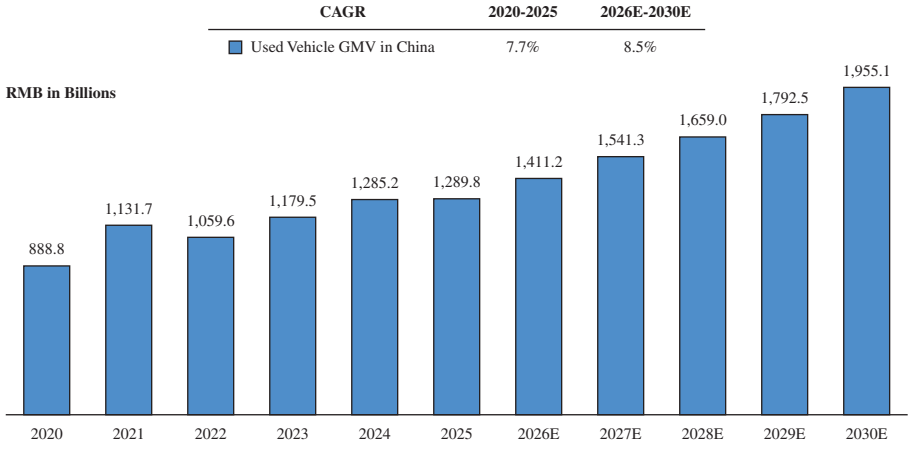
Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and a report commissioned by us and prepared by an independent third party, Frost & Sullivan. The information from official government sources has not been independently verified by us, the [**REDACTED**]*, Sole Sponsor, Overall Coordinators,* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S USED VEHICLE MARKET

China has been the world's largest automotive market in terms of new vehicle sales since 2009, which provides the foundation for used vehicle transactions. China's used vehicle market has expanded steadily in recent years, notwithstanding a temporary disruption in 2022 caused by macroeconomic headwinds, logistics constraints and restrictions on offline commercial activities, and has recovered strongly from 2023 onward in line with broader economic and consumption recovery. Looking ahead, it is expected to exhibit high-quality market growth with structural shifts as described in the following sections.

The chart below shows the market size of China's used vehicles in terms of transaction value measured by GMV:

Used Vehicle GMV in China, 2020-2030E

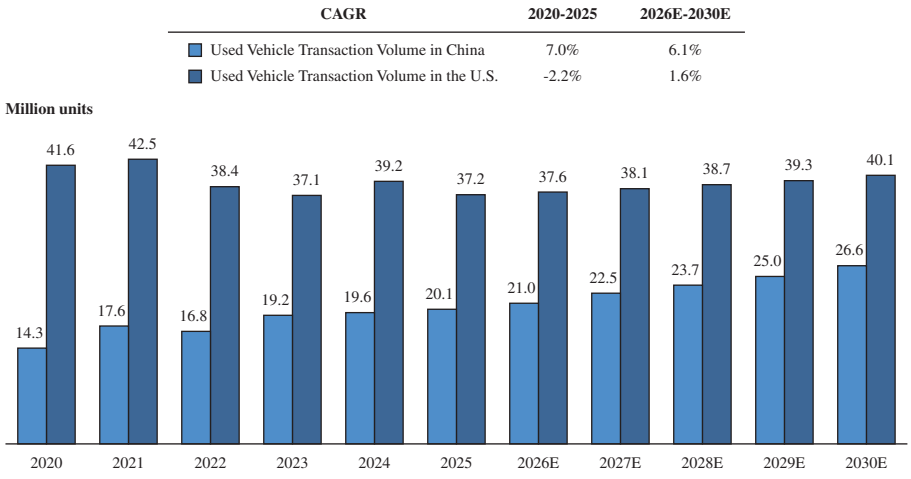


Note: The used vehicle GMV equals the average selling price multiplied by the used vehicle transaction volume.

Source: CADA, Frost & Sullivan Analysis

China is the world's second-largest used vehicle market in terms of GMV and transaction volume in 2025, after only the United States, and is also one of the fastest-growing major markets globally. The chart below shows the comparison of used vehicle markets in China and the U.S. by transaction volume:

Used Vehicle Transaction Volume in China and the U.S., 2020-2030E



Source: U.S. Department of Transportation, CADA, Frost & Sullivan

The growth of China's used vehicle market is driven by a combination of supply- and demand-side factors: i) improved vehicle quality, durability and maintenance, which have extended vehicle lifespan and led to a more stable supply of used vehicles; ii) continued structural upgrades in the new vehicle market, with a rising share of mid- to high-end models and sharper price stratification, which increases the transaction value potential of used vehicles; iii) policy and regulatory reforms, including the removal of vehicle relocation restrictions, the promotion of cross-regional registration and electronic record systems, and the progressive standardization of tax, invoicing and registration compliance, which have improved transaction efficiency, transparency and traceability; and iv) evolving consumer habits, as younger consumers demonstrate greater acceptance of pre-owned goods and a stronger preference for value, supporting further penetration of used vehicle purchases. Together, these factors are accelerating the industry's transition from fragmented regional transactions toward a more standardized nationwide market.

Pain Points of China's Used Vehicle Market

While China's used vehicle market has reached considerable scale, it still falls behind developed markets, such as the United States, in terms of a lower used-to-new vehicle transaction ratio and a lower annual transaction volume relative to passenger vehicle ownership. This gap is primarily attributable to four structural pain points: i) information asymmetry and inconsistent inspection standards, stemming from fragmented vehicle history records and the absence of unified inspection practices; ii) limited pricing transparency and the lack of reliable benchmarks, given regional disparities, varying vehicle conditions and fluctuations in new vehicle prices; iii) inconsistent transaction processes, with key functions such as transfer, delivery and after-sales often handled by different parties under different standards; and iv) a highly fragmented dealer landscape dominated by small operators with limited capital, digital capabilities and cross-regional fulfillment capacity. Collectively, these factors elevate transaction costs, reduce pricing efficiency, lengthen consumer decision cycles, constraining the market's further development.

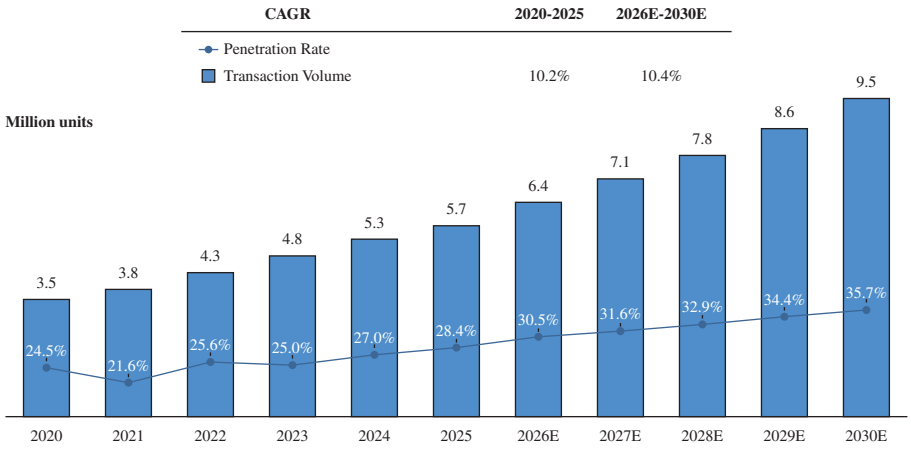
In response to these pain points, digital used vehicle transaction platforms have emerged by streamlining the operating procedures — including inspection, pricing, contracts, transfer, and after-sales — into more standardized and transparent processes. Such platforms help reduce information asymmetry and enhance overall efficiency of the used vehicle market.

OVERVIEW OF CHINA'S USED VEHICLE TRANSACTION PLATFORM

Used vehicle transaction platforms are platforms that facilitate B2C, C2C, B2B and other used vehicle transactions through uniform rules, standardized tools and end-to-end service. They typically cover key processes such as transaction origination, vehicle inspection, contract signing and payment settlement, ownership transfer and delivery, after-sales service and dispute resolution, forming a traceable closed-loop transaction process. Further supported by the favorable policy and market tailwinds, used vehicle transaction platforms have continued to penetrate China's overall used vehicle market.

The chart below sets out the market size and penetration rate of China's used vehicle transaction platforms by transaction volume.

Market Size and Penetration Rate of Used Vehicle Transaction Platform in China, by Transaction Volume, 2020-2030E

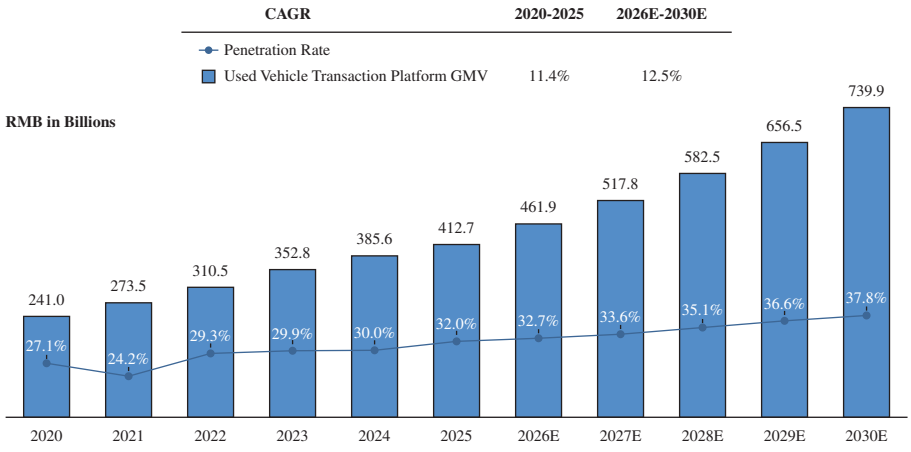


Note: The penetration rate is defined as the total transaction volume generated by used vehicle transaction platforms expressed as a percentage of China's total used vehicle transaction volume.

Source: CADA, Frost & Sullivan Analysis

Driven by growth in both transaction volume and per vehicle value, the GMV of China's used vehicle transaction platforms has grown significantly. Looking ahead, it is expected to maintain steady growth. The chart below sets out the GMV and penetration rate of used vehicle transaction platforms in China.

Used Vehicle Transaction Platforms GMV and Penetration Rate in China, 2020-2030E



Note: The penetration rate is defined as the total GMV generated by used vehicle transaction platforms expressed as a percentage of China's total used vehicle GMV

Source: CADA, Frost & Sullivan Analysis

Based on vehicle ownership, customer profile, quality control, and fulfillment approach, China's used vehicle transaction platforms can be broadly classified into four business models: i) self-operated B2C platforms, which independently source and hold inventory, conduct standardized inspections and vehicle re-conditioning, apply rule-based pricing, and provide relatively unified delivery, warranty and after-sales services; ii) B2C brokerage platforms, which generally do not hold inventory and instead facilitate merchant listings and fulfillment, with inspection, pricing and service standards varying by merchant; iii) C2C brokerage platforms, which primarily facilitate direct transactions between individual sellers and buyers, with individually-negotiated pricing and more flexible fulfillment; and iv) B2B wholesale platforms, which primarily serve dealer transactions through auction or escrow arrangements and typically feature more standardized inspection, transaction and settlement processes.

These business models have evolved alongside the development of China's used vehicle transaction platform industry, serving different stages of market development and different customer segments, while sharing the common objective of addressing longstanding industry pain points such as opaque vehicle conditions, uncertain pricing and fragmented transaction processes. Among these models, the self-operated model has increasingly demonstrated structural advantages, as it enables platforms to exercise greater control over vehicle sourcing, inspection, re-conditioning, pricing, delivery and after-sales services throughout the transaction process.

In particular, by directly sourcing and holding inventory, conducting centralized inspection and vehicle re-conditioning, and applying rule-based pricing mechanisms, self-operated platforms are able to bring key quality control and information disclosure processes forward in the transaction journey. Standardized vehicle inspection procedures, transparent condition reports, electronic contracts, offline showroom delivery and after-sales protection services help improve vehicle traceability, transaction transparency and customer trust. Supported by nationwide store networks and cross-regional inventory allocation capabilities, self-operated platforms can also enhance supply-demand matching efficiency across cities and regions. As full-process digitalized operations continue to deepen, the self-operated

model is expected to further strengthen its integrated capabilities in controllable vehicle sourcing, transparent pricing, standardized fulfillment, network coordination and service integration, thereby supporting a more sustainable operating cycle across sourcing, pricing, delivery and after-sales service.

Entry Barriers to China's Used Vehicle Transaction Platform Industry

- **Standardized Quality Control Systems.** Used vehicles are inherently non-standardized assets. Scaled operations require standardized admission, inspection and reconditioning procedures, supported by warranty terms, clearly defined return and exchange policies, and digital vehicle records covering maintenance, repair and accident histories. These capabilities are essential to quality control, especially in cross-regional transactions, but will require sustained investment in tools, equipment and skilled technicians, creating a competitive barrier for new entrants.

- **Integrated Online-Offline Fulfillment and Offline Network Density.** While vehicle listing, consultation and contracting can be completed online, test drives, delivery, transfer registration and after-sales services will still require offline locations. Nationwide expansion therefore requires a standardized store network and local service team. Without sufficient offline density and operational execution, large-scale market penetration is difficult to achieve.

- **Data-Driven Pricing and Turnover Management.** Effective pricing is contingent on large amounts of transaction data, multi-source information integration and rigorous decision-making frameworks. Combined with inventory optimization and cross-regional allocation, these capabilities shorten sales cycles, reduce price volatility and thereby improve unit economics.

- **Efficient Customer Acquisition and Brand Reputation.** In a high-value, low-frequency market such as used vehicles, conversion, repeat purchases and referrals are determined by a stable flow of high-quality leads, disciplined customer acquisition and consistent service delivery. Sustained reliability in fulfillment and after-sales compounds into brand equity, reducing long-term reliance on marketing spend. Conversely, negative incidents carry strong spillover effects and may pose threats to reputation that takes time to build.

- **Stable and Disciplined Vehicle Supply.** High-quality vehicle supply varies significantly by region, model and price range. Stable direct sourcing channels — such as consumer trade-ins and institutional or manufacturer partnerships — form the foundation for quality supply. Disciplined management of model mix, vehicle age and price ranges is necessary to balance margin with turnover efficiency. New entrants lacking such supply chain capabilities often struggle to build scale and quality in their vehicle base.

- **Capital Strength, Organizational Capabilities and Governance.** The self-operated inventory model requires substantial working capital and strong controls over inventory. Cross-regional expansion also depends on standardized organizational structures, training systems, incentive frameworks and compliance procedures. Together, these form a durable governance framework and raise entry barriers for new participants.

Growth Drivers for China's Used Vehicle Transaction Platform Industry

- **Favorable Policies and Institutional Improvement.** Regulatory reforms — including the removal of vehicle relocation restrictions and the rollout of cross-regional registration and electronic record systems — have materially shortened transaction completion times. Streamlined tax and invoicing requirements have reduced compliance costs, while clearer platform governance rules and defined responsibility frameworks provide institutional support for sustained industry growth.

- **Stable Supply and Structural Optimization.** Continued growth in passenger vehicle ownership and accelerating vehicle generational upgrade have ensured a steady release of high-quality vehicles into the market. The rising proportion of used vehicle sourced from financial institutions and large dealers has further strengthened the supply base for platforms, enabling centralized online display and cross-regional matching.

- **Established Digital Infrastructure.** High penetration of mobile internet, online payments and digital identity verification has enabled the migration of traditionally offline steps — including vehicle viewing, pricing inquiries, contract signing and invoicing — to online channels. The adoption of electronic contracts and invoices has improved transaction efficiency. Easy access to digital information has expanded consumer reach and deepened pre-purchase engagement.

- **Process Standardization.** Uniform vehicle inspection procedures, templated condition reports and traceable maintenance records effectively reduce information asymmetry. Data-driven pricing based on large samples of historical transaction data narrows the gap between listed and final prices, improving negotiation efficiency and shortening consumer decision cycles.

Future Trends of China's Used Vehicle Transaction Platform Industry

- **Deepening Standardization and Compliance.** The industry is transitioning from fragmented brokerage models toward more standardized and structured operations. Regulations governing vehicle inspection, reconditioning, warranty coverage, and registration and transfer procedures will become increasingly detailed, with clearer documentation trails and more precisely defined responsibility boundaries.

- **Accelerating Online-Offline Integration.** Online platforms handle display, consultation and contract execution, while offline stores manage test drives, delivery and after-sales service. The integration between these two channels is deepening progressively. Shared inventory and cross-regional allocation enhance matching efficiency, elevating offline stores' role as dedicated fulfillment hubs.

- **Data-Driven and AI-enabled Pricing and Operations.** Leveraging historical transaction data and regional supply-demand dynamics, platforms are enhancing the transparency and timeliness of pricing decisions, narrowing the gap between listed and final prices. Simultaneously, the application of generative AI is improving vehicle recognition, text structuring, image quality enhancement and pricing model training. Intelligent risk control and decision support systems are shortening decision chains, enabling more robust turnover management.

- **Structural Upgrades and Branded Operations.** The rise in mid- to high-end vehicle supply, driven by consumption upgrades and increasing vehicle replacement frequency, is expected to further increase the proportion of relatively newer vehicles. Expansion of certified and branded store networks will deliver more consistent service experience, which is expected to improve transaction completion rates and foster repeat purchases and referrals.

Competitive Landscape for China's Used Vehicle Industry

Based on 2025 GMV, China's used vehicle transaction platform market remains highly fragmented, with the top five players collectively holding only 14.5% market share. Market participants can broadly be divided into national platforms and regional platforms, with national platforms dominating the market by virtue of their brand recognition, end-to-end digital capabilities and fulfillment capacity. Competition among leading players centers on several dimensions, including access to high-quality vehicle supply, vehicle inspection and pricing capabilities, online traffic management, offline network coverage, and value-added services.

In 2025, we ranked first among used vehicle transaction platforms in China with a GMV of RMB15.5 billion, representing a 3.8% market share.

2025 China Used Vehicle Transaction Platform Market Rankings by GMV

Rank	Company Name	GMV of 2025 (billion RMB)	Market Share (%)
1	**Our Group**	**15.5**	**3.8%**
2	Company A	15.2	3.7%
3	Company B	11.8	2.9%
4	Company C	10.0	2.4%
5	Company D	7.5	1.8%
	Total	60.0	14.5%

Source: Frost & Sullivan

Note:

(1) "GMV" refers to the gross merchandise value of used vehicle transactions in 2025, including the value of used vehicles sold and revenue generated from related value-added services, expressed in RMB billions.

(2) Company A: A Beijing-headquartered private company founded in 2015, principally engaged in the operation of an online used vehicle transaction platform with integrated transaction services.

(3) Company B: A Qingdao-headquartered private company founded in 2021, principally engaged in used vehicle ecosystem services and the operation of a used vehicle transaction platform with related inspection, reconditioning and transaction services.

(4) Company C: A Shenzhen-headquartered private company founded in 1999, principally engaged in the retail of mid- to high-end used vehicles and related transaction services.

(5) Company D: A Beijing-headquartered private company founded in 2008, principally engaged in used vehicle transaction services, including online vehicle brokerage, dealer network operations and related transaction support services.

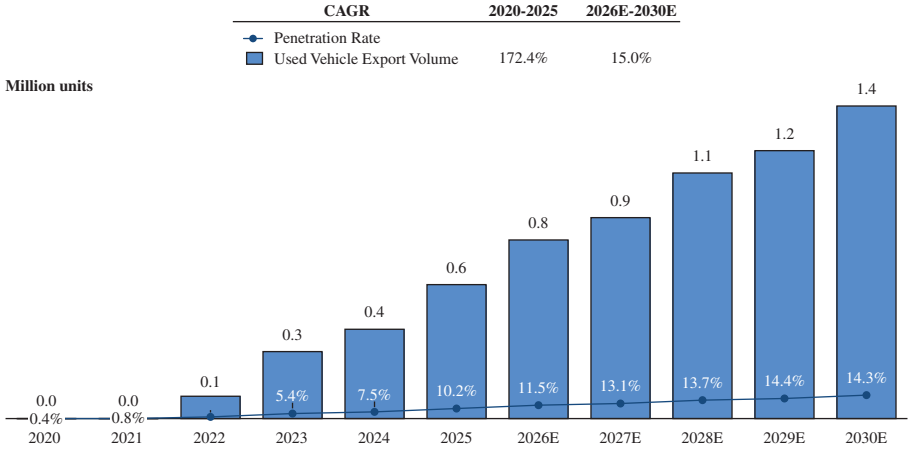
OVERVIEW FOR CHINA'S USED VEHICLE EXPORT MARKET

After decades of development, China's automotive industry has established a comprehensive ecosystem spanning research and development, manufacturing and supply chain infrastructure. Production and sales volumes have consistently ranked first globally since 2009, and export capabilities have also expanded. In 2025, China's automotive exports reached 6.6 million vehicles, surpassing Japan for the third consecutive year as the world's largest automotive exporter. Within the export mix, passenger vehicles accounted for a rising proportion, and new energy vehicle models notably expanded their share. Destination markets have also broadened beyond neighboring countries to the Middle East, Latin America, Africa and Eastern Europe.

Against this backdrop, used vehicle exports have evolved from initial pilot programs toward more standardized, market-driven operations. On the supply side, China's large and growing vehicle stock, combined with accelerating generational upgrade cycles, is releasing a substantial pool of exportable inventory. On the demand side, destination markets are exhibiting stronger appetite for cost-effective and new energy models.

The chart below shows the export volume of both used and new vehicles from China:

Used Vehicle Export Volume in China, 2020-2030E



Source: China Association of Automobile Manufacturers, Frost & Sullivan Analysis

Market Trend of China's Used Vehicle Export Market

- **Platform-based Operations.** The market is transitioning from fragmented trading activities toward integrated solutions covering the full process of vehicle sourcing, preparation, export and after-sales. Export participants are evolving into platform operators equipped with inspection and preparation centers, unified quality standards and standardized compliance frameworks. Local partner networks and after-sales support in destination markets are progressively being integrated into these solutions.

- **Product Structure Upgrading.** Durable, fuel-efficient vehicles remain the foundation of the export mix, while new energy vehicles and compact SUVs are steadily gaining market share. Pure electric, plug-in hybrid and compact SUV exports are growing steadily, reflecting the broadening appeal of Chinese new energy models in international markets.

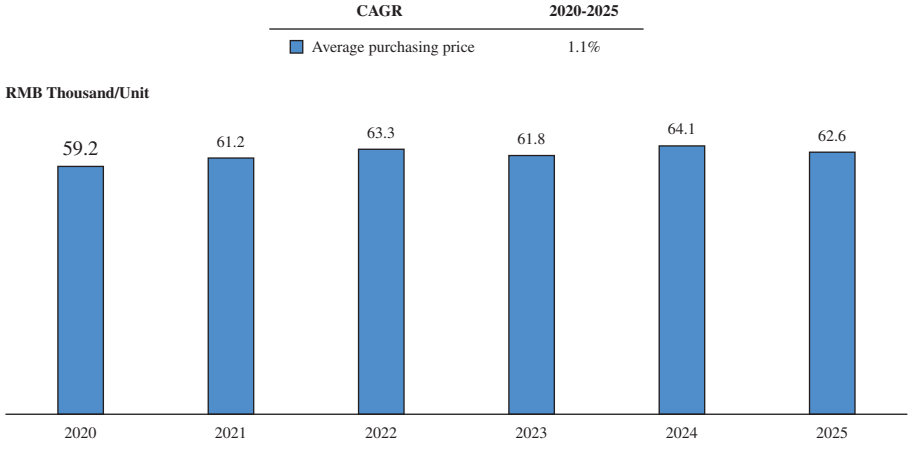
- **Service and Digital Extension.** The industry's focus is shifting from vehicle sales alone toward comprehensive lifecycle support. Pre-export quality inspection and refurbishment are being tailored to align with destination market regulations and consumer expectations, while warranty coverage, spare parts supply, online maintenance records, remote diagnostics and secondary resale platforms are emerging as value-added services. Digital documentation, end-to-end traceability and in-transit visibility are enhancing fulfillment efficiency and risk management.

AVERAGE PURCHASING PRICE OF USED VEHICLES IN CHINA

From 2020 to 2025, the average purchasing price of used vehicles in China remained broadly stable with limited fluctuation, increasing from RMB59.2 thousand to RMB62.6 thousand per unit, representing a CAGR of approximately 1.1%. Prices rose from 2020 to 2022, mainly supported by improving vehicle supply quality and a higher share of mainstream passenger vehicle transactions. Prices softened in 2023 as intensified new vehicle price cuts, adjustments in market pricing expectations for used vehicles and narrowing dealer gross margins led to more cautious procurement pricing. In 2024, prices rebounded to RMB64.1 thousand per unit, supported by improving supply of higher-quality and newer used vehicles. The slight decline in 2025 was mainly driven by continued new vehicle pricing pressure, reduced dealer margins, a higher share of lower-priced transactions and faster inventory digestion. Looking ahead, although continued new vehicle price competition and dealer margin pressure may weigh on used vehicle pricing in the short term, improving vehicle quality and a growing share of newer models are expected to support overall price stability.

The chart below sets out the average purchasing price of used vehicles in China from 2020 to 2025.

Average Purchasing Price of Used Vehicles in China, 2020-2025



Source: CADA, Frost & Sullivan Analysis

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting to conduct a detailed research (the "**Frost & Sullivan Report**") on and analysis of the used vehicle market in China. We agreed to pay Frost & Sullivan a total fee of approximately RMB600,000. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

The Frost & Sullivan Report was compiled based on the following assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent's information and views against those of others: (i) secondary research, which involved reviewing published sources including national statistics, annual reports of listed companies, industry reports and data based on Frost & Sullivan's own research database; and (ii) primary research, which involved in-depth interviews with the industry participants.

Frost & Sullivan's projections are made based on various market determinants and their coefficients assigned to a market which indicate their relative importance. The market determinants represent both subjective assumptions and objective factors, therefore, the projected data may not be consistent with the real data.