, plant and equipment (see note 1(i)) or intangible assets (see note 1(j)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (m) Inventories and other contract costs (Continued)

#### (ii) Other contract costs (Continued)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 1(v)(i)).

### (n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(v)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(l)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 1(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(v)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(v)(i)).

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (o) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(l)(i)).

Insurance reimbursement is recognised and measured in accordance with note 1(u).

#### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(l)(i)).

#### (q) Trade and other payables (other than refund liabilities)

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

#### (r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(y).

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (s) Employee benefits

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

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

Obligations for contributions to defined contribution retirement plans are recognised as part of the cost of assets or expensed as the related service is provided.

#### (ii) *Defined benefit plan obligations*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occur.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (s) Employee benefits (Continued)

##### (iii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

##### (iv) *Termination benefits*

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

#### (t) Income tax

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (t) Income tax (Continued)

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (u) Provisions and contingent liabilities

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

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

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(l)(iii)).

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

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

#### (v) Revenue and other income

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (v) Revenue and other income (Continued)

#### (i) Revenue from contracts with customers (Continued)

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

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

#### (a) Sale of vehicles and related products

Sales of the Group's vehicles and related products are recognised as follows:

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group offers warranties for its products from the date of sale. A related provision is recognised in accordance with note 1(u). It also offers retrospective volume rebates to certain major customers of vehicles products when their purchases reach an agreed threshold. Such volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of vehicles products, the Group recognises revenue after taking into account adjustment to transaction price arising from rebates as mentioned above.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (v) Revenue and other income (Continued)

##### (i) Revenue from contracts with customers (Continued)

###### (a) Sale of vehicles and related products

If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

###### (b) Rendering service

Revenue from provision of services, primarily comprising transportation services, repair and maintenance services and optional warranty, etc., is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs.

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

###### (a) Rental income from operating leases

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

###### (b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (v) Revenue and other income (Continued)

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

##### (c) Interest income

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

##### (d) Government grants

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

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

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

### (w) Insurance services

The Group underwrites property and casualty insurance contracts, mainly automobile insurance contracts with a coverage period of one year, through a general insurer subsidiary. Premium allocation approach has been applied to all these contracts.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (w) Insurance services (Continued)

Insurance revenue for the insurance contracts is generally recognised by allocating the total expected premiums over the coverage period on a straight-line basis and presented within “revenue” in the consolidated statement of profit or loss. Insurance service expenses, which are presented within “cost of sales” in the consolidated statement of profit or loss, are composed of (i) incurred claims and other non-acquisition costs directly related to fulfilling insurance contracts; (ii) insurance acquisition cash flows; and (iii) losses and reversal of losses on onerous contracts, if any.

Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts which will be deferred and recognised over the coverage period of contracts.

Insurance contract liabilities, which are presented within “trade and other payables – non-current” and “trade and other payables – current” in the consolidated statement of financial position, are comprised of the liabilities for remaining coverage that relate to future services and the liabilities for incurred claims that relate to past services. The Group adjusts the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. No discounting has been applied to the measurement of the insurance contract liabilities for those contracts do not contain a significant financing component and the claims are expected to be paid in one year or less from the date they are incurred.

#### (x) Translation of foreign currencies

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (x) Translation of foreign currencies (Continued)

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

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

### (y) Borrowing costs

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

### (z) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (aa) Related parties

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (bb) Segment reporting

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

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

## 2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 17, 21, 29, 30 and 35(e) contain information about the assumptions and their risk factors relating to assets impairment, long service payment liabilities, fair value of share options and restricted share granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

### (a) Warranty provisions

As explained in note 32, the Group makes provisions for the warranties it offers on sale of its products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### (b) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment, intangible assets and right-of-use assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

#### (c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of businesses, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

#### (d) Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are manufacturing and sales of vehicles and related products and rendering maintenance, transportation and other services. Further details regarding the Group's principal activities are disclosed in note 3(b).

#### (i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of vehicles and related products	<b>86,781,817</b>	95,569,307
– Maintenance, transportation and other services	<b>4,621,648</b>	5,864,451
	<b>91,403,465</b>	101,433,758
<b>Revenue from other sources (note)</b>	<b>5,138,925</b>	6,350,049
	<b>96,542,390</b>	107,783,807

Note: Revenue from other sources includes insurance service income, financing service income and rental income.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(ii) and 3(b)(iii) respectively.

No revenue from an individual customer contributed over 10% of total revenue of the Group for the year ended 31 December 2025 (2024: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (a) Revenue (Continued)

*(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

The transaction price allocated to the remaining performance obligations under the Group's existing contracts represents revenue allocated to multiple performance obligations in the vehicle sales contract, the amount is immaterial.

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

#### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Vehicles and related operations segment: production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.
- Others: mainly production and sale of motorcycles, automobile finance and insurance, other financing services and investing business.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

#### (i) *Segment results, assets and liabilities*

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

Segment assets include all tangible, intangible assets and current assets, interests in joint venture and associates and investments in financial assets that are managed directly by the segments. Segment liabilities include provision for product warranties, trade creditors, accruals, bills payable and lease liabilities attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's joint venture and associates.

Disaggregation of revenue from contracts with customers by the information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

	Vehicles and related operations		Others		Unallocated		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>										
Revenue from external customers	91,466,007	102,713,296	5,076,383	5,070,511	-	-	-	-	96,542,390	107,783,807
Inter-segment revenue	602,682	346,300	367,037	341,935	-	-	(969,719)	(688,235)	-	-
<b>Reportable segment revenue</b>	<b>92,068,689</b>	<b>103,059,596</b>	<b>5,443,420</b>	<b>5,412,446</b>	<b>-</b>	<b>-</b>	<b>(969,719)</b>	<b>(688,235)</b>	<b>96,542,390</b>	<b>107,783,807</b>
<b>Segment results</b>	<b>(15,153,541)</b>	<b>(7,351,616)</b>	<b>1,269,634</b>	<b>4,211,056</b>	<b>-</b>	<b>-</b>	<b>(15,723)</b>	<b>(34,643)</b>	<b>(13,899,630)</b>	<b>(3,175,203)</b>
Unallocated income – Interest income of headquarters	-	-	-	-	188,062	194,565	-	-	188,062	194,565
Unallocated costs – Expenditure of headquarters	-	-	-	-	(356,360)	(453,242)	-	-	(356,360)	(453,242)
<b>Operating loss</b>									<b>(14,067,928)</b>	<b>(3,433,880)</b>
Interest income	141,828	241,095	9,245	10,188	10,360	20,288	-	-	161,433	271,571
Finance costs	(503,903)	(498,351)	(61,338)	(6,902)	(73,707)	(57,741)	-	-	(638,948)	(562,994)
Share of net profit of joint ventures and associates	2,284,880	2,822,764	200,380	175,504	-	-	-	-	2,485,260	2,998,268
<b>Loss before taxation</b>									<b>(12,060,183)</b>	<b>(727,035)</b>
Income tax credit/(expense)	682,697	771,728	(97,291)	(365,823)	(6,950)	(172,917)	-	-	578,456	232,988
<b>Loss for the year</b>									<b>(11,481,727)</b>	<b>(494,047)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 3 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

#### (i) Segment results, assets and liabilities (Continued)

	Vehicles and related operations		Others		Unallocated		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other segment information</b>										
Depreciation and amortisation	8,994,130	8,533,438	135,589	96,822	288,062	184,381	-	-	9,417,781	8,814,641
Net impairment losses on financial assets	82,221	944,844	21,730	87,338	-	-	-	-	103,951	1,032,182
Impairment charges of an associate	-	163,965	-	-	-	-	-	-	-	163,965
Impairment charges of inventories	1,223,092	410,252	-	-	-	-	-	-	1,223,092	410,252
Impairment charges of property, plant and equipment	195,779	78,954	-	-	-	-	-	-	195,779	78,954
Impairment charges of intangible assets	1,285,005	1,224,780	-	-	-	-	-	-	1,285,005	1,224,780
<b>Reportable segment assets</b>	<b>155,970,458</b>	<b>172,920,414</b>	<b>72,412,053</b>	<b>66,163,946</b>	<b>61,053,813</b>	<b>61,138,903</b>	<b>(74,438,891)</b>	<b>(67,710,897)</b>	<b>214,997,433</b>	<b>232,512,366</b>
Total assets include:										
Investments in joint ventures and associates	28,397,806	22,862,495	7,157,843	7,259,769	-	-	-	-	35,555,649	30,122,264
Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)	10,426,433	15,176,049	247,083	624,715	243,014	232,995	-	-	10,916,530	16,033,759
<b>Reportable segment liabilities</b>	<b>100,533,104</b>	<b>111,639,585</b>	<b>56,176,737</b>	<b>50,367,893</b>	<b>9,987,251</b>	<b>8,561,910</b>	<b>(61,437,377)</b>	<b>(59,887,629)</b>	<b>105,259,715</b>	<b>110,681,759</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (ii) *Disaggregation of revenue from contracts with customers by the timing of revenue recognition*

	2025 RMB'000	2024 RMB'000
<b>Disaggregated by timing of revenue recognition</b>		
Point in time	<b>86,781,817</b>	95,569,307
Over time	<b>4,621,648</b>	5,864,451
	<b>91,403,465</b>	101,433,758

##### (iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, intangible assets, right-of-use assets, goodwill and prepayments for non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided, or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenues from external customers		Specified non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Chinese Mainland	<b>79,520,011</b>	96,043,359	<b>56,246,657</b>	57,858,282
Overseas	<b>17,022,379</b>	11,740,448	<b>536,907</b>	423,201
	<b>96,542,390</b>	107,783,807	<b>56,783,564</b>	58,281,483

The analysis above includes property rental income from external customers in Chinese mainland of RMB429,847,000 (2024: RMB1,657,530,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 4 INTEREST INCOME

	2025 RMB'000	2024 RMB'000
Interest income on time deposits	247,957	297,218
Interest income on entrusted loans	1,144	15,460
Interest income on cash and cash equivalents and restricted cash	161,433	271,571
	<b>410,534</b>	584,249

### 5 OTHER NET GAINS

	2025 RMB'000	2024 RMB'000
Government grants	804,371	2,351,448
Net investment income related to investment in financial assets	428,693	442,251
Gain on disposal of subsidiaries (note 34)	355,544	–
(Loss)/gain on disposal of investments in joint ventures and associates (i)	(3,508)	3,862,860
Impairment losses on investments in an associate	–	(163,965)
Foreign exchange gain/(loss)	502,389	(172,430)
Net fair value changes on financial assets mandatorily at FVPL	264,849	(405,452)
Gains on disposal of non-current assets	28,277	112,253
Others	107,736	70,949
	<b>2,488,351</b>	6,097,914

- (i) Gains on disposal of investments in joint ventures and associates in 2024 mainly represents the gains from partial disposal of the equity interests in two ex-associates, Chenqi Technology Limited and Guangzhou Juwan Technology Research Co., Ltd. to Group's immediate parent, Guangzhou Automobile Industry Group Co., Ltd. ("GAIG").

## NOTES TO THE FINANCIAL STATEMENTS

### 6 LOSS BEFORE TAXATION

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

	2025 RMB'000	2024 RMB'000
<b>(a) Finance costs</b>		
Interest expense on loans and borrowings (note 24 (c))	<b>580,353</b>	519,882
Interest expense on lease liabilities (note 13)	<b>80,316</b>	88,154
Less: interest capitalised in qualifying assets*	<b>(21,721)</b>	(45,042)
	<b>638,948</b>	562,994

\* In 2025, the borrowing costs have been capitalised at rates of 1.8% – 2.78% per annum (2024: 2.15% – 4.30%).

	2025 RMB'000	2024 RMB'000
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	<b>10,997,503</b>	12,081,373
Contributions to defined contribution retirement plans	<b>1,394,828</b>	1,276,274
Expenses recognised in defined benefit plans (note 29)	<b>1,926</b>	2,716
Equity-settled share-based payment expenses (note 30(b))	<b>(123,756)</b>	(16,842)
	<b>12,270,501</b>	13,343,521

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement schemes organised by the local government authorities, to which the PRC subsidiaries are required to make contributions based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. There is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group also implements defined benefit plan, particulars are set out in note 29.

## NOTES TO THE FINANCIAL STATEMENTS

### 6 LOSS BEFORE TAXATION (Continued)

	2025 RMB'000	2024 RMB'000
<b>(c) Other items</b>		
Amortisation of intangible assets (note 14)	<b>5,397,706</b>	4,531,376
Depreciation charge		
– investment property and other property, plant and equipment (note 12)	<b>3,063,245</b>	3,471,377
– right-of-use assets (note 13)	<b>956,830</b>	811,888
Impairment losses on non-financial assets		
– property, plant and equipment and investment property (note 12)	<b>195,779</b>	78,954
– intangible assets (note 14)	<b>1,285,005</b>	1,224,780
– right-of-use assets (note 13)	–	114
Impairment losses on the investment in an associate	–	163,965
Net foreign exchange (gain)/loss (note 5)	<b>(502,389)</b>	172,430
Auditors' remuneration		
– audit services	<b>19,399</b>	18,009
– other services	<b>9,737</b>	7,233
Warranty expenses (note 32)	<b>1,294,436</b>	1,835,106
Cost of inventories <sup>#</sup> (note 19)	<b>96,230,252</b>	99,202,253

<sup>#</sup> Cost of inventories includes staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
<b>Current income tax (note 31(a))</b>		
Provision for the year		
– PRC corporate income tax	<b>235,433</b>	656,583
– Other jurisdictions	<b>76,645</b>	91,082
Over-provision in respect of the prior year	<b>(23,331)</b>	(33,270)
	<b>288,747</b>	714,395
<b>Deferred tax (note 31(b))</b>		
Origination and reversal of tax loss and temporary differences	<b>(867,203)</b>	(947,383)
	<b>(578,456)</b>	(232,988)

## NOTES TO THE FINANCIAL STATEMENTS

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates

	2025 RMB'000	2024 RMB'000
Loss before taxation	<b>(12,060,183)</b>	(727,035)
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (i)&(ii)	<b>(1,834,066)</b>	354,441
Share of profit or loss of joint ventures and associates	<b>(821,340)</b>	(929,001)
Other non-taxable income	<b>(4,848)</b>	(3,220)
Non-deductible expenses	<b>58,616</b>	55,051
Utilisation of previously unrecognised tax losses	<b>(6,355)</b>	(63,737)
Unrecognised tax losses and deductible temporary differences	<b>2,896,867</b>	1,069,358
Super deduction of research and development ("R&D") expenses (iii)	<b>(843,999)</b>	(682,610)
Over-provision in respect of prior year	<b>(23,331)</b>	(33,270)
Actual tax credit	<b>(578,456)</b>	(232,988)

## NOTES TO THE FINANCIAL STATEMENTS

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates (Continued)

Notes:

- (i) The majority of the Group's operations are based in the PRC, and taxable income for the Company and its subsidiaries in the PRC are subject to PRC corporate income tax rate of 25% for the year ended 31 December 2025, unless otherwise specified below.

Certain subsidiaries meet the criteria required for preferential income tax rate granted to the Certified High and New Technology Enterprises ("HNTE") in the PRC and are entitled to a preferential income tax rate of 15%.

Certain subsidiaries meet the criteria required for preferential income tax rate granted to the encouraged industry that operates in the western region of the PRC and are entitled to a preferential income tax rate of 15% from 2021 to 2030.

- (ii) Under the current Hong Kong Inland Revenue Ordinance, the Hong Kong subsidiaries of the Group are subject to Hong Kong profit tax rate at 16.5% on their taxable income generated from operations in Hong Kong.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries or regions.

- (iii) According to relevant policies promulgated by the State Tax Bureau of the PRC, enterprises engaged in R&D activities are entitled to additional tax deduction amounting to 100% of qualified R&D expenses incurred in determining its tax assessable profits for that year. The additional deduction of 100% of qualified R&D expenses can only be claimed directly in the annual corporate income tax filling and subject to the approval from the relevant tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments expense reversed (note (i))	2025 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Chairman, executive director</b>							
Feng Xingya (iii)	-	684	-	256	940	(268)	672
Zeng Qinghong (iii)	-	53	-	14	67	-	67
<b>Non-executive directors</b>							
Chen Xiaomu	-	625	-	166	791	-	791
Deng Lei	-	977	-	209	1,186	(228)	958
Zhou Kaiquan (appointed in March 2025)	-	-	-	-	-	-	-
Wong Yiwei	-	-	-	-	-	-	-
Hong Suli (appointed in March 2025)	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>							
Zhao Fuquan	150	-	-	-	150	-	150
Xiao Shengfang	150	-	-	-	150	-	150
Wong Hakkun	150	-	-	-	150	-	150
Song Tiebo	150	-	-	-	150	-	150
	600	2,339	-	645	3,584	(496)	3,088

## NOTES TO THE FINANCIAL STATEMENTS

### 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments expense (note (i))	2024 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Chairman, executive director</b>							
Zeng Qinghong (iii)	-	344	694	152	1,190	-	1,190
<b>Executive director</b>							
Feng Xingya (iii)	-	1,070	567	347	1,984	(43)	1,941
<b>Non-executive directors</b>							
Chen Xiaomu	-	317	624	144	1,085	(37)	1,048
Deng Lei	-	1,005	472	236	1,713	-	1,713
Ding Hongxiang (retired in March 2025)	-	-	-	-	-	-	-
Guan Dayuan (retired in March 2025)	-	-	-	-	-	-	-
Wong Yiwei	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>							
Zhao Fuquan	150	-	-	-	150	-	150
Xiao Shengfang	150	-	-	-	150	-	150
Wong Hakkun	150	-	-	-	150	-	150
Song Tiebo	150	-	-	-	150	-	150
<b>Supervisors (iv)</b>							
Cao Xiandong	-	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-	-
Huang Zhuo	-	718	84	166	968	-	968
Wang Yuan	-	736	92	144	972	-	972
Zhu Chun (appointed in February 2024)	-	703	81	149	933	-	933
	600	4,893	2,614	1,338	9,445	(80)	9,365

# NOTES TO THE FINANCIAL STATEMENTS

## 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Notes:

- (i) These represent the expense reversed for the share options and restricted shares granted to the directors under the Company's share incentive schemes. The value of these share options and restricted shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(s)(iii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years when grants of equity instruments are forfeited prior to vesting.
- (ii) The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under note 30.
- (iii) On 3 February 2025, Mr. Zeng Qinghong retired and ceased to serve as an executive director and the Chairman of the Board. On the same day, Mr. Feng Xingya, an executive director, was appointed as the new Chairman of the Board.  
  
On 23 January 2026, Mr. Xia Xianqing was appointed as an executive director.
- (iv) On 29 September 2025, the Company abolished the supervisor committee.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, nill (2024: one) director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other five (2024: four) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries, housing fund and other allowances	5,015	4,048
Employer's contributions to a retirement benefit scheme	1,127	1,151
Discretionary bonus	-	2,577
	<b>6,142</b>	7,776

## NOTES TO THE FINANCIAL STATEMENTS

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

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

	2025 Number of individuals	2024 Number of individuals
HKD1,000,001 – 1,500,000	5	–
HKD1,500,001 – 2,000,000	–	–
HKD2,000,001 – 2,500,000	–	4
HKD2,500,001 – 3,000,000	–	–

### 10 OTHER COMPREHENSIVE INCOME, NET OF TAX

	2025 RMB'000	2024 RMB'000
Change in fair value of financial assets at FVOCI	88,722	(218,280)
Impairment loss on debt instruments at FVOCI	(6,356)	5,167
Exchange difference on translation of financial statements of foreign operations	12,318	15,351
Share of other comprehensive income of joint ventures and associates accounted for using the equity method (note 17)	(12,419)	(4,050)
Remeasurement of defined benefit plan obligations (note 29)	(13,778)	(5,033)
Income tax relating to these items (note 31)	(14,293)	125,923
Other comprehensive income	54,194	(80,922)

# NOTES TO THE FINANCIAL STATEMENTS

## 11 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average of shares in issue less restricted shares during the year, calculated as follows:

Weighted average number of ordinary shares in issue less restricted shares

	2025 '000	2024 '000
Ordinary shares in issue less restricted shares at 1 January	10,315,470	10,460,855
Effect of shares repurchased (note 33(d))	(24,388)	(69,461)
Effect of share options- exercised and restricted shares unlocked	-	932
Weighted average number of ordinary shares in issue less restricted shares at 31 December	10,291,082	10,392,326

### (b) Diluted earnings per share

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue.

For the years ended 31 December 2025 and 2024, no adjustment has been made to basic earnings per share for dilution as the impact of outstanding options had an anti-dilutive effect on basic earnings per share.

## NOTES TO THE FINANCIAL STATEMENTS

### 12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

#### (a) Reconciliation of carrying amount

	Buildings held for own use RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
<b>Cost</b>										
At 1 January 2024	16,606,259	13,629,789	1,015,307	3,867,100	2,150,554	2,642,896	1,290,910	41,202,815	1,454,786	42,657,601
Additions	511,121	2,391,922	670,413	755,197	348,027	2,877,496	119,768	7,673,944	10,881	7,684,825
Acquisition of subsidiary	784	36,216	208	-	12,050	-	-	49,258	-	49,258
Disposals	(74,907)	(119,423)	(309,755)	(201,625)	(564,814)	-	-	(1,270,524)	(51,790)	(1,322,314)
Transfers from construction in progress	631,549	1,927,921	3,263	106,306	54,239	(2,723,278)	-	-	-	-
Transfer from investment properties	52,618	-	-	-	-	-	-	52,618	(52,618)	-
Transfer to investment properties	(10,228)	-	-	-	-	(6,323)	-	(16,551)	16,551	-
Transfer from right-of-use assets (note 13)	-	-	-	-	-	-	-	-	22,245	22,245
At 31 December 2024	17,717,196	17,866,425	1,379,436	4,526,978	2,000,056	2,790,791	1,410,678	47,691,560	1,400,055	49,091,615
At 1 January 2025	17,717,196	17,866,425	1,379,436	4,526,978	2,000,056	2,790,791	1,410,678	47,691,560	1,400,055	49,091,615
Additions	413,538	463,841	259,982	310,825	187,232	1,297,332	185,556	3,118,306	359	3,118,665
Acquisition of subsidiaries	7,935	34,258	1,728	-	733	3,221	-	47,875	-	47,875
Disposals	(19,576)	(413,545)	(155,264)	(325,901)	(103,816)	(806,613)	-	(1,824,715)	(32,878)	(1,857,593)
Transfers from construction in progress	117,734	1,298,420	69,288	313,398	37,363	(1,836,203)	-	-	-	-
Transfer from investment properties	231,095	-	-	-	-	-	-	231,095	(231,095)	-
Transfer to investment properties	(439,649)	-	-	-	-	(11,224)	-	(450,873)	450,873	-
Transfer from right-of-use assets (note 13)	-	-	-	-	-	-	-	-	174,282	174,282
At 31 December 2025	18,028,273	19,249,399	1,555,170	4,825,300	2,121,568	1,437,304	1,596,234	48,813,248	1,761,596	50,574,844

## NOTES TO THE FINANCIAL STATEMENTS

### 12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (a) Reconciliation of carrying amount (Continued)

	Buildings held for own use	Machinery	Vehicles	Moulds	Office and other equipment	Construction in progress	Leasehold improvements	Sub-total	Investment property	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Accumulated amortisation and depreciation:</b>										
At 1 January 2024	(4,251,451)	(6,813,472)	(450,270)	(2,388,900)	(867,659)	-	(912,247)	(15,683,999)	(375,356)	(16,059,355)
Charge for the year	(877,352)	(1,390,088)	(242,826)	(493,356)	(298,167)	-	(120,743)	(3,422,532)	(48,845)	(3,471,377)
Transfer from investment properties	(5,312)	-	-	-	-	-	-	(5,312)	5,312	-
Transfer to investment properties	3,201	-	-	-	-	-	-	3,201	(3,201)	-
Transfer from right-of-use assets (note 13)	-	-	-	-	-	-	-	-	(5,370)	(5,370)
Written back on disposals	22,541	45,401	201,029	127,180	52,123	-	-	448,274	26,046	474,320
At 31 December 2024	(5,108,373)	(8,158,159)	(492,067)	(2,755,076)	(1,113,703)	-	(1,032,990)	(18,660,368)	(401,414)	(19,061,782)
At 1 January 2025	(5,108,373)	(8,158,159)	(492,067)	(2,755,076)	(1,113,703)	-	(1,032,990)	(18,660,368)	(401,414)	(19,061,782)
Charge for the year	(245,694)	(1,609,168)	(244,757)	(480,673)	(336,670)	-	(127,939)	(3,044,901)	(18,344)	(3,063,245)
Transfer from investment properties	(84,828)	-	-	-	-	-	-	(84,828)	84,828	-
Transfer to investment properties	82,051	-	-	-	-	-	-	82,051	(82,051)	-
Transfer from right-of-use assets (note 13)	-	-	-	-	-	-	-	-	(27,268)	(27,268)
Written back on disposals	13,208	203,170	101,223	211,409	79,485	-	-	608,495	9,381	617,876
At 31 December 2025	(5,343,636)	(9,564,157)	(635,601)	(3,024,340)	(1,370,888)	-	(1,160,929)	(21,099,551)	(434,868)	(21,534,419)

## NOTES TO THE FINANCIAL STATEMENTS

### 12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (a) Reconciliation of carrying amount (Continued)

	Buildings held for own use	Machinery	Vehicles	Moulds	Office and other equipment	Construction in progress	Leasehold improvements	Sub-total	Investment property	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Impairment:</b>										
At 1 January 2024	(2,659)	(134,582)	(13,713)	(394,015)	(22,783)	(21,469)	-	(589,221)	(17,802)	(607,023)
Impairment loss (note 6(c)/ note 12(b))	(8,727)	(44,570)	(5,117)	(13,657)	(1,943)	(3,076)	(1,864)	(78,954)	-	(78,954)
Transfer from investment properties	(3,514)	-	-	-	-	-	-	(3,514)	3,514	-
Written back on disposals	878	15,297	4,439	4,698	11,181	-	-	36,493	-	36,493
At 31 December 2024	(14,022)	(163,855)	(14,391)	(402,974)	(13,545)	(24,545)	(1,864)	(635,196)	(14,288)	(649,484)
At 1 January 2025	(14,022)	(163,855)	(14,391)	(402,974)	(13,545)	(24,545)	(1,864)	(635,196)	(14,288)	(649,484)
Impairment loss (note 6(c)/ note 12(b))	(27,680)	(89,402)	(4,508)	(2,522)	(45,599)	(10,512)	-	(180,223)	(15,556)	(195,779)
Written back on disposals	7,168	60,777	3,580	74,107	2,483	17,894	-	166,009	-	166,009
At 31 December 2025	(34,534)	(192,480)	(15,319)	(331,389)	(56,661)	(17,163)	(1,864)	(649,410)	(29,844)	(679,254)
<b>Net book value:</b>										
At 31 December 2025	12,650,103	9,492,762	904,250	1,469,571	694,019	1,420,141	433,441	27,064,287	1,296,884	28,361,171
At 31 December 2024	12,594,801	9,544,411	872,978	1,368,928	872,808	2,766,246	375,824	28,395,996	984,353	29,380,349

## NOTES TO THE FINANCIAL STATEMENTS

### 12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (a) Reconciliation of carrying amount (Continued)

As at 31 December 2025, none of bank borrowings (note 27(a)) were secured by the Group's property, plant and equipment (2024: Nil).

As at 31 December 2025, the Group is in the process of applying for the title certificates of certain buildings held for own use with an aggregate carrying value of approximately RMB1,412,925,000 (2024: RMB2,190,956,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

#### (b) Impairment loss

During the year ended 31 December 2025, the Group recorded an impairment loss of RMB195,779,000 (2024: RMB78,954,000) for its property, plant and equipment, among which RMB45,504,000 (2024: RMB32,716,000) was recorded as a result of the impairment assessment of the Group's long-term assets associated with passenger vehicles production. Details of such impairment assessment are set out in note 14(a). Impairment loss for other property, plant and equipment was recorded as some of the assets were idle or damaged.

#### (c) Investment property

The Group leases out investment property under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. There are no variable lease payments that depend on an index or rate.

## NOTES TO THE FINANCIAL STATEMENTS

### 12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (c) Investment property (Continued)

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

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>164,738</b>	123,042
After 1 year but within 2 years	<b>138,815</b>	96,000
After 2 years but within 3 years	<b>102,396</b>	70,016
After 3 years but within 4 years	<b>84,101</b>	62,971
After 4 years but within 5 years	<b>80,422</b>	50,645
After 5 years	<b>226,323</b>	180,868
	<b>796,795</b>	583,542

As at 31 December 2025, the Group is in the process of applying for the title certificates of certain investment properties with an aggregate carrying value of approximately RMB16,906,000 (2024: RMB71,246,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

Investment property of the Group was stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. Fair value of these investment properties is RMB2,383,083,000 as at 31 December 2025 (2024: RMB1,632,988,000). The valuations of fair value were carried out by an independent firm of surveyors with recent experience in the location and category of property being valued.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Other leased assets RMB'000	Total RMB'000
<b>Cost:</b>					
At 1 January 2024	7,575,618	2,892,295	73,115	30,224	10,571,252
Additions	887,077	976,539	19,782	8,037	1,891,435
Acquisition of subsidiaries	–	3,206	–	–	3,206
Transfer to investment property (note 12)	(22,245)	–	–	–	(22,245)
Disposal	(37,351)	(547,317)	(6,963)	(3,990)	(595,621)
At 31 December 2024	8,403,099	3,324,723	85,934	34,271	11,848,027
At 1 January 2025	<b>8,403,099</b>	<b>3,324,723</b>	<b>85,934</b>	<b>34,271</b>	<b>11,848,027</b>
Additions	<b>9,832</b>	<b>835,699</b>	<b>29,386</b>	<b>20,650</b>	<b>895,567</b>
Acquisition of subsidiaries	<b>29,183</b>	–	–	–	<b>29,183</b>
Transfer to investment property (note 12)	<b>(174,282)</b>	–	–	–	<b>(174,282)</b>
Disposal	<b>(311,228)</b>	<b>(662,838)</b>	<b>(64,958)</b>	<b>(26,672)</b>	<b>(1,065,696)</b>
At 31 December 2025	<b>7,956,604</b>	<b>3,497,584</b>	<b>50,362</b>	<b>28,249</b>	<b>11,532,799</b>
<b>Accumulated depreciation:</b>					
At 1 January 2024	(948,643)	(1,076,019)	(15,728)	(8,046)	(2,048,436)
Charge for the year	(188,885)	(597,601)	(14,789)	(10,613)	(811,888)
Transfer to investment property (note 12)	5,370	–	–	–	5,370
Written back on disposal	13,925	415,421	4,670	3,538	437,554
At 31 December 2024	(1,118,233)	(1,258,199)	(25,847)	(15,121)	(2,417,400)

## NOTES TO THE FINANCIAL STATEMENTS

### 13 RIGHT-OF-USE ASSETS (Continued)

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Other leased assets RMB'000	Total RMB'000
At 1 January 2025	(1,118,233)	(1,258,199)	(25,847)	(15,121)	(2,417,400)
Charge for the year	(208,765)	(707,595)	(21,466)	(19,004)	(956,830)
Transfer to investment property (note 12)	27,268	-	-	-	27,268
Written back on disposal	16,063	583,485	47,160	12,719	659,427
At 31 December 2025	(1,283,667)	(1,382,309)	(153)	(21,406)	(2,687,535)

#### Impairment

At 1 January 2024	(9,668)	-	-	-	(9,668)
Charge for the year	-	-	(114)	-	(114)
Written back on disposal	9,668	-	-	-	9,668
At 31 December 2024	-	-	(114)	-	(114)
At 1 January 2025	-	-	(114)	-	(114)
Written back on disposal	-	-	114	-	114
At 31 December 2025	-	-	-	-	-

#### Carrying amount:

At 31 December 2025	6,672,937	2,115,275	50,209	6,843	8,845,264
At 31 December 2024	7,284,866	2,066,524	59,973	19,150	9,430,513

## NOTES TO THE FINANCIAL STATEMENTS

### 13 RIGHT-OF-USE ASSETS (Continued)

The total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 24(d) and 35(b), respectively.

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 6(a))	80,316	88,154
Expense relating to short-term leases	53,313	54,184

#### (a) Leasehold land held for own use

The Group has land lease arrangements with Chinese mainland government. Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years.

#### (b) Other leases assets leased for own use

The Group leases various properties, vehicles, office and other equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 INTANGIBLE ASSETS

	Development costs RMB'000	Patents, proprietary technology and trademarks RMB'000	Computer software and others RMB'000	Total RMB'000
<b>Cost:</b>				
At 1 January 2024	38,360,524	1,398,234	1,819,993	41,578,751
Additions	5,714,615	7,948	667,851	6,390,414
Acquisition of subsidiaries	–	103	–	103
Disposals	(26,145)	(6,573)	(1,540)	(34,258)
At 31 December 2024	44,048,994	1,399,712	2,486,304	47,935,010
At 1 January 2025	<b>44,048,994</b>	<b>1,399,712</b>	<b>2,486,304</b>	<b>47,935,010</b>
Additions	<b>5,966,514</b>	<b>222,978</b>	<b>633,642</b>	<b>6,823,134</b>
Acquisition of subsidiaries	–	488	1,489	1,977
Disposals	<b>(49,741)</b>	<b>(2,504)</b>	<b>(52,245)</b>	<b>(104,490)</b>
	<b>49,965,767</b>	<b>1,620,674</b>	<b>3,069,190</b>	<b>54,655,631</b>
<b>Accumulated amortisation:</b>				
At 1 January 2024	(18,027,228)	(1,119,685)	(1,180,699)	(20,327,612)
Charge for the year	(4,034,969)	(58,573)	(437,834)	(4,531,376)
At 31 December 2024	(22,062,197)	(1,178,258)	(1,618,533)	(24,858,988)
At 1 January 2025	<b>(22,062,197)</b>	<b>(1,178,258)</b>	<b>(1,618,533)</b>	<b>(24,858,988)</b>
Charge for the year	<b>(4,776,454)</b>	<b>(154,024)</b>	<b>(467,228)</b>	<b>(5,397,706)</b>
Disposal	–	979	44,542	45,521
At 31 December 2025	<b>(26,838,651)</b>	<b>(1,331,303)</b>	<b>(2,041,219)</b>	<b>(30,211,173)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 14 INTANGIBLE ASSETS (Continued)

	Development costs RMB'000	Patents, proprietary technology and trademarks RMB'000	Computer software and others RMB'000	Total RMB'000
<b>Impairment</b>				
At 1 January 2024	(4,846,532)	(9,844)	(4,251)	(4,860,627)
Charge for the year	(1,220,991)	(3,424)	(365)	(1,224,780)
At 31 December 2024	(6,067,523)	(13,268)	(4,616)	(6,085,407)
At 1 January 2025	<b>(6,067,523)</b>	<b>(13,268)</b>	<b>(4,616)</b>	<b>(6,085,407)</b>
Charge for the year	<b>(1,285,005)</b>	-	-	<b>(1,285,005)</b>
At 31 December 2025	<b>(7,352,528)</b>	<b>(13,268)</b>	<b>(4,616)</b>	<b>(7,370,412)</b>
<b>Net book value:</b>				
At 31 December 2025	<b>15,774,588</b>	<b>276,103</b>	<b>1,023,355</b>	<b>17,074,046</b>
At 31 December 2024	15,919,274	208,186	863,155	16,990,615

The amortisation charge is mainly included in “cost of sales” in the consolidated statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 INTANGIBLE ASSETS (Continued)

#### (a) Impairment test for cash-generating units associated with production of passenger vehicles

As at the end of each reporting period, in view of the unfavourable future prospects of certain types of passenger vehicles, the Group's management performs impairment test for the non-current assets associated with the production of these types of vehicles where an impairment indication is identified. The Group's property, plant and equipment ("PP&E"), land use rights and intangible assets associated with passenger vehicles production are allocated to relevant cash generating units ("CGU"), and management estimates the recoverable amount of each CGU based on the value-in-use calculations by preparing cash flow projections of the relevant CGU derived from the most recent financial forecast approved by the management covering the remaining economic life.

The cash flows are discounted using discount rates ranging from 12.0% to 14.5% as at 31 December 2025 (2024: 13.0% to 13.5%). The discount rates used are post tax and reflect specific risks relating to the relevant CGUs.

Based on the result of the impairment test, the management of the Group determined that the recoverable amounts of certain CGUs are lower than their respective carrying amounts at 31 December 2025. An impairment loss was recognised to write down the carrying amounts of relevant CGUs to their respective recoverable amounts and was allocated to PP&E and intangible assets within the CGUs. During the year ended 31 December 2025, an impairment loss of RMB1,252,292,000 (2024: RMB1,220,991,000) was recognised on development costs and RMB45,504,000 (2024: RMB32,716,000) was recognised on PP&E.

# NOTES TO THE FINANCIAL STATEMENTS

## 15 GOODWILL

RMB'000

### Cost:

At 1 January 2024	151,428
Acquisition of subsidiaries	14,517
At 31 December 2024	<b>165,945</b>
Acquisition of subsidiaries	<b>129</b>
At 31 December 2025	<b>166,074</b>

### Accumulated impairment losses:

At 31 December 2024, 1 January 2025 and 31 December 2025 (i)	(72,239)
At 31 December 2025	<b>93,835</b>
At 31 December 2024	93,706

## NOTES TO THE FINANCIAL STATEMENTS

### 15 GOODWILL (Continued)

Goodwill arose from acquisition of businesses:

	2025 RMB'000	2024 RMB'000
Guangzhou GAC Youlide Automobile Interior System Research and Development Co., Ltd.	25,653	25,653
Denway Motors Limited	90,299	90,299
Guangzhou Muqiao Automotive Parts Co., Ltd.	14,517	14,517
Others	35,605	35,476
	<b>166,074</b>	165,945
Less: impairment losses (i)	<b>(72,239)</b>	(72,239)
	<b>93,835</b>	93,706

(i) As at 31 December 2025, impairment losses of RMB72,239,000 have been made against the goodwill relating to Denway Motors Limited (2024: RMB72,239,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid up capital and debt securities/ registered capital	Proportion of ownership interest						Principal activity
			Group's effective interest		Held by the Company		Held by a subsidiary		
			2025	2024	2025	2024	2025	2024	
GAC Motor Co., Ltd.* 廣汽傳祺汽車有限公司	Chinese mainland	RMB16,006,735,703/ 16,006,735,703	<b>100%</b>	100%	<b>100%</b>	100%	<b>0%</b>	0%	Manufacture and sale of automobiles
GAC Business Co., Ltd.* 廣汽商貿有限公司	Chinese mainland	RMB4,321,012,000/ 3,568,512,000	<b>100%</b>	100%	<b>100%</b>	100%	<b>0%</b>	0%	Trading of automobiles, automotive parts and steel
GAC Finance Co., Ltd. ("GAC Finance")* 廣州汽車集團財務有限公司	Chinese mainland	RMB2,090,000,000/ 2,090,000,000	<b>100%</b>	100%	<b>90%</b>	90%	<b>10%</b>	10%	Provision of financial services
GAC AION New Energy Automobile Co., Ltd.* 廣汽埃安新能源汽車股份有限公司	Chinese mainland	RMB7,803,388,361/ 7,803,388,361	<b>77%</b>	77%	<b>65%</b>	65%	<b>12%</b>	12%	Manufacture and sale of automobiles
GAC Component Co., Ltd.* 廣汽零部件有限公司	Chinese mainland	RMB2,093,884,852/ 2,093,884,852	<b>100%</b>	100%	<b>51%</b>	51%	<b>49%</b>	49%	Manufacture and sale of automotive parts
Urtrust Insurance CO., Ltd.* 眾誠汽車保險股份有限公司	Chinese mainland	RMB2,268,750,000/ 2,268,750,000	<b>53.4%</b>	53.4%	<b>27.1%</b>	27.1%	<b>26.3%</b>	26.3%	Provision of insurance services

\* The official name of this entity is in Chinese. The English translation of the name is for identification only.

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated statement of financial position are as follows:

	2025 RMB'000	2024 RMB'000
Investments in joint ventures (a)	23,274,864	20,823,230
Investments in associates (b)	12,280,785	9,299,034
	<b>35,555,649</b>	30,122,264

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2025 RMB'000	2024 RMB'000
Share of profit of joint ventures	1,613,741	2,770,167
Share of profit of associates	871,519	228,101
	<b>2,485,260</b>	2,998,268
Share of other comprehensive income of joint ventures	<b>(12,419)</b>	(4,050)

Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

# NOTES TO THE FINANCIAL STATEMENTS

## 17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### (a) Investments in joint ventures

The following list contains material joint ventures of the Group and the Company, which are unlisted corporate entities whose quoted market price is not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest						Principal activity
				Group's effective interest		Held by the Company		Held by a subsidiary		
				2025	2024	2025	2024	2025	2024	
GAC Honda Automobile Co., Ltd. ("GAC Honda") * 廣汽本田汽車有限公司	Incorporated	Chinese Mainland	USD867,215,960/ 867,215,960	50%	50%	50%	50%	0%	0%	Manufacture and sale of automobile and automotive parts
GAC Toyota Motor Co., Ltd. ("GAC Toyota") * 廣汽豐田汽車有限公司	Incorporated	Chinese Mainland	USD1,333,896,100/ 1,333,896,100	50%	50%	50%	50%	0%	0%	Manufacture and sale of automobile and automotive parts
GAC-SOFINCO Automobile Finance Co., Ltd. ("GAC-SOFINCO")* 廣汽匯理汽車金融有限公司	Incorporated	Chinese Mainland	RMB4,100,000,000,000/ 4,100,000,000,000	50%	50%	50%	50%	0%	0%	Provision of automotive financing services
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda")* 五羊-本田摩托(廣州)有限公司	Incorporated	Chinese Mainland	RMB292,166,680/ 292,166,680	50%	50%	50%	50%	0%	0%	Manufacture and sale of motorcycle and motorcycle parts
GAC-SOFINCO Financial Leasing Co., Ltd. ("GAC-SOFINCO Leasing")* 廣州廣汽匯理融資租賃有限公司 (note 34)	Incorporated	Chinese Mainland	RMB3,400,000,000/ 3,400,000,000	50%	100%	0%	0%	50%	100%	Provision of automotive leasing services

\* The official name of this entity is in Chinese. The English translation of the name is for identification only.

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### (a) Investments in joint ventures (Continued)

As restricted by the confidentiality agreements entered into with other shareholders of certain material joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above five (2024: four) material joint ventures identified by Directors covers around 90% of consolidated financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

Summarised assets, liabilities, revenue and dividends of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Name of joint venture	Assets		Liabilities		Revenue		Dividends received	
	As at 31 December		As at 31 December		Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	30,518,650	30,497,287	20,504,315	20,850,429	51,142,099	68,249,981	-	1,193,244
GAC Toyota	59,034,644	48,517,036	43,715,179	33,875,111	110,686,011	109,544,921	2,210,240	8,859,211
GAC-SOFINCO	49,332,324	56,319,831	39,975,139	46,970,453	3,715,726	4,280,234	166,249	130,431
Wuyang-Honda	2,933,648	2,665,361	1,546,872	1,289,808	4,989,288	4,840,836	40,380	112,376
GAC-SOFINCO Leasing	13,889,130	-	10,246,445	-	1,216,189	-	-	-
	<b>155,708,396</b>	137,999,515	<b>115,987,950</b>	102,985,801	<b>171,749,313</b>	186,915,972	<b>2,416,869</b>	10,295,262

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### (a) Investments in joint ventures (Continued)

Reconciliation of share of the net assets of the material joint ventures to the carrying amount of the Group's interests in the material joint ventures:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Assets	<b>155,708,396</b>	137,999,515
Less: liabilities	<b>(115,987,950)</b>	(102,985,801)
Less: non-controlling interests	–	(8,641)
Net assets excluding non-controlling interests	<b>39,720,446</b>	35,005,073
Percentage of ownership	<b>50%</b>	50%
Interests in material joint ventures	<b>19,860,223</b>	17,502,537
Goodwill relating to Wuyang-Honda	<b>21,259</b>	21,259
Carrying amount of investments in material joint ventures	<b>19,881,482</b>	17,523,796

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### (b) Investments in associates

The associates of the Group are all unlisted corporate entities whose quoted market prices are not available. None of the Group's associate is individually material.

All of the associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individual material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amounts of investments in associates in the consolidated financial statements	12,280,785	9,299,034
Aggregate amounts of the Group's share of those associates' profit and total comprehensive income	871,519	228,101

## NOTES TO THE FINANCIAL STATEMENTS

### 18 OTHER INVESTMENTS IN FINANCIAL ASSETS

#### (a) Financial assets at FVOCI

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Bond investments	<b>3,828,861</b>	3,791,900
Unlisted equity investments (i)	<b>1,452,416</b>	1,407,515
Financial products (ii)	–	5,073,751
Listed stocks	<b>2,270,000</b>	1,443,100
	<b>7,551,277</b>	11,716,266
<b>Current assets</b>		
Financial products (ii)	<b>12,510,583</b>	2,343,455
Bills receivable (iii)	<b>925,814</b>	1,506,479
Bond investments	–	10,388,191
	<b>13,436,397</b>	14,238,125

## NOTES TO THE FINANCIAL STATEMENTS

### 18 OTHER INVESTMENTS IN FINANCIAL ASSETS (Continued)

(b) Financial assets at FVPL

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Financial products (ii)	2,350,848	72,197
Unlisted equity investments (i)	1,381,270	1,373,868
Listed stocks	807,990	–
Listed preference shares	521,775	525,977
	<b>5,061,883</b>	1,972,042
<b>Current assets</b>		
Financial products (ii)	2,915,709	1,647,408
Bond investments	810,711	169,624
Fund investments	94,654	417,702
Listed stocks	561,038	324,053
	<b>4,382,112</b>	2,558,787

## NOTES TO THE FINANCIAL STATEMENTS

### 18 OTHER INVESTMENTS IN FINANCIAL ASSETS (Continued)

#### (c) Financial assets at amortised cost

	Note	2025 RMB'000	2024 RMB'000
Trade and other receivables		<b>19,449,289</b>	22,510,285
Other long-term receivables		<b>4,130,164</b>	12,617,161
Time deposits	22	<b>8,907,874</b>	10,879,925
Restricted cash	23	<b>6,372,038</b>	4,157,330
Cash and cash equivalents	24	<b>23,843,381</b>	36,482,090
		<b>62,702,746</b>	86,646,791

Note:

- (i) Equity investments are designated at FVOCI where they are considered strategic to the Group and meet the definition of equity from the issuers' perspective or measured at FVPL. Any gain or loss arising from the remeasurement of the unlisted equity investments held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity investments, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

During the year ended 31 December 2025, certain equity investments at FVOCI were disposed and relevant cumulative fair value gain of RMB37,608,000 were transferred from reserves to retained earnings.

- (ii) Financial products mainly include wealth management products issued by banks and certificates of deposit.
- (iii) Bills receivable are classified as FVOCI when they are held to collect and for sale and also give rise to cash flows which are solely principal and interest.

## NOTES TO THE FINANCIAL STATEMENTS

### 19 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials and consumables	4,063,263	3,569,966
Work in progress	455,940	461,931
Finished goods and merchandise	13,456,543	12,284,747
	<b>17,975,746</b>	16,316,644
Less: write down of inventories	<b>(1,530,192)</b>	(628,168)
	<b>16,445,554</b>	15,688,476

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

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	95,007,160	98,792,001
Write down of inventories	1,223,092	410,252
	<b>96,230,252</b>	99,202,253

All of the inventories are expected to be recovered within one year.

As at 31 December 2025, certain bank borrowings (note 27) and bills payable (note 25) were secured by the Group's inventories with the carrying value of approximately RMB1,240,418,000 (2024: RMB1,883,835,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 20 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Trade receivables	<b>5,681,888</b>	4,439,007
Less: loss allowance (note 35(a))	<b>(1,085,800)</b>	(1,086,068)
Trade receivables – net	<b>4,596,088</b>	3,352,939
Loans receivable (i)	<b>6,894,280</b>	10,250,883
Value added tax recoverable	<b>4,884,816</b>	3,768,444
Financial assets held under resale agreements (ii)	<b>2,844,969</b>	493,402
Deposits in a joint venture	<b>2,041,792</b>	–
Prepayments	<b>1,986,300</b>	1,723,797
Bills receivable	<b>518,305</b>	80,265
Reissuance contract assets	<b>193,108</b>	363,335
Dividends receivable	<b>42,088</b>	122,727
Entrusted loans (iii)	<b>334</b>	1,486
Finance lease receivables (note 34)	–	4,671,517
Receivables from disposal of an associate	–	651,999
Other receivables	<b>2,318,325</b>	2,521,732
	<b>26,320,405</b>	28,002,526

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Notes:

- (i) The balance represented loans to related parties and third parties in relation to provision of financing services by GAC Finance. The effective interest rate as at 31 December 2025 is 2.59% (2024: 2.87%).
- (ii) As at 31 December 2025, the balance mainly represented financial assets held under resale agreements with maturities of within 7 days, collateralised by government bonds and bearing weighted average interest rate of 1.9% per annum.
- (iii) Entrusted loans are mainly provided to related parties through financial institutions. As at 31 December 2025, these loans bear an effective interest rate of 4.35% (2024: 3.85%).
- (iv) As at 31 December 2025, loss allowance on other current assets amounted to RMB618,253,000 (2024: RMB614,394,000) (note 35(a)).

## NOTES TO THE FINANCIAL STATEMENTS

### 20 TRADE RECEIVABLES AND OTHER CURRENT ASSETS (Continued)

#### Ageing analysis

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

	2025 RMB'000	2024 RMB'000
Within 1 year	3,887,053	3,165,129
1 to 2 years	778,792	376,446
2 to 3 years	297,553	592,550
3 to 4 years	435,874	56,821
4 to 5 years	56,741	31,066
Over 5 years	225,875	216,995
	<b>5,681,888</b>	4,439,007
Less: loss allowance (note 35(a))	<b>(1,085,800)</b>	(1,086,068)
	<b>4,596,088</b>	3,352,939

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 35(a).

## NOTES TO THE FINANCIAL STATEMENTS

### 21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments for non-current assets	<b>2,409,248</b>	2,386,300
Loans receivables (note 20(ii))	<b>3,566,194</b>	307,738
Finance lease receivables (note 34)	<b>2,997</b>	7,392,677
Financial assets arising from continuing involvement (note 34)	-	397,160
Deposits in a joint venture	-	4,536,929
Other loans and receivables	<b>722,560</b>	747,641
	<b>4,291,751</b>	13,382,145
Less: loss allowance (note 35(a))	<b>(161,587)</b>	(764,984)
	<b>6,539,412</b>	15,003,461

## NOTES TO THE FINANCIAL STATEMENTS

### 22 TIME DEPOSITS

	2025 RMB'000	2024 RMB'000
Denominated in:		
– RMB	8,465,375	10,447,382
– USD	415,449	70,546
– BRL	838	–
– HKD	26,212	361,997
	<b>8,907,874</b>	10,879,925
Current portion	<b>7,228,413</b>	9,939,925
Non-current portion	<b>1,679,461</b>	940,000
	<b>8,907,874</b>	10,879,925

The initial term of time deposits was over three months.

## NOTES TO THE FINANCIAL STATEMENTS

### 23 RESTRICTED CASH

	2025 RMB'000	2024 RMB'000
Pledge deposits for issuing bills and letters of credit	3,164,112	927,948
Security and other deposits	817,541	1,035,066
Mandatory reserve deposits with the People's Bank of China ("PBOC") (i)	2,390,385	2,194,316
	<b>6,372,038</b>	4,157,330

- (i) A subsidiary of the Group is required to place mandatory reserve deposits with the PBOC for its provision of financing service. Those deposits with the PBOC are not available for use in the Group's daily operations.

The Group's restricted cash is denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
– RMB	6,369,189	4,086,662
– JPY	–	308
– USD	1,178	–
– HKD	–	70,360
– AUD	683	–
– EUR	988	–
	<b>6,372,038</b>	4,157,330

## NOTES TO THE FINANCIAL STATEMENTS

### 24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Denominated in:		
– RMB	21,822,729	35,473,368
– THB	312,420	118,656
– RUB	243,234	237,789
– BRL	251,362	–
– USD	714,974	435,235
– MXN	137,225	125,186
– AUD	49,023	–
– EUR	235,257	28,421
– HKD	60,832	54,292
– AED	6,935	–
– JPY	6,074	6,378
– Others	3,316	2,765
	<b>23,843,381</b>	36,482,090

As at 31 December 2025 and 2024, the Group's cash and cash equivalents includes cash in hand, deposits held at call with banks and bank deposits with original maturities less than three months.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	Note	2025 RMB'000	2024 RMB'000
Loss before taxation		<b>(12,060,183)</b>	(727,035)
Adjustments for:			
– Depreciation		<b>4,020,075</b>	4,283,265
– Amortisation	14	<b>5,397,706</b>	4,531,376
– Amortisation of government grants related to assets		<b>(412,656)</b>	(390,962)
– Net impairment losses on financial assets	35(a)	<b>103,951</b>	1,032,182
– Write-down of inventories	19	<b>1,223,092</b>	410,252
– Impairment charges of property, plant and equipment	12	<b>195,779</b>	78,954
– Impairment charges of intangible assets	14	<b>1,285,005</b>	1,224,780
– Impairment charges of right-of-use assets	13	–	114
– Impairment charges of the investment in an associate		–	163,965
– Impairment charges of other non-current assets		<b>43,219</b>	–
– Gains on disposal of non-current assets	5	<b>(28,277)</b>	(112,253)
– Interest income	4	<b>(410,534)</b>	(584,249)
– Finance costs	6(a)	<b>638,948</b>	562,994
– Loss/(Gains) on disposal of investments in joint ventures and associates	5	<b>3,508</b>	(3,862,860)
– Gains on disposal of subsidiaries	5	<b>(355,544)</b>	–
– Share of net profit of joint ventures and associates	17	<b>(2,485,260)</b>	(2,998,268)
– Net investment income related to investment in financial assets	5	<b>(428,693)</b>	(442,251)
– Net fair value changes in financial assets at FVPL		<b>(264,849)</b>	405,452
– Share-based compensation expenses	30(b)	<b>(123,756)</b>	(16,842)
Changes in working capital:			
– Inventories		<b>(1,980,170)</b>	759,301
– Trade and other receivables		<b>(2,655,127)</b>	811,745
– Restricted cash		<b>(986,258)</b>	(1,318,547)
– Trade and other payables		<b>(7,536,654)</b>	4,628,169
– Contract liabilities		<b>371,554</b>	34,332
– Provisions		<b>363,180</b>	534,963
– Bills receivable at FVOCI		<b>580,665</b>	306,001
Cash (used in)/generated from operations		<b>(15,501,279)</b>	9,314,578

## NOTES TO THE FINANCIAL STATEMENTS

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

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

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Loans and borrowings RMB'000	Trade and other payables – Assets sold under repurchase agreements RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>At 1 January 2024</b>	28,115,923	380,704	1,934,460	30,431,087
<b>Changes from financing cash flows:</b>				
Proceeds from loans and borrowings	43,950,488	–	–	43,950,488
Repayment of loans and borrowings	(36,287,098)	–	–	(36,287,098)
Payment of lease liabilities	–	–	(617,923)	(617,923)
Decrease in assets sold under repurchase agreements – net	–	(145,691)	–	(145,691)
Total changes from financing cash	7,663,390	(145,691)	(617,923)	6,899,776
<b>Other changes:</b>				
New leases	–	–	1,004,358	1,004,358
Acquisition of subsidiaries	–	–	3,206	3,206
Leases terminated	–	–	(140,183)	(140,183)
Interest incurred	519,882	–	88,154	608,036
Interest paid	(1,008,600)	–	(88,154)	(1,096,754)
Total other changes	(488,718)	–	867,381	378,663
<b>At 31 December 2024</b>	35,290,595	235,013	2,183,918	37,709,526

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	Loans and borrowings RMB'000	Trade and other payables – Assets sold under repurchase agreements RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>At 1 January 2025</b>	35,290,595	235,013	2,183,918	37,709,526
<b>Changes from financing cash flows:</b>				
Proceeds from loans and borrowings	42,648,476	–	–	42,648,476
Repayment of loans and borrowings	(34,711,779)	–	–	(34,711,779)
Payment of lease liabilities	–	–	(610,516)	(610,516)
Increase in assets sold under repurchase agreements – net	–	295,867	–	295,867
Total changes from financing cash	7,936,697	295,867	(610,516)	7,622,048
<b>Other changes:</b>				
New leases	–	–	885,735	885,735
Leases terminated	–	–	(208,886)	(208,886)
Disposal of subsidiaries	(5,593,481)	–	(50,245)	(5,643,726)
Interest incurred	580,353	–	80,316	660,669
Interest paid	(433,918)	–	(80,316)	(514,234)
Total other changes	(5,447,046)	–	626,604	(4,820,442)
<b>At 31 December 2025</b>	37,780,246	530,880	2,200,006	40,511,132

## NOTES TO THE FINANCIAL STATEMENTS

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

(d) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating cash flows	53,313	54,184
Within investing cash flows	-	489,878
Within financing cash flows	690,832	706,077
	<b>744,145</b>	1,250,139

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	744,145	760,261
Addition in land use rights	-	489,878
	<b>744,145</b>	1,250,139

## NOTES TO THE FINANCIAL STATEMENTS

### 25 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade Payables	<b>19,865,104</b>	21,429,013
Bills payable (i)	<b>8,766,475</b>	14,066,761
Customer deposits (ii)	<b>6,385,493</b>	5,395,429
Employee benefits payable	<b>2,757,526</b>	4,237,686
Insurance contract liabilities	<b>3,353,072</b>	2,784,421
Payable for mould expenses	<b>2,243,766</b>	1,654,906
Development costs payable	<b>1,691,767</b>	1,844,390
Advertising expenses payable	<b>906,737</b>	758,162
Construction costs payable	<b>1,111,652</b>	1,290,116
Other taxes	<b>546,332</b>	1,071,631
Taxes related to contract liabilities	<b>415,749</b>	591,028
Financial liabilities arising from continuing involvement (note 34)	–	397,160
Assets sold under repurchase agreements	<b>530,880</b>	235,013
Deposits payable	<b>419,513</b>	364,592
Government grants	<b>3,185,134</b>	2,880,270
Refund liabilities	<b>2,944,170</b>	3,507,434
Other payables	<b>4,079,735</b>	4,912,101
	<b>59,203,105</b>	67,420,113
Current portion	<b>54,663,948</b>	63,226,725
Non-current portion	<b>4,539,157</b>	4,193,388
	<b>59,203,105</b>	67,420,113

(i) As at 31 December 2025, certain bills payable were secured by the Group's inventories (note 19).

(ii) The balance represents customer deposits received by GAC Finance. The interest rates follow the prevailing savings interest rates published by the PBOC.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	27,569,452	34,973,535
Between 1 and 2 years	744,220	358,409
Between 2 and 3 years	250,701	49,634
Over 3 years	67,206	114,196
	<b>28,631,579</b>	35,495,774

### 26 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Receipts in advance of performance	2,718,449	2,354,066
Unsatisfied performance obligations	333,658	326,487
	<b>3,052,107</b>	2,680,553
Current portion	2,965,855	2,573,115
Non-current portion	86,252	107,438
	<b>3,052,107</b>	2,680,553

Contract liabilities of the Group mainly arise from the advance payments made by customers while the vehicles and related products are yet delivered, or the underlying services are yet provided. The non-current portion of contract liabilities are expected to be recognised as income after more than one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 CONTRACT LIABILITIES (Continued)

#### Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance as 1 January	2,680,553	2,646,221
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(2,680,553)	(2,646,221)
Increase by cash received or addition in unsatisfied performance obligations	3,052,107	2,680,553
Balance at 31 December	3,052,107	2,680,553

### 27 LOANS AND BORROWINGS

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

	2025 RMB'000	2024 RMB'000
Bank loans		
– secured (i)	20,301,939	4,875,355
– unsecured	14,631,794	28,236,018
	34,933,733	33,111,373
Medium-term notes (ii)	2,507,175	–
Securitisation debts (note 34)	–	1,939,810
Other borrowings	316,626	219,022
Interest payables	22,712	20,390
	37,780,246	35,290,595
Current portion	28,082,981	23,321,740
Non-current portion	9,697,265	11,968,855
	37,780,246	35,290,595

## NOTES TO THE FINANCIAL STATEMENTS

### 27 LOANS AND BORROWINGS (Continued)

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

Note:

- (i) As at 31 December 2025 and 2024, these bank borrowings were secured by the Group's inventories (note 19) and restricted cash (note 23).
- (ii) In March and December 2025, a subsidiary of the Group and the Company issued three-year medium-term notes with principal amount of RMB500,000,000 and RMB2,000,000,000 and bearing coupon rates of 2.2% and 1.8% per annum, respectively.
- (iii) Certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related loans would become payable on demand. As at 31 December 2025, long-term bank loans of RMB2,426,784,000 have been classified as current due to not complying with the covenants relating to drawn down facilities (2024: Nil).

**(b) The analysis of the repayment schedule of loans and other borrowings is as follows:**

	As at 31 December 2025		As at 31 December 2024	
	Bank loans	Other borrowings	Bank loans	Other borrowings
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	28,079,370	3,611	21,597,203	1,724,537
Between 1 and 2 years	3,870,327	23,852	4,452,444	454,685
Between 2 and 5 years	2,183,899	2,814,300	6,775,063	–
Over 5 years	800,137	4,750	286,663	–
	<b>34,933,733</b>	<b>2,846,513</b>	33,111,373	2,179,222

## NOTES TO THE FINANCIAL STATEMENTS

### 28 LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Current portion	391,492	456,396
Non-current portion	1,808,514	1,727,522
Lease liabilities	2,200,006	2,183,918

### 29 EMPLOYEE BENEFIT PLANS

The Group implements a defined benefit pension plan and post-employment medical plan for eligible employees. Expenses are recognised when relevant employees have rendered services entitling them to the contribution.

The amount of defined benefit pension plan and post-employment medical plan represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees as at the end of the reporting period.

As at 31 December 2025, a provision of approximately RMB123,370,000 (2024: RMB113,414,000) was recognised for defined benefit pension plan and post-employment medical plan and included in employee benefits payable within trade and other payables.

For the year ended 31 December 2025, remeasurement arising from changes in actuarial assumptions of RMB13,778,000 (2024: RMB5,033,000) (note 33(a)) was recognised in other comprehensive income. There was no plan assets related to the defined benefit pension plan and post-employment medical plans of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EMPLOYEE BENEFIT PLANS (Continued)

The significant actuarial assumptions for the defined benefit pension plan and post-employment medical plan were as follows:

	2025	2024
Discount rate	1.75%	2.00%
Annual increase rate of supplemental medical insurance	2.00%	2.00%
Annual increase rate of physical examination benefits	0.00%	0.00%
Mortality rate	China life Insurance life expectancy (2010-2013)	China life Insurance life expectancy (2010-2013)

As at 31 December 2025, had the discount rate been 25 basis points higher/lower, the present value of the established benefit plan obligations would have been RMB3,560,000 (2024: RMB3,190,000) lower or RMB3,730,000 (2024: RMB3,360,000) higher. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the consolidated statement of financial position.

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### (a) The Fourth A Share Options Scheme

According to the resolution of the extraordinary shareholders' meeting held on 20 January 2023, total 233,896,200 A Share Options ("SO-IV") were granted to 3,089 individuals, including directors, senior management and selected key employees (the "SO-IV Recipients"). The grant date is 20 January 2023 (the "Grant Date-SO-IV").

Pursuant to a supplementary announcement issued on 8 March 2023, 440,800 units of 6 recipients were given up for personal reasons. After registration, total 233,455,400 units of SO-IV were granted to 3,083 recipients.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (a) The Fourth A Share Options Scheme (Continued)

Each share option represents the right granted to the SO-IV Recipients to acquire one share of the Company at pre-determined exercise price of RMB11.99 and conditions in the validity period as set out in the Fourth A Share Options Scheme (“SO-IV Scheme”). The weighted average fair value of SO-IV, as estimated at the Grant Date-SO-IV, was RMB2.72 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date-SO-IV	RMB11.99
Expected option life (years)	3.7 years
Share price at Grant Date-SO-IV	RMB11.53
Estimated volatility of the share price	28.20%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	2.54%
Exercise price determined at the Grant Date-SO-IV	RMB11.99

The exercise price of SO-IV will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As of 31 December 2025, the exercise price was adjusted from RMB11.99 to RMB11.61 per share.

20%, 40% and 40% of the SO-IV granted to the SO-IV Recipients will become exercisable once per year in three years starting two years from the Grant Date-SO-IV, subject to the Group achieving the performance conditions as set out in the SO-IV Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

On 10 October 2024 and 16 January 2026, pursuant to resolutions of the Company’s meeting of directors, 46,691,080 units of Batch I of SO-IV and 93,382,160 units of Batch II of SO-IV were forfeited, respectively, due to failure to meet the performance conditions.

#### (b) Total expenses

In 2025, total expenses of RMB123,756,000 were reversed in profit or loss for SO-IV as a result of failure to meet performance conditions (2024: RMB16,842,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At 1 January	415,478	203,862
Provisions for	288,747	714,395
– PRC income tax	212,102	623,313
– Income tax of other jurisdictions	76,645	91,082
Disposal of subsidiaries	(102,553)	–
Income tax paid	(517,721)	(502,779)
At 31 December	83,951	415,478

## 31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

### (b) Deferred tax assets and liabilities recognised:

#### (i) Movement of each component of deferred tax assets and liabilities

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

Deferred tax arising from:	Impairment provision	Accrued expenses and others	Intangible asset amortisation	Tax losses	Fair value changes of FVOCI	Provisions	Revaluation of financial assets	Accelerated taxation depreciation	Fair value gains arising from business combination	Share of profit of associates	Others	Total
At 1 January 2024	799,796	1,725,717	552,801	1,242,981	124,612	283,283	(3,587)	(157,390)	(46,229)	(94,770)	(300,891)	4,126,123
Credited/(charged) to profit or loss (note 7(a))	287,650	(190,724)	73,096	961,400	-	26,736	(17,576)	55,895	4,571	(243,095)	(10,370)	947,383
Credited/(charged) to reserves (note 10)	-	129,715	-	-	(3,792)	-	-	-	-	-	-	125,923
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(2,072)	-	-	(2,072)
At 31 December 2024 and 1 January 2025	1,087,446	1,664,708	625,897	2,204,381	120,820	310,019	(21,163)	(101,695)	(43,730)	(337,865)	(311,261)	5,197,357
Credited/(charged) to profit or loss (note 7(a))	89,871	174,879	(66,229)	485,901	-	4,414	(22,632)	19,724	34,616	18,325	138,634	867,203
Credited/(charged) to reserves (note 10)	-	(51,982)	-	-	37,689	-	-	-	-	-	-	(14,293)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(37,321)	-	-	(37,321)
Disposal of subsidiaries	(262,628)	(11,634)	-	-	-	-	-	-	-	-	-	(274,262)
At 31 December 2025	914,689	1,775,971	559,168	2,690,282	158,509	314,433	(53,795)	(81,971)	(46,635)	(319,540)	(172,627)	5,739,684

## NOTES TO THE FINANCIAL STATEMENTS

### 31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) *Reconciliation to the consolidated statement of financial position*

	2025 RMB'000	2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	6,204,446	5,777,101
Net deferred tax liabilities in the consolidated statement of financial position	(465,762)	(579,744)
	<b>5,738,684</b>	5,197,357

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB25,736,623,000 (2024: RMB19,446,427,000) as it is not probable that future taxable profits against which the losses can be utilised will be available. These tax losses will expire between 2026 and 2030.

Expiry year	2025 RMB'000	2024 RMB'000
2025	–	3,255,309
2026	2,245,118	1,922,050
2027	4,630,615	3,443,274
2028	9,376,657	8,691,544
2029	4,681,290	2,134,250
2030 and later	4,802,943	–
	<b>25,736,623</b>	19,446,427

## NOTES TO THE FINANCIAL STATEMENTS

### 32 PROVISIONS

	2025 RMB'000	2024 RMB'000
Warranty provisions (a)	2,433,815	2,049,884
Litigation provisions	10,795	12,317
Onerous contracts	27,469	40,466
Other provisions	2,459	8,691
	<b>2,474,538</b>	2,111,358
Current portion	913,774	784,606
Non-current portion	1,560,764	1,326,752
	<b>2,474,538</b>	2,111,358

#### (a) Warranty provisions

	2025 RMB'000	2024 RMB'000
At 1 January	2,049,884	1,469,618
Provisions made	1,294,436	1,835,106
Provisions utilised	(910,505)	(1,254,840)
At 31 December	2,433,815	2,049,884
Current portion	913,774	784,606
Non-current portion	1,520,041	1,265,278
	<b>2,433,815</b>	2,049,884

The Group undertakes to repair or replace the product components that fail to perform satisfactorily for automobiles and other products with warranty. Provisions are estimated based on sales volume, the past experience of level of repairs and returns. The Group reviews the basis for estimating its warranty provisions on an ongoing basis and adjust the amounts as necessary.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movement of individual component of the Group's reserves

	Share premium RMB'000	Capital reserve RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Statutory surplus reserve fund RMB'000	General reserve RMB'000	Special reserve RMB'000	Total reserves RMB'000
As at 1 January 2024	33,530,958	7,576,730	(127,975)	119,320	5,498,401	657,583	62,269	47,317,286
Appropriation to general reserve fund	-	-	-	-	-	24,112	-	24,112
Changes in the fair value of financial assets at FVOCI	-	-	-	(216,062)	-	-	-	(216,062)
Deferred tax	-	-	-	125,923	-	-	-	125,923
Share of changes in joint ventures and associates	-	(119,904)	-	(4,050)	-	-	-	(123,954)
Exchange differences on translation of financial statements of foreign operations	-	-	-	11,241	-	-	-	11,241
Remeasurement of post-employment benefit obligations	-	-	-	(5,033)	-	-	-	(5,033)
Repurchase of shares	(248,669)	-	(405,708)	-	-	-	-	(654,377)
Employee share-based awards scheme								
- Value of employee services	-	(16,842)	-	-	-	-	-	(16,842)
- Proceeds from shares issued	282,656	(106,881)	-	-	-	-	-	175,775
- Repurchase and cancellation of restricted shares	(11,856)	-	15,186	-	-	-	-	3,330
Others	-	(13,322)	-	5,167	-	-	14,611	6,456
As at 31 December 2024	33,553,089	7,319,781	(518,497)	36,506	5,498,401	681,695	76,880	46,647,855

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (a) Movement of components of the Group's reserves (continued)

	Share premium RMB'000	Capital reserve RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Statutory surplus reserve fund RMB'000	General reserve RMB'000	Special reserve RMB'000	Total reserves RMB'000
As at 1 January 2025	33,553,089	7,319,781	(518,497)	36,506	5,498,401	681,695	76,880	46,647,855
Appropriation to general reserve fund	-	-	-	-	-	41,057	-	41,057
Changes in the fair value of financial assets at FVOCI	-	-	-	66,842	-	-	-	66,842
Deferred tax	-	-	-	(14,293)	-	-	-	(14,293)
Share of changes in joint ventures and associates	-	39,996	-	(12,419)	-	-	-	27,577
Exchange differences on translation of financial statements of foreign operations	-	-	-	8,533	-	-	-	8,533
Remeasurement of post-employment benefit obligations (note 29)	-	-	-	(13,778)	-	-	-	(13,778)
Repurchase of shares	-	-	(79,978)	-	-	-	-	(79,978)
Cancellation of shares	(256,282)	-	374,686	-	-	-	-	118,404
Employee share-based awards scheme								
- Value of employee services	-	(123,756)	-	-	-	-	-	(123,756)
- Cancellation of restricted shares (note 33(d)(ii))	(86,741)	-	112,789	-	-	-	-	26,048
Disposal of equity investments at FVOCI	-	-	-	(37,608)	-	-	-	(37,608)
Others	-	(12,397)	-	(6,360)	-	-	12,328	(6,429)
As at 31 December 2025	33,210,066	7,223,624	(111,000)	27,423	5,498,401	722,752	89,208	46,660,474

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Movements of component of the Company's equity

	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	10,490,234	40,150,037	48,000,799	98,641,070
<b>Changes in equity for 2024:</b>				
Total comprehensive income for the year	-	(67,582)	3,581,213	3,513,631
Repurchase of common shares	(166,848)	(654,377)	-	(821,225)
Employee share-based awards schemes	18,132	162,263	-	180,395
Dividends declared	-	-	(1,355,760)	(1,355,760)
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>10,341,518</b>	<b>39,590,341</b>	<b>50,226,252</b>	<b>100,158,111</b>
<b>Changes in equity for 2025:</b>				
Total comprehensive income for the year	-	-	1,616,925	1,616,925
Repurchase of shares (note 33(d))	-	(79,978)	-	(79,978)
Cancellation of shares (note 33(d))	(118,404)	118,404	-	-
Employee share-based awards schemes	(26,048)	(97,708)	-	(123,756)
Dividends declared in	-	-	(203,645)	(203,645)
Share of other changes in capital reserve of joint ventures and associates	-	21,746	-	21,746
Others	-	-	11,955	11,955
<b>Balance at 31 December 2025</b>	<b>10,197,066</b>	<b>39,552,805</b>	<b>51,651,487</b>	<b>101,401,358</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Dividends

##### (i) *Dividends payable to equity shareholders of the Company attributable to the year*

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Interim dividend declared and paid during the year	–	310,455
Final dividend proposed after the end of the reporting period	–	203,671
	–	514,126

##### (ii) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year	<b>203,645</b>	1,048,690

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (d) Share capital

##### (i) Issued share capital

	2025		2024	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	<b>10,341,518</b>	<b>10,341,518</b>	10,490,234	10,490,234
Cancellation of shares (33(d)(i))	<b>(118,404)</b>	<b>(118,404)</b>	(166,848)	(166,848)
Employee share-based awards scheme				
– Proceeds from share issued	–	–	21,462	21,462
– Cancellation of restricted shares (note 33(d)(ii))	<b>(26,048)</b>	<b>(26,048)</b>	(3,330)	(3,330)
At 31 December	<b>10,197,066</b>	<b>10,197,066</b>	10,341,518	10,341,518

The ordinary share of the Company has a par value of RMB1 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (d) Share capital (Continued)

#### (ii) Repurchase and cancellation of own shares

During the year ended 31 December 2025, the Company repurchased its own ordinary shares on The Stock Exchange as follows:

	<b>Number of shares repurchased</b>	<b>Highest price paid per share</b>	<b>Lowest price paid per share</b>	<b>Aggregate price paid RMB'000</b>
A shares	1,288,404	RMB7.79	RMB7.73	10,000
H shares	24,496,000	HKD3.16	HKD3.02	69,978
				79,978

During the year ended 31 December 2025, 26,048,350 restricted shares, which were forfeited under employee share-based awards scheme, were cancelled; 118,404,000 ordinary H shares were cancelled and recorded as a reduction of share capital.

During the year ended 31 December 2025, 25,784,404 ordinary shares were repurchased at an aggregate price equivalent to RMB79,978,000;

### (e) Nature and purpose of reserves

#### (i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

#### (ii) Capital reserve

The capital reserve mainly comprises the portion of the grant date fair value of unexercised share options granted to employees of the Group and the proportional share of its joint ventures and associates that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(s)(iii).

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (e) Nature and purpose of reserves (Continued)

##### (iii) Other reserves

Other reserves mainly included in reserve comprises the following:

##### – Exchange reserve

The exchange reserve comprises all exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

##### – Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)).

##### (iv) Distributable reserves

According to the Articles of Association, the distributable reserves of the Company are based on the retained earnings determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2025, the Company's reserves available for distribution to shareholders amounted to RMB51,651,487,000 (2024: RMB50,226,252,000).

#### (f) Capital management

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (f) Capital management (Continued)

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes loans and borrowings, and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity and less unaccrued proposed dividends.

During 2025, the Group's strategy was unchanged from 2024.

The Group's adjusted net debt-to-capital ratio at 31 December was as follows:

	Note	2025 RMB'000	2024 RMB'000
Current liabilities:			
Loans and borrowings	27	28,082,981	23,321,740
Lease liabilities	28	391,492	456,396
		<b>28,474,473</b>	23,778,136
Non-current liabilities:			
Loans and borrowings	27	9,697,265	11,968,855
Lease liabilities	28	1,808,514	1,727,522
Total debt		<b>39,980,252</b>	37,474,513
Add: Unaccrued proposed dividends	33(c)	–	203,671
Less: Cash and cash equivalents	24	<b>(23,843,381)</b>	(36,482,090)
<b>Adjusted net debt</b>		<b>16,136,871</b>	1,196,094
Total equity			
Less: Unaccrued proposed dividends	33(c)	–	(203,671)
<b>Adjusted capital</b>		<b>109,737,718</b>	121,626,936
<b>Adjusted net debt-to-capital ratio</b>		<b>14.70%</b>	0.98%

## NOTES TO THE FINANCIAL STATEMENTS

### 34 DISPOSAL OF SUBSIDIARIES

#### (a) Deemed disposal of a subsidiary

In October 2024, the Group's ex-wholly owned subsidiary, Guangzhou GAC Finance Leasing Co., Ltd. ("GAC Leasing"), entered into an equity subscription agreement with Crédit Agricole Personal Finance & Mobility (the "Subscriber"), pursuant to which GAC Leasing would increase its registered capital and the Subscriber will subscribe all the incremental registered capital. Upon the completion of the transaction in January 2025, the Group's shareholding in GAC Leasing was diluted from 100% to 50%, GAC Leasing was renamed as Guangzhou GAC-SOFINCO Finance Leasing Co., Ltd. ("GAC-SOFINCO Leasing"). The Group has joint control over GAC-SOFINCO Leasing with the Subscriber and the equity interests held by the Group are accounted for as investments in joint ventures accordingly.

Upon the de-consolidation of GAC-SOFINCO Leasing, the balance of finance lease receivables, balances arising from continuing involvements, securities debts, resource financing and borrowings related to lease-back arising from GAC Lease's principal business or asset-back securitisation transactions were derecognised accordingly.

## NOTES TO THE FINANCIAL STATEMENTS

### 34 DISPOSAL OF SUBSIDIARIES (Continued)

#### (a) Deemed disposal of a subsidiary (Continued)

The effect of the deemed disposal on the consolidated financial position of the Group is as follows:

	2025 RMB'000
Property, plant and equipment	8,414
Intangible assets	4,375
Right-of-use assets	20,154
Deferred income tax assets	154,525
Other non-current assets	7,664,019
Trade and other receivables	5,118,043
Cash and cash equivalents	579,641
Trade and other payables	(5,981,311)
Borrowings	(5,704,366)
Lease liabilities	(16,586)
<b>Net assets disposed of</b>	<b>1,846,908</b>
Fair value of equity interests recognised as "investments in joint ventures"	2,132,500
<b>Gain on the deemed disposal</b>	<b>285,592</b>
<b>Cash outflow arising from the deemed disposal</b>	<b>(579,641)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34 DISPOSAL OF SUBSIDIARIES (Continued)

#### (b) Disposal of a subsidiary

In May 2025, the Group entered into a share transfer agreement with a third party to dispose of 32.03% equity interests in a non-wholly owned subsidiary, namely 南方(韶關)智能網聯新能源汽車實驗測試中心有限公司, at a cash consideration of RMB437,875,900. Upon the share transfer, the Group's shareholding was reduced to 45.49% and retained significant influence over the entity, it became an associate of the Group.

The effect of the disposal on the consolidated financial position of the Group is as follows:

	<b>2025</b>
	<b>RMB'000</b>
Cash and cash equivalents	212,878
Property, plant and equipment	812,868
Intangible assets	292,356
Other assets	65,147
Loans and borrowings	(59,126)
Other liabilities	(48,194)
<b>Net assets disposed of</b>	<b>1,275,929</b>
NCI disposed of	286,093
Consideration of the disposal	437,876
Fair value of equity interests retained and recognised as "investments in associates"	621,912
<b>Gain on the disposal</b>	<b>69,952</b>
Consideration received, satisfied in cash	437,876
Cash and cash equivalent disposed of	(212,878)
<b>Net cash flow arising from the disposal</b>	<b>224,998</b>

During the year ended 31 December 2025, the Group also disposed of several other subsidiaries, but these disposals did not have a significant financial impact on the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

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

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and debt investments at amortised cost and FVOCI; and other financial assets at amortised cost. The Group's exposure to credit risk arising from cash and cash equivalents, bank acceptance and derivative financial assets is limited because the counterparties are banks and financial institutions with a minimum credit rating, which the Group considers representing low credit risk. Deposit with banks, including time deposits, restricted cash, cash and cash equivalents, are also subject to the impairment requirements of HKFRS 9, identified impairment loss was immaterial.

The Group does not provide any other guarantees which would expose the Group to credit risk.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

(i) Movement in the loss allowance account in respect of trade receivables, other receivables and debt instruments at FVOCI during the year is as follows:

	Trade receivables RMB'000 (note 20)	Other current assets RMB'000 (note 20)	Debt instruments at FVOCI RMB'000 (note 10)	Other long-term receivables RMB'000 (note 21)	Total RMB'000
<b>At 1 January 2024</b>	541,526	609,750	–	628,806	1,780,082
Loss allowance recognised	542,688	4,644	5,167	479,683	1,032,182
Acquisition of a subsidiary	1,854	–	–	–	1,854
Write-off in the year	–	–	–	(343,505)	(343,505)
<b>At 31 December 2024 and 1 January 2025</b>	1,086,068	614,394	5,167	764,984	2,470,613
Loss allowance recognised	<b>31,827</b>	<b>4,329</b>	<b>(1,618)</b>	<b>69,413</b>	<b>103,951</b>
Disposal of subsidiaries	<b>(32,095)</b>	<b>(470)</b>	–	<b>(609,557)</b>	<b>(642,122)</b>
Write-off in the year	–	–	–	<b>(63,253)</b>	<b>(63,253)</b>
<b>At 31 December 2025</b>	<b>1,085,800</b>	<b>618,253</b>	<b>3,549</b>	<b>161,587</b>	<b>1,869,189</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

##### (ii) Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been assessed on individual basis or grouped based on shared credit risk characteristics and the days past due.

On that basis, the following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2025			As at 31 December 2024		
	Expected loss rate %	Grossing carrying amount RMB'000	Loss allowance RMB'000	Expected loss rate %	Grossing carrying amount RMB'000	Loss allowance RMB'000
<b>On individual basis</b>	<b>72.19%</b>	<b>1,217,668</b>	<b>879,008</b>	71.90%	1,218,441	876,009
<b>On customer group</b>						
– Related parties	1.88%	1,518,763	28,517	1.86%	730,759	13,575
– Government	1.70%	170,555	2,901	1.15%	508,923	5,828
– Third parties						
Within 1 year	0.60%	2,575,777	15,388	0.12%	1,659,630	2,062
1 – 2 years	15.37%	40,856	6,280	13.05%	83,445	10,890
2 – 3 years	37.40%	3,987	1,491	33.03%	85,669	28,294
3 – 4 years	79.83%	10,252	8,184	72.50%	9,928	7,198
4 – 5 years	100.00%	6,578	6,578	100.00%	612	612
Over 5 years	100.00%	137,452	137,453	100.00%	141,600	141,600
		<b>5,681,888</b>	<b>1,085,800</b>		4,439,007	1,086,068

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

##### (ii) Trade receivables (Continued)

Expected loss rates are based on actual loss experience over the past. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

##### (iii) Debt investments at amortised cost and FVOCI

All of the Group's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group expects that there is no significant credit risk associated with debt investments at amortised cost or at FVOCI since the Group furnishes investment mandates to commercial banks, trust companies and asset management companies, and these mandates require them to invest in such debt investments with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

##### (iv) Debt investments at FVPL

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2025 is the carrying amount of these investments, amounting to approximately RMB6,077,268,000 (31 December 2024: RMB1,889,229,000).

##### (v) Other financial assets at amortised cost

The Group applies the general approach to provide for expected credit loss of other financial assets measured at amortised cost including commercial acceptance, entrusted loans, finance lease receivables, loan receivables, dividend receivable and other receivables under HKFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

##### (v) *Other financial assets at amortised cost (Continued)*

Except for certain long-aged receivables for which the debtors failed to make demanded repayment and the Group has made specific provision on a case-by-case basis, the expected credit loss provision for the above-mentioned financial assets is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data, including real GDP, current account balance, nominal retail sales growth rate and exchange rate. As at 31 December 2025 and 2024, except for certain defaulted receivables, management considers that the expected credit loss is immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

##### (v) *Other financial assets at amortised cost (Continued)*

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the borrower. Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans and issuing medium-term notes to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As disclosed in note 27, certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those covenants relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related loans would become payable on demand. The Group have classified those long-term loans that did not fulfil the covenants as current at the end of the reporting period.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

	Undiscounted contractual cashflow					Carrying amount as 31 December RMB'000
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	
As at 31 December 2025						
Loans and borrowings	28,139,257	4,100,936	5,195,325	813,745	38,249,263	37,780,246
Trade and other payables (excluding non-financial liabilities)	51,263,599	1,265,954	-	-	52,529,553	52,529,553
Lease liabilities	469,790	474,127	977,608	587,168	2,508,693	2,200,006
As at 31 December 2024						
Loans and borrowings	24,120,032	5,187,787	6,966,464	293,836	36,568,119	35,290,595
Trade and other payables (excluding non-financial liabilities)	57,306,524	371,848	757,362	203,764	58,639,498	58,639,498
Lease liabilities	560,311	363,624	793,462	812,957	2,530,354	2,183,918

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate risk profile as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings at the end of the reporting period.

	2025		2024	
	Effective interest rates	Amount '000	Effective interest rates	Amount '000
Loans and borrowings:				
Fixed rate loans and borrowings	1.2% – 4.9%	24,114,327	2.5% – 4.9%	20,082,486
Variable rate loans and borrowings	2.2% – 3.8%	13,665,919	2.15% – 4.0%	15,208,109
Fixed rate loans and borrowings as a percentage of total borrowings		64%		57%

#### (ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increase/decreased the Group's loss after tax and retained profits by approximately RMB102,980,000 (2024: decrease/increase the Group's profit after tax and retained profits by RMB114,061,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate borrowings held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

	Exposure to foreign currencies (expressed in RMB)			
	2025		2024	
	United States Dollars RMB'000	Hong Kong currency RMB'000	United States Dollars RMB'000	Hong Kong currency RMB'000
Trade and other receivables	383,483	112,740	2,132	42,956
Cash and cash equivalents	952,093	87,030	435,235	54,292
Time deposit	415,449	26,212	70,546	361,997
Restricted cash	777	-	-	70,360
Trade and other payables	(31,490)	(2,886)	(8,776)	(3,106)
Net exposure	1,720,312	223,096	499,137	526,499

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk (Continued)

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained profit '000	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained profit '000
Hong Kong Dollars	5%	8,366	5%	19,744
United States Dollars	5%	64,512	5%	18,718

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement

##### (i) *Financial assets and liabilities measured at fair value*

#### **Fair value hierarchy**

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

##### Fair value hierarchy (Continued)

	Fair value	Fair value measurements as at 31			Fair value	Fair value measurements as at 31		
	at 31	December 2025 categorised into			at 31	December 2024 categorised into		
	December	Level 1	Level 2	Level 3	December	Level 1	Level 2	Level 3
	2025				2024			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Recurring fair value measurements</b>								
Financial assets at FVPL and at FVOCI:								
Bond investments	4,639,572	2,815,822	1,823,750	-	14,349,715	14,349,715	-	-
Fund investments	94,654	80,221	14,433	-	417,702	76,827	340,875	-
Financial products	17,777,140	-	12,510,583	5,266,557	9,136,811	-	-	9,136,811
Listed stocks	3,639,028	3,639,028	-	-	1,767,153	1,767,153	-	-
Unlisted equity investments	2,833,686	-	-	2,833,686	2,781,383	-	-	2,781,383
Bills receivable	925,814	-	-	925,814	1,506,479	-	-	1,506,479
Listed preference shares	521,775	-	521,775	-	525,977	-	525,977	-
	<b>30,431,669</b>	<b>6,535,071</b>	<b>14,870,541</b>	<b>9,026,057</b>	<b>30,485,220</b>	<b>16,193,695</b>	<b>866,852</b>	<b>13,424,673</b>

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# NOTES TO THE FINANCIAL STATEMENTS

## 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (e) Fair value measurement (Continued)

#### (i) Financial assets and liabilities measured at fair value (Continued)

##### Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

##### Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Financial products	Discounted cashflow	Discounted rate	1.10% to 3.30% (2024: 1.35% to 3.30%)	2.50% (2024: 2.41%)
	Built-up method	Asset value	N/A	N/A
Unlisted equity investments	Built-up method	Value of each asset/liability	N/A	N/A

The fair value of bills receivable at Level 3 approximates the carrying value due to their short maturities.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

#### Information about Level 3 fair value measurements (Continued)

The movements during the reporting period in the balance of financial products and unlisted equity investments at Level 3 are as follows:

	2025 RMB'000	2024 RMB'000
Financial products:		
At 1 January	9,136,811	2,946,114
Acquisition	2,488,879	9,372,677
Fair value changes	9,613	(10,423)
Disposal	(6,368,746)	(3,171,557)
At 31 December	5,266,557	9,136,811
Unlisted equity investments:		
At 1 January	2,781,383	1,777,338
Acquisition	283,222	2,508,993
Fair value changes	(216,159)	(513,309)
Disposal	(14,760)	(991,639)
At 31 December	2,833,686	2,781,383

##### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

# NOTES TO THE FINANCIAL STATEMENTS

## 36 COMMITMENTS

### (a) Capital and development commitments

Commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for		
– acquisition of property, plant and equipment	1,556,489	3,495,525
– acquisition of intangible assets	43,478	101,308
– outbound investment	–	3,600
Authorised but not contracted for:		
– acquisition of property, plant and equipment	231,791	539,621
– acquisition of Intangible assets	1,822,280	2,050,963
	<b>3,654,038</b>	6,191,017

## 37 MATERIAL RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Company's holding company is GAIG, a state-owned enterprise incorporated in the People's Republic of China. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("state-owned enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year ended 31 December 2025.

The balances of trade and other receivables, prepayments, trade and other payables, contract liabilities and lease liabilities rose in the ordinary and usual course of business and were unsecured, interest free and receivable/repayable according to the mutual agreed credit terms.

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions

	2025 RMB'000	2024 RMB'000
Sales of goods		
Sales of automotive parts and steels		
– Joint ventures	1,287,562	922,477
– Associates	689,051	103,080
– Subsidiaries of GAIG	17,537	15,236
	<b>1,994,150</b>	1,040,793
Sales of passenger vehicles		
– Joint ventures	54,491	76,360
– Associates	145,165	303,806
	<b>199,656</b>	380,166
	<b>2,193,806</b>	1,420,959
Interest on loans from related parties		
– Joint ventures	132,739	158,795
– Associates	311	2,961
	<b>133,050</b>	161,756
Rendering of labour and insurance services		
– Joint ventures	1,676,722	1,795,548
– Associates	314,804	239,204
– GAIG	–	390
– Subsidiaries of GAIG	10,976	5,829
	<b>2,002,502</b>	2,040,971

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
Income on trust management of equity assets		
– GAIG (note (i))	<b>18,120</b>	19,430
– Subsidiaries of GAIG	<b>3,047</b>	4,717
	<b>21,167</b>	24,147
Purchases of goods		
Purchases of automotive parts and materials		
– Joint ventures	<b>2,032,369</b>	2,490,995
– Associates	<b>6,000,333</b>	7,248,030
	<b>8,032,702</b>	9,739,025
Purchases of passenger vehicles		
– Joint ventures	<b>10,669,357</b>	9,276,927
– Associates	<b>17,676</b>	13,240
	<b>10,687,033</b>	9,290,167
	<b>18,719,735</b>	19,029,192
Interest on customer deposits from		
– Joint ventures	<b>66,977</b>	79,806
– Associates	<b>24,890</b>	27,935
	<b>91,867</b>	107,741

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
Purchases of labour services and settlement of insurance claims		
– Joint ventures	824,901	219,574
– Associates	153,407	76,882
– Subsidiaries of GAIG	100,101	45,770
	<b>1,078,409</b>	342,226
Entrusted loans to related parties		
– Joint ventures	–	250,000
– Associates	–	26,950
	–	276,950
Rental from related parties		
– Joint ventures	88,248	67,893
– Associates	16,574	15,848
– Subsidiaries of GAIG	14,793	14,272
	<b>119,615</b>	98,013
Addition of right-of-use assets to related parties		
– Joint ventures	287	10,608
– Associates	–	4,477
– GAIG	21,710	4,010
– Subsidiaries of GAIG	13,401	51,866
	<b>35,398</b>	70,961

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
Entrusted loan interest from related parties		
– Joint ventures	1,144	14,378
– An associate	–	1,082
	<b>1,144</b>	15,460
Entrusted loan interest to a related party		
– A joint venture	–	639
Borrowings from a related party		
– A joint venture	714,121	1,764,740
Borrowing interest to a related party		
– A joint venture	70,507	67,057
Loans to related parties		
– Joint ventures	6,828,641	1,813,315
– Associates	67,128	99,256
	<b>6,895,769</b>	1,912,571
Sales of intangible assets		
– Joint ventures	319,025	236,783
– An associate	4,154	10,600
	<b>323,179</b>	247,383

- (i) On 4 January 2023, the Board of Directors of the Company passed a resolution in relation to the Company being entrusted by its controlling shareholder GAIG to manage certain equity investments held by GAIG. The period of the entrust management is three years. The annual management fee is made up of basic and floating portions, with an annual limit of RMB90,000,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
– Joint ventures	700,214	517,795
– Associates	982,612	432,364
– GAIG	24	24
– Subsidiaries of GAIG	10,462	134
	<b>1,693,312</b>	950,317
Interest receivable		
– Joint ventures	14,376	11,878
– Associates	2	16
	<b>14,378</b>	11,894
Other receivables and prepayments		
– Joint ventures	402,889	274,953
– Associates	69,833	46,477
– GAIG	44	652,044
– Subsidiaries of GAIG	28,548	4,813
	<b>501,314</b>	978,287
Dividends receivable		
– Joint ventures	–	–
– Associates	42,088	122,262
	<b>42,088</b>	122,262

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Bills receivable		
– Joint ventures	–	1,150
– Associates	<b>55,612</b>	57,416
	<b>55,612</b>	58,566
Entrusted loans due from (i)		
– Joint ventures	<b>334</b>	3,351
– An associate	–	1,142
	<b>334</b>	4,493
Loans to related parties – current (ii)		
– Joint ventures	<b>1,557,375</b>	343,623
– Associates	<b>496</b>	26,730
	<b>1,557,871</b>	370,353
Loans to related parties – non-current (ii)		
– Joint ventures	<b>3,862,850</b>	3,810,088
Long-term receivables (iii)		
– Joint ventures	<b>11,532</b>	89,175
Deposits placed with		
– A joint venture	<b>2,000,000</b>	4,500,000

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables		
– Joint ventures	<b>584,844</b>	758,523
– Associates	<b>1,586,186</b>	1,537,454
– Subsidiaries of GAIG	<b>3,373</b>	994
	<b>2,174,403</b>	2,296,971
Other payables		
– Joint ventures	<b>109,106</b>	95,158
– Associates	<b>133,040</b>	188,297
– GAIG	<b>505,199</b>	505,249
– Subsidiaries of GAIG	<b>17,427</b>	29,484
	<b>764,772</b>	818,188
Contract liabilities		
– Joint ventures	<b>252,603</b>	228,194
– Associates	<b>173,555</b>	153,363
– Subsidiaries of GAIG	<b>694</b>	60
	<b>426,852</b>	381,617
Bills payable		
– Joint ventures	<b>1,058,832</b>	1,051,534
– Associates	<b>2,159,728</b>	3,058,295
	<b>3,218,560</b>	4,109,829

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Customer deposits		
– Joint ventures	<b>4,561,726</b>	3,661,717
– Associates	<b>1,550,069</b>	1,525,262
	<b>6,111,795</b>	5,186,979
Short-term borrowings (iv)		
– A joint venture	<b>69,337</b>	366,084
Interest payable		
– Joint ventures	<b>5,638</b>	3,753
– Associates	<b>7,011</b>	12,412
	<b>12,649</b>	16,165
Lease liabilities		
– Joint ventures	<b>37,282</b>	149,507
– Associates	<b>2,622</b>	3,487
– GAIG	<b>10,562</b>	4,573
– Subsidiaries of GAIG	<b>45,395</b>	48,604
	<b>95,861</b>	206,171

## NOTES TO THE FINANCIAL STATEMENTS

### 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

Note:

- (i) The entrusted loans due from related parties bear interest rate of 3.85% per annum, unsecured and receivable in accordance with normal commercial terms.
- (ii) The balances of loan receivables to related parties bear interest rates ranging from 0.49% to 5.99% (2024: from 0.00% to 5.63%) per annum and receivable in accordance with normal commercial terms. Majority of loans to related parties were unsecured and certain loans were secured by related parties' inventories.

As at 31 December 2025, the balances represent the carrying amount of loan receivables from related parties, after the loss allowance provision of approximately RMB139,020,000 for joint ventures and RMB70,000 for associates (2024: RMB58,750,000 and RMB1,740,000).

- (iii) As at 31 December 2025, the balances represent the carrying amount of long-term receivables due from related parties, after the loss allowance provision of approximately RMB161,565,000 (2024: RMB154,383,000).
- (iv) Borrowings from a joint venture, which is a financial institution, are interest-bearing and repayable in accordance with normal commercial terms. As at 31 December 2025, borrowings from a joint venture were secured by the Group's inventories with of approximately RMB750,559,000 (2024: RMB662,551,000).

#### (c) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year ended 31 December 2025, the Group had transactions with state-owned enterprises including, but not limited to, sales of automobiles and other automotive parts and purchases of raw materials and automotive parts.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government.

The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

# NOTES TO THE FINANCIAL STATEMENTS

## 37 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (c) Transactions and balances with other state-owned enterprises in the PRC (Continued)

#### (i) Balances with state-owned financial institutions

As at 31 December 2025 and 2024, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

#### (ii) Guarantees provided by state-owned enterprises and GAIG

As at 31 December 2025 and 2024, no guarantee was provided by state-owned enterprises or GAIG.

### (d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	21,963	24,578

Total remuneration is included in "staff costs" (see note 6(b)).

## NOTES TO THE FINANCIAL STATEMENTS

### 38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,303,148	3,375,386
Right-of-use assets	631,329	679,394
Investment properties	591,718	553,612
Intangible assets	4,362,562	4,792,506
Investments in subsidiaries	49,334,091	47,125,860
Investments in joint ventures and associates	22,424,316	21,068,504
Financial assets at FVPL	938,493	942,695
Prepayments and long-term receivables	465,223	5,019,303
	<b>82,050,880</b>	83,557,260
<b>Current assets</b>		
Inventories	34,989	18,893
Trade and other receivables	4,721,880	3,684,101
Contract assets	162,922	179,022
Financial assets at FVPL	162,633	1,035,279
Assets held for sale	-	1,362
Time deposits	2,604,140	4,000,000
Cash and cash equivalents	25,398,040	20,719,529
	<b>33,084,604</b>	29,638,186
<b>Total assets</b>	<b>115,135,484</b>	113,195,446
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	5,951,047	4,400,000
Lease liabilities	24,717	28,469
Government grants	782,316	462,427
	<b>6,758,080</b>	4,890,896

## NOTES TO THE FINANCIAL STATEMENTS

### 38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Current liabilities</b>		
Trade and other payables	5,739,460	7,243,505
Contract liabilities	970,066	788,428
Loans and borrowings	228,069	114,506
Lease liabilities	38,451	–
	<b>6,976,046</b>	8,146,439
<b>Total liabilities</b>	<b>13,734,126</b>	13,037,335
<b>NET ASSETS</b>	<b>101,401,358</b>	100,158,111
<b>CAPITAL AND RESERVES</b>		
Share capital (note 33(b))	10,197,066	10,341,518
Reserves (note 33(b))	39,552,805	39,590,341
Retained earnings	51,651,487	50,226,252
<b>TOTAL EQUITY</b>	<b>101,401,358</b>	100,158,111

Approved and authorised for issue by the board of directors on 27 March 2026.

**Feng Xingya**  
Chairman

**Xia Xianqing**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### **39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

On 16 January, 23 January, 17 March and 25 March 2026, the Company completed the issuance of four tranches of medium-term notes with aggregate principal amount of RMB11,000,000,000, out of which RMB3,000,000,000 has a term of five years and RMB8,000,000,000 has a term of three years. The coupon rates range from 1.77%~1.99% per annum.

### **40 IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

At 31 December 2025, the directors consider the immediate parent of the Group to be Guangzhou Automobile Industry Group Co., Ltd., which is incorporated in PRC. This entity does not produce financial statements available for public use.

The Group is subject to the control of the PRC Government.

## NOTES TO THE FINANCIAL STATEMENTS

### 41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

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

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

# FINANCIAL SUMMARY

A summary of the published financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group, is set out below:

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	96,542,390	107,783,807	129,706,167	110,271,923	75,675,765
Cost of sales	(101,967,311)	(105,345,899)	(125,342,102)	(106,507,364)	(71,776,845)
<b>Gross (loss)/profit</b>	<b>(5,424,921)</b>	2,437,908	4,364,065	3,764,559	3,898,920
Selling and distribution costs	(5,890,788)	(5,416,689)	(5,032,314)	(3,922,909)	(4,339,756)
Administrative expenses	(5,385,720)	(5,833,509)	(5,656,662)	(5,114,685)	(4,556,045)
Net impairment losses on financial assets	(103,951)	(1,032,182)	(455,902)	(627,724)	(143,468)
Interest income	249,101	312,678	289,366	160,656	257,438
Other gains – net	2,488,351	6,097,914	1,649,469	(935,421)	1,257,349
<b>Operating loss</b>	<b>(14,067,928)</b>	(3,433,880)	(4,841,978)	(6,675,524)	(3,625,562)
Interest income	161,433	271,571	484,993	330,520	58,558
Finance costs	(638,948)	(562,994)	(467,323)	(351,781)	(425,316)
Share of profit of joint ventures and associates	2,485,260	2,998,268	8,349,006	14,065,159	11,403,900
<b>(Loss)/profit before income tax</b>	<b>(12,060,183)</b>	(727,035)	3,524,698	7,368,374	7,411,580
Income tax credit	578,456	232,988	215,463	535,540	154,117
<b>(Loss)/profit for the year</b>	<b>(11,481,727)</b>	(494,047)	3,740,161	7,903,914	7,565,697
<b>Attributable to:</b>					
Equity shareholders of the Company	(8,783,621)	823,579	4,428,845	7,978,417	7,511,030
Non-controlling interests	(2,698,106)	(1,317,626)	(688,684)	(74,503)	54,667
	<b>(11,481,727)</b>	(494,047)	3,740,161	7,903,914	7,565,697
<b>Assets, liabilities and non-controlling interests</b>					
<b>Total assets</b>	<b>214,997,433</b>	232,512,366	218,448,770	189,885,641	154,250,589
<b>Total liabilities</b>	<b>105,259,715</b>	110,681,759	93,994,958	67,554,186	61,601,804
Non-controlling interests	4,452,160	7,422,501	8,679,635	9,027,144	2,335,474

# DEFINITIONS

In this report, unless the context otherwise requires, the following terms used shall have the following meanings set out below:

“A Share(s)”	domestic listed shares with par value of RMB1.00 each in the ordinary share capital of the Company which are listed on the Shanghai Stock Exchange (Stock Code: 601238)
“AISTALAND Auto”	Qijing Intelligent Automobile Technology (Guangzhou) Co., Ltd. (啟境智能汽車科技(廣州)有限公司, formerly known as Huawang Automobile Technology (Guangzhou) Co., Ltd. (華望汽車技術(廣州)有限公司)), a company incorporated in March 2025 under the laws of the PRC, in which the Company and GAC AION hold 71.43% and 28.57% equity interests, respectively
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
“Board”	the board of directors of the Company
“CATL”	Contemporary Amperex Technology Co., Ltd.
“CATL GAC”	CATL GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and CATL in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
“China Lounge Investments”	China Lounge Investments Limited (中隆投資有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong
“Company” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Da Sheng Technology”	Da Sheng Technology Co., Ltd. (大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance hold 85% and 15% equity interests, respectively

## DEFINITIONS

“DIDI Autonomous Driving”	VOYAGER GROUP INC., a subsidiary of Didi Chuxing in autonomous driving
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司), a subsidiary of the Company incorporated in July 2017 under PRC law
“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Commercial Vehicle”	GAC New Energy Commercial Vehicle Co., Ltd. (廣汽領程新能源商用車有限公司) (formerly known as GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司)), a subsidiary in which the Company holds 89.72% equity interest
“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC Energy”	GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司), a subsidiary incorporated in July 2022 under PRC law, in which UPOWER Energy and GAC AION hold 55% and 45% equity interests, respectively
“GAC Finance Company”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC International”	GAC International Automobile Sales & Service Co., Ltd. (廣汽國際汽車銷售服務有限公司), a subsidiary incorporated in May 2022 under PRC law by the Company

## DEFINITIONS

“GAC Mitsubishi”	Hunan Zhixiang Motor Management Services Limited (湖南智享汽車管理有限公司) (previously known as GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車公司)), a limited liability company incorporated in the PRC
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, in which the Company holds 30% equity interests
“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC Trumpchi”	GAC Motor Co., Ltd. (廣汽傳祺汽車有限公司) (formerly known as GAC Motor Co., Ltd. (廣汽乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽匯理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Crédit Agricole Personal Finance & Mobility
“GAC-SOFINCO Leasing”	GAC-SOFINCO Financial Leasing Co., Ltd. (廣州廣汽匯理融資租賃有限公司) (formerly known as Guangzhou GAC Leasing Co., Ltd. (廣州廣汽融資租賃有限公司)), a limited liability company incorporated in February 2004 under PRC law, being a jointly controlled entity of the Company and Crédit Agricole Personal Finance & Mobility
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC in October 2000 and the controlling shareholder of the Company
“Group” or “GAC Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares with nominal value of RMB1.00 each in the ordinary share capital of the Company which are listed on the Stock Exchange (Stock Code: 2238)
“HEV”	hybrid electric vehicles

## DEFINITIONS

“Huawei”	Huawei Technologies Co., Ltd.
“independent director”	has the same meaning as that of independent non-executive director
“IMPOW Battery”	IMPOW Battery Technology Co., Ltd. (因湃電池科技有限公司), a subsidiary incorporated in October 2022 under PRC law
“JD”	JD.com, Inc.
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Lisheng Technology”	Lisheng Automotive Technology (Guangzhou) Co., Ltd. (立昇汽車科技(廣州)有限公司), established in June 2023 under PRC law by the Company, GAC Component and Luxshare Precision Industry Co., Ltd., and in which the Company and its wholly-owned subsidiary, GAC Component collectively hold 45% equity interests
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company, the shares of which are listed on the Stock Exchange (Stock Code: 9680), in which the Group indirectly holds 12.84% equity interests
“PHEV”	plug-in hybrid electric vehicles
“PRC” or “China”	the People’s Republic of China
“REEV”	range extend electric vehicle
“reporting period”	for the twelve months ended 31 December 2025

## DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), a subsidiary established in October 2022 under PRC law
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“Share(s)”	A Share(s) or H Share(s)
“Shareholder(s)”	holder(s) of the Company’s share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to “subsidiary” under the Listing Rules
“Supervisory Committee”	the supervisory committee of the Company
“SUV”	sports utility vehicle
“Tencent”	Tencent Holdings Ltd.
“UPOWER Energy”	UPOWER Energy Technology (Guangzhou) Co., Ltd. (優湃能源科技(廣州)有限公司) (formerly known as Guangzhou GAC Business Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司)), a wholly-owned subsidiary of the Company established in September 2010 under PRC law
“Urtrust Insurance”	Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, in which the Company directly and indirectly holds a total of 53.55% equity interests
“Wuyang Honda”	Wuyang Honda Motors (Guangzhou) Co., Ltd. (五羊—本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.

