



中升集團控股有限公司

ZHONGSHENG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 881



ANNUAL REPORT 2025

Zhongsheng Group 中升集團

Lifetime 終生夥伴

 Partner

CONTENTS

2	Corporate Information
3	Letter from Senior Leadership
10	Management Discussion and Analysis
17	Environmental, Social and Governance Report
52	Corporate Governance Report
69	Directors and Senior Management
74	Report of the Directors
86	Independent Auditor's Report
91	Consolidated Statement of Profit or Loss
92	Consolidated Statement of Comprehensive Income
93	Consolidated Statement of Financial Position
95	Consolidated Statement of Changes in Equity
96	Consolidated Statement of Cash Flows
98	Notes to Financial Statements
192	Financial Summary



CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Huang Yi (*Chairman*)
Mr. Li Guoqiang (*President and Chief Executive Officer*)
Mr. Zhang Zhicheng
Mr. Tang Xianfeng
Ms. Zhou Xin
Mr. Yu Jian (appointed on 26 March 2026)
Ms. Yu Ning (resigned on 26 March 2026)

NON-EXECUTIVE DIRECTORS

Mr. Chan Ho Yin (resigned on 2 April 2026)
Mr. Sun Yanjun (resigned on 23 January 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chin Siu Wa Alfred
Mr. Li Yanwei
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Bai Fengjiu (appointed on 19 December 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)
Mr. Ying Wei (resigned on 19 December 2025)

CORPORATE HEADQUARTERS

No. 44, Binhai East Road
Zhongshan District
Dalian
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1803-09
18th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road, Grand Cayman
KY1-1205
Cayman Islands

LEGAL ADVISERS AS TO HONG KONG LAW

Allen Overy Shearman Sterling
9th Floor, Three Exchange Square
Central
Hong Kong

COMPANY SECRETARY

Ms. Yao Zhenchao

AUTHORISED REPRESENTATIVES

Mr. Huang Yi
Ms. Yao Zhenchao

AUDIT COMMITTEE

Mr. Bai Fengjiu (*Chairman*)
(appointed on 19 December 2025)
Mr. Ying Wei (*Chairman*)
(resigned on 19 December 2025)
Mr. Chin Siu Wa Alfred
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)

REMUNERATION COMMITTEE

Mr. Chin Siu Wa Alfred (*Chairman*)
Mr. Li Guoqiang
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)

NOMINATION COMMITTEE

Ms. Cheng Po Chuen (*Chairman*) (appointed on 8 April 2025)
Mr. Shen Jinjun (*Chairman*) (resigned on 8 April 2025)
Mr. Huang Yi
Mr. Chin Siu Wa Alfred

COMPLIANCE COMMITTEE

Mr. Tang Xianfeng (*Chairman*)
Mr. Huang Yi
Mr. Li Guoqiang

RISK COMMITTEE

Mr. Zhang Zhicheng (*Chairman*)
Mr. Huang Yi

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Tang Xianfeng (*Chairman*)
Mr. Zhang Zhicheng

BRANCH SHARE REGISTRAR IN HONG KONG

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

STOCK CODE

881

AUDITORS

Ernst & Young
Certified Public Accountants and Registered Public
Interest Entity Auditor under the Accounting and
Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LETTER FROM SENIOR LEADERSHIP



Dear Honourable Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Zhongsheng Group Holdings Limited (“**Zhongsheng**” or the “**Company**”), we are very pleased to present the annual results report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025.

MARKET REVIEW

Amidst geopolitical tensions and intensified international trade frictions, China’s economy forged ahead under multiple pressures in 2025. Although economic growth achieved its target, deflationary pressure on domestic consumption remained. The Consumer Price Index (CPI) stayed flat year-on-year, indicating insufficient consumption momentum. This was particularly evident in the total retail sales of automobiles, which declined by 1.5% year-on-year, contrasting sharply with the 3.7% positive growth in total retail sales of consumer goods.

Against this macroeconomic backdrop, China’s passenger vehicle market exhibited distinct characteristics of stable sales volume, structural divergence, compressed profitability, and reshaping of market order. The number of newly insured passenger automobiles showed a “rise then fall” trend throughout the year. In the first half, driven by ongoing government stimulus through trade-in programs, sales increased by 7.9% year-on-year. However, in the second half, as subsidy policies gradually tapered off and the effect of pulled-forward demand emerged, passenger automobiles weakened significantly. There were 23.28 million newly insured automobiles for the full year, a marginal decline of 0.5% year-on-year. It was also the first time that domestic new energy vehicle (NEV) sales surpassed those of internal combustion engine (ICE) vehicle, with the NEV penetration rate reaching 53.2%.

Intense market competition pushed brand dynamics into a phase of fundamental restructuring. Traditional joint venture brands accelerated their strategic transformation, re-evaluating their electrification strategies, expediting their smart technology deployment, and strengthening local supply chain integration. They actively adapted to market changes by adjusting manufacturer suggested retail prices and employing digital marketing to solidify their market share. Meanwhile, NEV brands, leveraging precise insights into user needs and rapid product iteration, continued to capture market share and progressively expand their competitive advantage. While the competition among brands in the automotive industry has been intensifying, the market landscape remains unsettled as all players continue adjusting their strategies and addressing their own weaknesses.

The ongoing rivalries in the new car market accelerated industry consolidation, subjecting dealer groups to unprecedented challenges in 2025. Amidst pervasive price wars and persistent operational pressures, dealers with weak fundamentals and inefficient operations exited the market at an accelerated pace. Original Equipment Manufacturers (OEMs) proactively optimized their dealer networks to enhance channel efficiency and quality, leading to significant reductions in the number of mainstream luxury brand dealerships during the year. The partnership dynamics between OEMs and dealers entered a period of profound restructuring. Market share continued to concentrate among leading dealer groups with solid financial standing, high operational efficiency, and superior network presence.

The steady growth in car parc provided a solid foundation for the development of the automobile after-sales market. In 2025, the car parc in China steadily increased to over 370 million, underscoring the growing value of after-sales services. Collision repair, a key contributor to after-sales revenue, saw its market continuously expand, driven by the growing car parc, persistently high accident rates, and steady growth in claim value per vehicle. According to data from the National Financial Regulatory Administration and industry statistics, national auto insurance premium scale reached RMB940.9 billion in 2025, a year-on-year increase of 3.0%, while the compensation ratio rose by 0.7 percentage points to 74.8%. Concurrently, third-party data indicated that in 2025 the volume of body-and-paint repair services grew by 9.1% year-on-year, reflecting sustained market demand.

Diving into the automobile after-sales market landscape, industry trends present significant opportunities for quality service providers. Some NEV brands, utilizing showroom models, tend to allocate more resources to front-end sales, leaving their after-sales services systems underdeveloped and presenting insufficient coverage. Traditional brand 4S stores networks are visibly shrinking. Since 4S stores traditionally held a 70% share of the collision repair market, their contraction releases substantial pent-up repair demand for traditional brand automobiles. These industry shifts present significant market opportunities for brand-agnostic service providers like Zhongsheng. Concurrently, rising consumer demand for branded, professional, and transparent automotive after-sales services providers is triggering the consolidation of the automobile after-sales market towards quality service providers, potentially leading to higher industry concentration.

BUSINESS REVIEW AND OUTLOOK

NEW AUTOMOBILE BUSINESS

In 2025, leveraging timely and effective optimization of its brand portfolio — solidifying its foundation with traditional brands while capturing incremental growth from NEV brands — Zhongsheng achieved new automobile sales of 497 thousand units, a year-on-year increase of 2.5%. The proportion of luxury brand sales increased to 62.6%, while the AITO brand contributed 8.2%, offsetting the decline in traditional ICE vehicle sales.

However, due to negative margin between purchase and sales price of traditional brand new automobiles, coupled with OEM subsidies being concentrated in the latter part of the year and insufficient to cover price inversion, our new car gross profit remained negative. The complete discontinuation of “high interest, high rebate” financing products by financial institutions at the end of June caused a sharp decline in finance commission income, a key component of new vehicle cross-selling profit, further dragging down overall new vehicle profitability. Consequently, the aggregate profit from the new car business hovered near break-even for the year.

Since the second half of 2024, we have undergone large-scale adjustments to our store network, implementing closures, suspensions, mergers, and rebranding for 50 underperforming stores and redundant stores of the same brand within the same city. Concurrently, we persisted in enhancing local market concentration and density, focusing on optimizing premises operational efficiency. We opened a total of 104 new facilities, including 84 dealership stores and 20 collision centers. By the end of 2025, Zhongsheng’s branded store count reached 453, complemented by 46 collision centers.

Moving forward, in terms of brand structure and network distribution, we will continue to deepen our development path focused on high quality, high efficiency, and high profitability, steadfastly advancing network optimization and upgrades. We will further close underperforming stores, dynamically adjust procurement and sales strategies based on the profitability of various brands and models, and cease procurement and sales of loss-making models as appropriate, aiming to comprehensively enhance overall network profitability quality and asset efficiency. We will continue to increase our market share and influence in advantageous brands, with a greater focus on markets where we hold a dominant local position.

Simultaneously, we are accelerating our embrace of opportunities in the NEV sector. Building on the successful operational experience with the AITO brand, we will further expand our presence with Huawei ecosystem automotive brands and extend strategic cooperation with the Geely ecosystem. Our goal is to achieve a multiple-fold increase in the number of NEV stores by the end of 2026.

PRE-OWNED AUTOMOBILE BUSINESS

Zhongsheng's pre-owned automobile business achieved sales of 221 thousand units in 2025, a slight decline of only 2.2%. However, the average price per vehicle fell by 17.6% to RMB56 thousand, and gross profit per vehicle halved. Although external factors impacting pre-owned automobile profitability persist, such as increased residual value volatility due to new car price wars and a surge in older, lower-value automobiles driven by trade-in policies, the market environment remains less than ideal for significant expansion of the pre-owned automobile business. Nonetheless, Zhongsheng continues to pioneer effective new models, exploring NEV pre-owned automobile specialty stores in pilot cities and gradually advancing centralized urban pre-owned automobile retail centers alongside brand-specific pre-owned automobile operations. By continuously refining processes and honing capabilities, we ensure to achieve no-loss sales on a per-unit basis.

AFTER-SALES SERVICES BUSINESS

In 2025, amidst external challenges of industry structural adjustment and intensified market competition, Zhongsheng's after-sales services business adhered to a development direction focused on high quality, optimal structure, and enhanced efficiency. Its operational quality and profitability improved in tandem, demonstrating robust and resilient performance overall.

The after-sales services business maintained steady growth throughout the year, with revenue increasing by 4.1% year-on-year. Gross profit grew by 8.2% year-on-year, with profit growth outpacing revenue growth, reflecting the continuous optimization of the after-sales services structure and strengthening profitability. During the reporting period, the number of service shop visits increased marginally by 0.2% year-on-year. The slowdown in growth was primarily attributed to a decrease in the number of lower-yield, lower-gross-margin OEM warranty business. In contrast, collision repair visits, characterized by higher per-unit revenue and gross margin, grew by nearly 10.0%. The after-sales services structure became healthier, with continuous improvement in per-unit revenue and gross margin levels, laying a more solid foundation for long-term, high-quality development in the after-sales services business.

We continue to deepen our cross-brand, centralized service integration model, consistently enhancing customer experience and operational efficiency. In 2025, Zhongsheng's collision centers effectively increased the volume of external automobiles serviced. Throughout the year, customers who did not purchase new automobiles from Zhongsheng contributed more than a third of collision repair visits. Going forward, Zhongsheng will optimize and streamline its smaller "store-in-store" service outlets, focusing on core cities and prioritizing the establishment of large-scale, independent collision centers. This strategy aims to fully leverage the vast customer resources and auto insurance policy advantages within regions, creating a synergistic cycle of growth in customer scale, insurance premium scale, and collision repair scale. For regular maintenance and repair services, Zhongsheng will streamline its business processes to deliver more tailored and cost-effective after-sales services to customers.

CUSTOMER OPERATIONS AND COST & EFFICIENCY MANAGEMENT

Since 2023, Zhongsheng has fully integrated digital tools for customer relationship management and upgraded automotive services to a cross-brand operational model, maximizing customer acquisition, retention, and conversion.

Our Zhongsheng Go membership platform, utilizing membership points, electronic coupons, and online promotions for popular products, helps us monitor and maintain customer activity, further enhancing customer loyalty. Concurrently, we have built a professional and efficient new media operations system, deeply mining lead value to achieve efficient conversion and precisely empowering new vehicle and introducing automobile after-sale market business. Through over 30 customer service centers nationwide, we provide dedicated Zhongsheng brand services to existing and potential customers, achieving integration of offline store and online platform traffic. Over the past three years, our active customer base grew at a compound annual growth rate of 9.1%, reaching 4.6 million by the end of 2025. The Zhongsheng Go platform had 4.07 million subscribed members, nearly 11.62 million corporate WeChat contacts, over 4,500 new media accounts across all platforms, and more than 25.7 million new media followers. As our customer base continues to expand, the recognition of the “Zhongsheng” brand steadily increases, providing the strongest possible support for all strategic decisions regarding new vehicle brand portfolio and after-sales services.

Facing industry cyclical challenges, the company has adopted a core strategy focused on “optimizing efficiency and enhancing operational quality,” systematically implementing cost reduction and efficiency enhancement initiatives to solidify the foundation for long-term development.

In terms of premises utilization, the company is fully activating existing assets, enhancing space value through diversification methods such as subdivision, sharing, and repurposing. We are also considering converting some collision center showrooms into NEV brand showrooms, aiming to achieve a dual improvement in asset utilization rate and brand coverage.

In terms of management and operations, Zhongsheng promotes lean management, continuously simplifies store operational processes, and advances flatter management structure. We optimize business structure, focusing on core activities like automobile sales and after-sales services, and explore the outsourcing of non-core businesses. Concurrently, we optimize the human resources structure by redeploying personnel from traditional brand roles to new brands, reducing redundant positions, and sharing functional roles. For 2026, our two founders have decided to reduce their annual salaries to one yuan, demonstrating a firm commitment to overcoming challenges together with all employees and driving the company’s high-quality development.

Looking ahead, the transformation and upgrading of the automotive industry continue to deepen. Amidst the waves of brand evolution, channel restructuring, and technological change lie both challenges and new development opportunities. We will remain steadfast in our goal to establish Zhongsheng as “the most trusted automotive service brand for quality consumers.” Simultaneously, we will continue optimizing our portfolio matrix of traditional luxury and new energy brands, deepen refined channel operations and cost-efficiency initiatives, accelerate value creation in the automobile after-sale market, empower the full customer lifecycle with digitalization, and steadily progress towards our long-term development goals.

APPRECIATION

Throughout our journey, every step of Zhongsheng’s growth has been inseparable from the steadfast trust of our shareholders, the collaborative partnership with our allies, the dedicated efforts of all our employees, and, most importantly, the long-term trust and choices of our valued customers. On behalf of the Board, we would like to express our most sincere gratitude to all colleagues from various sectors who care about and support Zhongsheng’s development. In the future, Zhongsheng will always act with reverence and take solid steps, repaying expectations with more professional services, more robust operations, and superior performance. We will join hands with industry partners to collectively promote the high-quality development of the automotive industry, creating sustainable long-term value for our shareholders and society.

Huang Yi
Chairman

Li Guoqiang
President and Chief Executive Officer

Hong Kong, 26 March 2026



**HONESTY
AND
BRILLIANCE**



**DEDICATION
AND
INNOVATION**



**LIFETIME
PARTNER**

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended 31 December 2025 and 2024:

	2025 (Renminbi in millions, unless specified)	2024
Revenue	164,403.4	168,124.2
Cost of sales and services provided	(155,565.7)	(157,452.3)
Gross profit	8,837.7	10,671.9
Other income and gains, net	3,067.3	4,784.4
Selling and distribution expenses	(7,826.9)	(7,552.6)
Administrative expenses	(2,309.3)	(2,129.3)
Other expense	(2,291.2)	(99.9)
(Loss)/Profit from operations	(522.4)	5,674.5
Finance costs	(1,527.6)	(1,572.9)
Share of (losses)/profits of joint ventures and associates	(8.2)	1.8
(Loss)/Profit before tax	(2,058.2)	4,103.4
Income tax credit/(expense)	158.5	(1,032.5)
(Loss)/Profit for the year	(1,899.7)	3,070.9



	2025 (Renminbi in millions, unless specified)	2024
Attributable to:		
Owners of the parent	(1,673.3)	3,212.2
Non-controlling interests	(226.4)	(141.3)
	(1,899.7)	3,070.9

REVENUE

Revenue for the year ended 31 December 2025 was RMB164,403.4 million, representing a decrease of RMB3,720.8 million or 2.2% as compared to the year ended 31 December 2024. The following table sets forth the Group's revenue by different business segments for the years ended 31 December 2025 and 2024:

	2025 (Renminbi in millions, unless specified)	2024	Year-on-year change
New automobile sales	125,877.6	125,325.6	0.4%
Pre-owned automobile sales	12,423.9	15,417.3	(19.4%)
After-sales services	22,910.8	22,001.2	4.1%
Accessories and others	3,191.1	5,380.1	(40.7%)
Total revenue	164,403.4	168,124.2	(2.2%)

- Revenue from new automobile sales amounted to RMB125,877.6 million, representing an increase of RMB552.0 million or 0.4% as compared to the year ended 31 December 2024, remaining basically stable.
- Revenue from pre-owned automobile sales amounted to RMB12,423.9 million, representing a decrease of RMB2,993.4 million or 19.4% as compared to the year ended 31 December 2024, primarily due to the decline in the average selling price of pre-owned automobiles.
- Revenue from after-sales services (maintenance, warranty and collision) amounted to RMB22,910.8 million, representing an increase of RMB909.6 million or 4.1% as compared to the year ended 31 December 2024, which was primarily due to the structural change in the visits for after-sales services, which has led to an increase in average value per unit.
- Revenue from accessories and others amounted to RMB3,191.1 million, representing a decrease of RMB2,189.0 million or 40.7% as compared to the year ended 31 December 2024, primarily due to weaker consumer spending, which led to a decline in the transaction volume of both accessories and maintenance packages sold as cross-sell alongside new vehicle sales.

New automobile sales business accounted for a substantial portion of the Group's revenue, representing 76.6% (the year ended 31 December 2024: 74.5%) of the total revenue for the year ended 31 December 2025. Pre-owned automobile sales accounted for 7.5% of the total revenue for the year ended 31 December 2025 (the year ended 31 December 2024: 9.2%). Accessories and after-sales services business accounted for 15.9% of the total revenue for the year ended 31 December 2025 (the year ended 31 December 2024: 16.3%). During the year ended 31 December 2025, almost all of the Group's revenue was derived from business located in the PRC.

In terms of revenue from new automobile sales, Mercedes-Benz is the Group's top selling brand, with revenue from the sales of which representing 31.5% of the Group's total revenue from new automobile sales (the year ended 31 December 2024: 40.0%).

COST OF SALES AND SERVICES PROVIDED

Cost of sales and services for the year ended 31 December 2025 amounted to RMB155,565.7 million, representing a decrease of RMB1,886.6 million or 1.2% as compared to the year ended 31 December 2024. Such change was generally in line with the change in revenue.

GROSS PROFIT

The Group's gross profit for the year ended 31 December 2025 amounted to RMB8,837.7 million, representing a decrease of RMB1,834.2 million or 17.2% as compared to the year ended 31 December 2024. The following table sets out the Group's gross profit by different business segments for the years ended 31 December 2025 and 2024:

	2025 (Renminbi in millions, unless specified)	2024	Year-on-year change
New automobile sales	(3,708.9)	(3,208.4)	15.6%
Pre-owned automobile sales	535.1	1,229.8	(56.5%)
After-sales services	11,049.9	10,215.8	8.2%
Accessories and others	961.6	2,434.7	(60.5%)
Total gross profit	8,837.7	10,671.9	(17.2%)

- Gross loss from new automobile sales business amounted to RMB3,708.9 million, representing an increase of RMB500.5 million or 15.6% as compared to the year ended 31 December 2024, primarily due to intensified competition in the passenger vehicle market, steep discount offered at the retail end, and insufficient rebates provided by OEMs to cover the negative margins between dealer's purchase and sales price, resulting in the Group's continuous losses in new automobile sales.
- Gross profit from pre-owned automobile sales amounted to RMB535.1 million, representing a decrease of RMB694.7 million or 56.5% as compared to the year ended 31 December 2024, primarily due to the decline in the unit value of pre-owned automobiles during the period, which compressed profit margins.
- Gross profit from after-sales services (maintenance, warranty and collision) amounted to RMB11,049.9 million, representing an increase of RMB834.1 million or 8.2% as compared to the year ended 31 December 2024, primarily due to the structural change in the visits for after-sales services, which has led to an increase in average value per unit, and the increase in gross profit margin due to improvement of the cost structure.
- Gross profit from accessories and others amounted to RMB961.6 million, representing a decrease of RMB1,473.1 million or 60.5% as compared to the year ended 31 December 2024, primarily due to weaker consumer spending, which led to a decline in both transaction volume and gross profit margin for accessories and maintenance packages.

The Group's gross profit margin for the year ended 31 December 2025 was 5.4% (the year ended 31 December 2024: 6.3%).

OTHER INCOME AND GAINS, NET

The other income and gains mainly consisted of commission income, interest income and other gains and losses, etc. The other income and gains, net, for the year ended 31 December 2025 amounted to RMB3,067.3 million, representing a decrease of RMB1,717.1 million or 35.9% as compared to the year ended 31 December 2024.

Among which, the commission income (commission from automobile insurance, automobile financing and automobile registration services, etc.) amounted to RMB2,573.7 million for the year ended 31 December 2025, representing a decrease of RMB1,626.1 million or 38.7% as compared to the year ended 31 December 2024. Due to the impact of industry policies, the commission rebate rate for auto finance mortgages has declined, resulting in a significant drop in the Group's commission income from automobile financing.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended 31 December 2025 amounted to RMB7,826.9 million, representing an increase of RMB274.3 million or 3.6% as compared to the year ended 31 December 2024, primarily due to a slight increase in promotion and advertisement expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December 2025 amounted to RMB2,309.3 million, representing an increase of RMB180.0 million or 8.5% as compared to the year ended 31 December 2024, primarily due to the changes in exchange gains or losses.

OTHER EXPENSES

Other expenses amounted to RMB2,291.2 million for the year ended 31 December 2025, an increase of RMB2,191.3 million, or 2,193.5%, compared with the year ended 31 December 2024. This item relates to impairment of goodwill, and disposals and impairment of intangible assets. Considering the continued weakness in domestic consumption, the imbalance in supply and demand of passenger vehicles, intensified competition in the automotive industry, and the impact of the Group's store network adjustments in response to market changes, the Group has recognized impairment of goodwill, as well as disposals and impairment of intangible assets for certain cash-generating units with poor performance.

(LOSS)/PROFIT FROM OPERATIONS

The loss from operations for the year ended 31 December 2025 amounted to RMB522.4 million, as compared to the profit from operations of RMB5,674.5 million for the year ended 31 December 2024 primarily due to the aforementioned decline in gross profit and commission income, as well as the impact of the Group's provision for impairment on goodwill, for disposals and impairment of intangible assets. The operating loss margin for the year ended 31 December 2025 was 0.3% (the operating profit margin for the year ended 31 December 2024: 3.4%).

FINANCE COSTS

Finance costs for the year ended 31 December 2025 amounted to RMB1,527.6 million, representing a decrease of RMB45.3 million or 2.9% as compared to the year ended 31 December 2024. The change was insignificant and was mainly due to the decrease in interest-bearing liabilities.

SHARE OF (LOSSES)/PROFITS OF JOINT VENTURES AND ASSOCIATES

The share of net losses of joint ventures and associates amounted to RMB8.2 million for the year ended 31 December 2025, as compared to the share of net profits of joint ventures and associates of RMB1.8 million for the year ended 31 December 2024.

INCOME TAX CREDIT/(EXPENSE)

Income tax credit for the year ended 31 December 2025 amounted to RMB158.5 million, as compared to the income tax expense of RMB1,032.5 million for the year ended 31 December 2024, primarily attributable to an increase in deferred tax assets arising from losses incurred by various subsidiaries that can be utilised to offset future taxable profits, as well as a corresponding reversal of deferred tax liabilities resulting from the recognition of an impairment loss and disposals on intangible assets.

LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The loss attributable to owners of the parent for the year ended 31 December 2025 amounted to RMB1,673.3 million, as compared to the profit attributable to owners of the parent of RMB3,212.2 million for the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

CASH FLOW

The Group primarily uses cash to pay for new automobiles, pre-owned automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to newly establish, acquire and rebuild outlets. The Group finances its liquidity requirements mainly through a combination of cash flows generated from its operating activities, bank loans and other borrowings and other funds raised from the capital markets and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

The cash position of the Group as at 31 December 2025 and 31 December 2024 was as follows:

	2025 (Renminbi in millions, unless specified)	2024
Cash and cash equivalents	15,421.2	18,687.5
Cash in transit	79.9	60.0
Time deposits and pledged bank deposits	4,936.9	4,256.5
Total cash	20,438.0	23,004.0

As at 31 December 2025, the cash balance of the Group was RMB20,438.0 million, representing a decrease of RMB2,566.0 million in cash balance as compared to that as at 31 December 2024, which was mainly attributable to the cash flow used in financing activities. For the year ended 31 December 2024, the cash set aside in advance by the Group were utilised in the year ended 31 December 2025 to the repayment of the convertible bonds and the 2026 Bonds.

For the year ended 31 December 2025, the free cash flow generated by the Group was RMB5,931.3 million, which was attributable to the net cash flow from operating activities of RMB9,405.0 million, partially offset by the Group's net capital expenditures cash flow of RMB2,303.9 million and lease payments of RMB1,169.8 million.

CASH FLOW GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2025, the net cash generated from operating activities by the Group amounted to RMB9,405.0 million, representing an increase of RMB5,965.6 million as compared to that for the year ended 31 December 2024, which was mainly attributable to the release of working capital as a result of the decrease in inventories and the changes in trade receivables and bills payables and others.

CASH FLOW USED IN INVESTING ACTIVITIES

For the year ended 31 December 2025, the net cash used in investing activities by the Group amounted to RMB2,048.6 million, primarily used for the acquisitions of property, plant and equipment (fleet).

CASH FLOW USED IN FINANCING ACTIVITIES

For the year ended 31 December 2025, the net cash used in financing activities by the Group amounted to RMB10,597.5 million, primarily used for the repayment of bank loans and 2026 Bonds, redemption of convertible bonds, payment of lease, financing interest and dividend and others.

OTHER FINANCIAL INFORMATION

CAPITAL EXPENDITURES AND INVESTMENT

The Group's capital expenditures comprised of expenditures on property, plant and equipment (other than motor vehicles), land use rights and business acquisition. For the year ended 31 December 2025, the Group's total capital expenditures amounted to RMB1,496.5 million (for the year ended 31 December 2024: RMB1,356.7 million). Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2025.

INVENTORY ANALYSIS

The Group's inventories primarily consisted of new automobiles, pre-owned automobiles, spare parts and accessories. Generally, each of the store network of the Group individually manages the planning and orders for new automobiles and spare parts. To leverage scale advantage and centralisation efficiency, the Group also coordinates and aggregates orders for pre-owned automobiles, automobile accessories and other automobile-related products through its dealership network and centralised platform. The Group manages its orders and inventory levels through its information technology systems, including an Enterprise Resource Planning (ERP) system.

The Group's inventories decreased from RMB18,476.9 million as at 31 December 2024 to RMB17,934.5 million as at 31 December 2025, primarily due to the Group's adjustment and optimisation of its inventory structure.

The following table sets forth the average inventory turnover days of the Group for the periods indicated:

	For the year ended 31 December	
	2025	2024
Average inventory turnover days	36.7	35.1

The inventory turnover days of the Group showed an increase during the year ended 31 December 2025 as compared to the year ended 31 December 2024, which was mainly because the Group adjusted the level of its inventory to adapt to market changes. During the year ended 31 December 2025, the Group had taken effective measures in managing and reducing inventory level, and the Group still had a healthy level of average inventory turnover days, and the inventory mix will gradually optimise.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2025, the Group's bank loans and other borrowings amounted to RMB29,538.2 million (31 December 2024: RMB32,039.2 million). The decrease in the Group's bank loans and other borrowings during the year ended 31 December 2025 was primarily due to the decrease in inventory financing scale as a result of reduced inventory, and the Group continued to optimise its inventory financing channel structure. Additionally, the Group made an early repayment of its 2026 Bonds. The annual interest rates of the bank loans and other borrowings ranged from 1.0% to 6.0%.

INTEREST RATE RISK AND FOREIGN EXCHANGE RATE RISK

As at 31 December 2025, the Group did not use any derivatives to hedge interest rate risk. The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Most cash and bank deposits of the Group are denominated in RMB. In general, the Group's bank loans and other borrowings were denominated in RMB, United States dollars and Hong Kong dollars. The Group has used derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency exposure. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

EMPLOYEE AND REMUNERATION POLICY

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

As at 31 December 2025, the Group had 30,287 employees (31 December 2024: 26,357). The Group strives to offer a harmonious, efficient and productive working environment, a diversified range of training programmes as well as an attractive remuneration package to its employees. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. The Group endeavours to motivate its staff with performance-based remuneration and reward its staff who had outstanding performances with cash bonuses, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals and to create long-term incentives for its staff.

PLEDGE OF THE GROUP'S ASSETS

The Group pledged its assets as securities for bank and other loan, banking facilities and bills payable which were used to finance daily business operations. As at 31 December 2025, the pledged assets of the Group amounted to RMB13.8 billion (31 December 2024: RMB12.2 billion).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2025, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have any detailed future plans for material investments or capital assets.

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group was 44.3% (31 December 2024: 42.5%), which was calculated from net debt divided by the sum of net debt and total equity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

REPORT PROFILE

The report is the 2025 Environmental, Social and Governance (“**ESG**”) report issued by Zhongsheng Group Holdings Limited (the “**Group**”, “**Zhongsheng**” or “**we**”), which mainly introduces the Group’s management policies in the ESG aspect and the specific management measures adopted during the reporting period, with an aim to strengthen the communication and engagement with internal and external stakeholders of the Group.

REPORTING SCOPE

The time span of this report is from 1 January 2025 to 31 December 2025. The report covers Zhongsheng Group Holdings Limited and its 453 dealerships (310 luxury brand dealerships and 143 mid-to-high-end brand dealerships). There was no significant change in the scope of coverage this year as compared with the previous reporting year.

REPORT BASIS

The report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) of Hong Kong Exchanges and Clearing Limited (the “**Stock Exchange**”).

ACCESS AND RESPONSE TO THE REPORT

The Chinese and English versions of this report can be downloaded from the website of the Stock Exchange at <http://www.hkexnews.hk>. The report is published in both Chinese and English. In the case of any discrepancy between the two versions, the Chinese version shall prevail.

The Group welcomes stakeholders’ feedback on our ESG approach and performance. Suggestions can be sent to us via e-mail at zhongsheng-hk@zs-group.com.cn.

1. STRENGTHENING RESPONSIBILITY – LIFETIME UNDERTAKING

1.1 ESG VISION AND MANAGEMENT POLICY

As one of the leading national automobile dealership groups in the PRC, the Group has always adhered to the operating philosophy of “Pursuing Excellence, Being Determined and Devoted, Being Trustworthy and Reliable, Being Innovative and Creative” to provide customers with quality services in an ethical and responsible manner. In addition, the Group is committed to sustainable development, actively promotes green culture, engages in exchanges on environmental issues, establishes a green supply chain, promotes environmental protection projects for public welfare, and puts into practice the new concept of environmental protection for corporate citizens. The Group attaches great importance to ESG governance, and we expect to work together with employees, investors and shareholders, customers, suppliers, governments and community groups for mutual benefits, so as to contribute to social progress, economic growth and environmental governance.

We have all along been committed to the operating philosophy of “Pursuing Excellence, Being Determined and Devoted, Being Trustworthy and Reliable, Being Innovative and Creative” to provide customers with services that offer the maximum overall value by focusing on customers’ needs, continued to promote sustainable business practices and discharge corporate social responsibilities, so as to better capture the opportunities from the development of the industry and create overall value for stakeholders.

In order to improve the standard of ESG governance, in 2020, Zhongsheng Group established an ESG committee after being approved by a resolution of the Board, which is directly under the Board and its members are directors of Zhongsheng Group. It is mainly responsible for the development of the Group’s ESG development strategy and the implementation and supervision of various activities. In response to the impact of energy conservation, emission reduction and climate change, the ESG committee has carefully assessed related risks and developed corresponding strategies and targets for environmental protection, carbon reduction and response to climate change, including: ① minimising and optimising water use, and establishing a recycling water system in areas where conditions permit; ② establishing a recycling system to achieve the target of living in harmony with nature; ③ gradually reducing new automobile emissions, automobile life cycle emissions and related carbon dioxide emissions.

In order to achieve the aforesaid strategic targets, Zhongsheng Group will keep abreast of the trends of new environmental laws and regulations and formulate contingency strategies and policies in a timely manner to ensure compliance with environmental protection laws and regulations. We will strengthen talent recruitment and training, increase investment in the development or introduction of more environmentally friendly products or business models to effectively control the waste recycling process. In addition, the Group will introduce more related hybrid and new energy vehicles, and establish a complete inventory distribution and information management system to reduce the impact of any emergency.

In the future, Zhongsheng Group will continue to proactively assume corporate social responsibilities for achieving sustainable development. Zhongsheng Group will actively respond to and implement relevant government policies and requirements in place, actively support the society-wide low-carbon development, and actively engage in society-wide actions of energy conservation and emission reduction to ensure the effective promotion and implementation of sustainable development policies, measures, and targets at all levels in terms of business decision-making and operations.

1.2 ESG GOVERNANCE

The Board of the Group established an environmental, social and governance (ESG) committee in November 2020 to continuously improve the Group's sustainable development performance. The members of ESG committee include two executive directors of the Group, whose main functions are to review the Group's sustainable development targets and strategies (including assessment of ESG risks) and report to the Board on major domestic trends relating to ESG work; to develop sustainable development initiatives, monitor the performance and progress of the Group with reference to key performance indicators and other relevant standards, provide suggestions to promote the development and implementation of the Group's ESG work, as well as to review the ESG report of the Group. The ESG committee will conduct relevant discussions and hold meetings as required, and such meetings will be held at least once a year. The Group will continue to improve the sustainable development management system and promote the sustainable development progress of the Group.

During the Reporting Period, the Board participated in the assessment and determination of the importance and priority of ESG issues, put forward its views and proposals on ESG issues that may affect the long term sustainable development of the Company, and assessed and determined their priorities and management dimensions through participation in interviews and questionnaire surveys, meetings and other forms. In addition, the Group has incorporated key ESG risks into the Company's overall risk management system. Senior management and officers of relevant businesses have participated in the assessment of ESG key risks related to business and formulated risk response measures by identifying and judging the possibility of occurrence of ESG key risks, the degree of impact and the development trend. The Board regularly supervises ESG work, reviews key risks and discusses corresponding proposals.

Aiming to manage the risk of ESG of the Group, we have already formulated the Risk and Opportunities Identification Assessment Management System (《風險和機遇識別評估管理制度》) and set up an environmental management risk assessment task group. According to the job duties relevant to their job positions, business segments and departments are given the responsibilities to identify and monitor current possible and potential risk and opportunities for the Group.

The ESG task group at the management level of the Group had been further divided into staff care task group, energy conservation and emission reduction task group as well as supply chain management task group.

The staff care task group is made up of staff members from the Group's administration human resources departments and other functional departments.

The energy conservation and emission reduction task group is made up of staff members from Group's data operations centre and relevant functional departments.

The supply chain management task group is made up of staff members from Group's vehicle accessories companies, legal department, audit department.

Each ESG task group guides the team in carrying out work, including sorting out ESG goals, formulating action plans and following up on progress. Each task group undertakes ESG supervision and coordination functions, puts into practice decisions of Decision-making level, communicates and coordinates ESG-related affairs, organises the preparation of ESG reports, and reports the implementation of related work to the ESG committee.

In addition, as to executive levels for specific work, all functional departments and dealerships of the Company will implement the ESG plan formulated by the task group, effectively record and report ESG related information, and put into practice the ESG related management work.

ESG Governance Structure of the Group

<p>Decision-making level ESG Committee of the Board</p>	<ul style="list-style-type: none"> ➤ Responsible for overall ESG governance ➤ Supervising and reviewing ESG performance
<p>Co-ordination level</p> <ul style="list-style-type: none"> • Employee Care Group • Energy Conservation and Emission Reduction Group • Supply Chain Management Group 	<ul style="list-style-type: none"> ➤ Put into practice the decisions of decision making organisation ➤ Communicating and coordinating ESG affairs ➤ Organising the preparation of ESG report
<p>Executive level</p> <p>Various business outlets such as all functional departments, dealerships and maintenance service centres</p>	<ul style="list-style-type: none"> ➤ Executing ESG work plans ➤ Collecting and reporting ESG information ➤ Performing ESG management work

1.3 STAKEHOLDER COMMUNICATION

Taking into account the interests and influence of different stakeholders and establishing good and effective communication channels with stakeholders will not only assist the Group in responding to and identifying existing and potential risks and opportunities in the market in a timely manner, but also serve as a basis for establishing a sustainable development strategy.

The Group's business involves various stakeholder groups, including but not limited to its employees, investors and shareholders, customers, suppliers and governmental and community groups. Having continuous communication and engagement with the stakeholders is an important part of the Group's daily operation. Communication with stakeholders would normally be conducted via our day-to-day interaction with them or during the annual general meeting. In addition, announcement and publications relevant to the Group would also be issued on the Group's or the Stock Exchange's websites to respond to the concerns of stakeholders. The main communication channels between the Group and each stakeholder, the main concerns of the stakeholders and the key actions of the Group are detailed as follows:

Stakeholders	Governments	Shareholders and investors	Employees	Customers	Suppliers	Community
Methods of communication and exchange	<ul style="list-style-type: none"> • Take part in discussions when relevant policies are being formulated, share enterprise experience • Guide and influence public policies actively • Engage in dialogue with the local government 	<ul style="list-style-type: none"> • Annual general meeting • Annual reports and interim reports • The Group's announcements and publications • Telephone or email 	<ul style="list-style-type: none"> • Working conference • Training programme • The Group's office platform • The Group's announcements and publications • Team building activities 	<ul style="list-style-type: none"> • The Group's announcements and publications • Communicate during the service offering process • Customer survey and feedback • Complaint hotline • Telephone or email • Corporate WeChat, the Group's WeChat official account, mini programme of Zhongsheng Home (中升之家) and mini programme of Zhongsheng GO (中升GO) 	<ul style="list-style-type: none"> • Announce the supplier management rules • Contract negotiation • Daily business exchange • Enhance information disclosures 	<ul style="list-style-type: none"> • Communicate with local government and organisations • Exchange ideas with community members • Enhance information disclosures • The Group's WeChat official account and mini programme of Zhongsheng Home (中升之家)

Stakeholders	Governments	Shareholders and investors	Employees	Customers	Suppliers	Community
Main concerns	<ul style="list-style-type: none"> Respond to state policies Operate according to laws and regulations Pay taxes in accordance with applicable tax laws Promote employment 	<ul style="list-style-type: none"> Business strategy & financial performance Protect shareholder's legal rights Business sustainability Company transparency 	<ul style="list-style-type: none"> Remuneration and benefits Guarantee of rights and interests Career development Safety and health Corporate culture 	<ul style="list-style-type: none"> Timely service User security Privacy protection Continuously improve service quality 	<ul style="list-style-type: none"> Abide by commercial ethics & state laws and rules Be transparent and fair Fulfill commitments, achieve mutual benefits and enable win-win cooperation 	<ul style="list-style-type: none"> Hold community activities Participate in community construction Participate in public welfare activities of community Promote the community's development
Key actions	<ul style="list-style-type: none"> Implement state policies, abide by state laws and regulations Accept supervision and evaluations Create more posts to boost the employment rate Tax return filing in a timely manner 	<ul style="list-style-type: none"> Convene shareholder meetings regularly Convene the Board meetings regularly Convene meetings with investors Disclose legally required information in a timely manner 	<ul style="list-style-type: none"> Enhance training for employees in respect of work skills Improve employees' living and working environment Guarantee employees' rights and benefits, upgrade their welfare level Health and safety guarantees for employees 	<ul style="list-style-type: none"> Regulate and standardise services Conduct regular customer satisfaction surveys Respond to customer complaints and provide them with feedback in a timely manner Earnestly protect customer privacy 	<ul style="list-style-type: none"> Set up an open and transparent bid invitation system Set up a communication platform for suppliers Perfect the supplier selection system Offer equal opportunities to suppliers 	<ul style="list-style-type: none"> Regularly hold activities to benefit community residents Be passionate about public welfare, and contribute to society

1.4 CORPORATE GOVERNANCE

In terms of capital structure control, Zhongsheng Group controls the overall debt size and optimises the debt structure with reference to the international credit rating framework and indicators, and focuses on the flexibility and liquidity of capital structure, striving to maintain the existing investment grade credit rating. The Group puts in place a strict process for investment as well as mergers and acquisitions and conducts detailed feasibility studies for reference. The investment threshold is set with a cash return period of no more than 5 years. The Group proactively maintains good communication with its shareholders, and communicates the Company's operational highlights and strategic development direction to the market in a timely manner through the release of regular reports such as interim report and annual report and quarterly operating data as well as post-performance roadshows on an annual basis. Meanwhile, the investor relation department also maintains daily communication with investors by attending meetings with investors, and arranging site visits to outlets to help investors understand the market and the Group's operation in a timely and comprehensive manner, so as to ensure the transparency of the Group's operation and timely and effective information.

1.5 IDENTIFICATION OF MATERIAL ISSUES

In addition to considering the Group's ESG strategy and targets, as well as the concerns of various stakeholders, during the year, through benchmarking ESG reporting standards, ESG rating agencies, ESG reports from local and international peers, trends of automobile dealership industry and opinions from stakeholders, the Group identified the following issues that are important to the Group, listed these aspects as key focuses of the sustainable development of the Group, and disclosed in this report accordingly.

Name of issues	Definitions of issues
Social	
Customer service	The Group's management mechanism and measures in terms of customer service, such as after-sales service, response to complaints and customer satisfaction
Customer privacy protection	The Group's system, mechanism and measures in terms of customer data protection, how to protect customer data from being leaked
Supply chain management	The Group's mechanism and measures in terms of environmental and social management of supply chain enterprises
Employment and benefits	The Group's management mechanism and measures in terms of employees' recruitment and dismissal, remuneration and holidays, and promotion
Health and safety	The Group's management mechanism and measures in terms of the occupational health and safety of employees, such as occupational disease prevention and treatment, and prevention of work injuries
Environmental	
Use of Resources	The Group's consumption and management mechanism in terms of related energy (electricity and gasoline) and resources (water resources and packaging materials)
Governance	
Corporate governance	The Group's overall governance in terms of ESG, top-down governance structure and bottom-up feedback

2. DEVOTED SERVICE – LIFETIME PARTNER

We believe that high-quality after-sales business is an important indicator for customers to choose 4S dealerships and maintenance service centres. Zhongsheng Group has always adhered to the guiding principle of “Zhongsheng Group – Lifetime Partner”, attached great importance to the service quality of 4S dealerships and maintenance service centres and continued to make effort to improve. The Group has been engaged in after-sales businesses for more than ten years. Such businesses provided include spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services, such as second-hand automobile trading services and rental of motor vehicles. With the increasing number of automobile owners in the PRC, the customer base of Zhongsheng Group is rapidly expanding, and its demand for after-sales businesses is increasing, making after-sales business an important part of operating model of the entire Group.

2.1 PRODUCT QUALITY MANAGEMENT

Adhering to the “people-oriented and customer-first” principles, the Group has actively enhanced in-depth co-operation with industry chain participants to continuously improve operational efficiency, service quality and customer satisfaction. The procurement of the Group's vehicle accessories is in strict compliance with manufacturers' standards. Vehicles must undergo a three-level inspection before being delivered to customers.

We have complied with relevant laws and regulations, including the Regulation concerning Management of Compulsory Product Certification (《強制性產品認證管理規定》), the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》), the Announcement on the Issuing of the Catalogue of Descriptions and Table of Definitions for Compulsory Product Certification by the Certification Accreditation Administration of the People's Republic of China (No. 45, 2014) (《國家認監委關於印發強制性產品認證目錄描述與界定表的公告(2014年第45號)》) and the Catalogue of Descriptions and Table of Definitions for Compulsory Product Certification and the Reference Table for HS Code 2014 (《〈強制性產品認證目錄描述與界定表〉與2014年HS編碼參考表》). In 2025, there was no occurrence of non-compliance in terms of product and service liability that may have a significant impact on us.

After the new automobiles arrive at the dealership, the dealers will inspect the automobiles in accordance with the testing standards formulated by each brand. The main contents are as follows:

- In handing over the commercial automobiles with the logistics company, the automobile managers of sales department should strictly and carefully check whether there are defects in the exterior and interior of the automobile and whether there is any wrong installation or missing installation. If the aforesaid problems are found, they should sign and confirm with the logistics staff in time and negotiate with the logistics company or the brand storage and transportation department to solve the problems;
- The automobile managers of sales department should record the automobiles arriving in the store in a table, and check the exterior, interior decoration, function keys (such as air outlets and vanity mirrors), tires, wiper blades and other items one by one;
- After passing the preliminary inspection, the commercial automobile should be warehoused and the maintenance workshop should be arranged for Pre-Delivery Inspection (PDI);
- Maintenance technicians should carry out detailed inspections on the automobiles according to the requirements of each brand, including computer diagnosis, and regularly maintain the automobiles before delivery;
- If problems are found during the inspection, they should report to the manufacturer in time and follow up on the results;
- Documents for inspection process should be filed.

After-sales customers' automobiles are served in strict accordance with the standards set by the brands after they enter the service centres, which are as follows:

- Process Supervision and Quality Traceability: enable mutual supervision between processes via an automated APP work assignment system. Upon completion of each process, the subsequent process conducts a quality inspection on the preceding one, ensuring timely detection and closed-loop resolution of issues;
- On-site Real-time Control: Workshop supervisors and front-line managers provide continuous follow-up, promptly organizing on-site vehicle status, dynamically monitoring repair progress, and immediately initiating on-site rework for any identified quality issues, ensuring the repair process is controllable and traceable;
- Standardized Quality Inspection: A rigorous service quality inspection mechanism is established, with a particular focus on high-standard acceptance of painting quality. All work order items are subject to "item-by-item inspection and vehicle-by-vehicle cross-checking," achieving the goal of dealership satisfaction and customer satisfaction;

- Equipment Maintenance and Updating: Regular maintenance is conducted on key after-sales equipment such as sheet metal equipment, intermediate coating equipment, and paint booths, with timely updates and replacements based on equipment lifecycles, ensuring safe and stable equipment operation and providing hardware support for repair quality.

In addition, quality inspection for pre-owned automobile is also important. The main contents of the acquisition and quality inspection process for the Group's pre-owned automobiles are as follows:

- Automobile Evaluation: Carrying out inspection for automobile conditions in accordance with standard procedures;
- Verification of Vehicle Documentation: Checking the vehicle documents to ensure the normal trading and transfer of automobile in the future;
- Maintenance Record Inquiry: Inquiring automobile maintenance records through the manufacturer system (automobiles of our brand) or a third-party platform (automobiles not of our brand) to have a further understanding of automobile usage;
- Automobile Pricing: Quoting to customers based on the overall situation of the automobile;
- Automobile Negotiations: Negotiating with customers based on automobile conditions to facilitate automobile transactions;
- Entering into the Contract: After the two parties reach an agreement on the automobile price and related matters, a paper contract shall be entered into;
- Automobile Handover: Handover of automobiles, procedures and keys;
- Financial Payment: Settlement of the vehicle purchase price or deduction of the new automobile payment by the finance department, with the procurement process ending after the vehicle being warehoused.

At the same time, the Group has clear quality inspection process for electric vehicle batteries, as detailed below:

- Handover: When batteries are delivered and received at the dealerships, we strictly check the packaging for any signs of damage;
- Transportation: Owing to the large volume, weight and specifications of the power batteries of certain models, it is necessary to use transportation vehicles such as forklifts and carriers to move them within the dealerships;
- Storage: We meet the requirements in terms of space and location of battery storage stipulated by the national or local competent authorities, and complete the warehouse register form for stock-in and stock-out record of batteries;
- Inspection: We arrange designated personnel to inspect the storage status of batteries on a daily basis to observe the physical condition, external appearance damage, liquid leakage, etc. If any problem is identified during the inspection process, we will report it to the manufacturers in time, and follow up the handling results;
- Warranty: Batteries are covered by warranty services of varying durations or mileages depending on the vehicle brand.

Each of the Group's products goes through a quality assurance process and when necessary, the Group carries out the following recall procedures in strict accordance with the requirements of the manufacturers if the Group's products are being recalled:

- Manufacturer publishes announcement to recall products;
- Identifying affected vehicles;
- Preparing preliminary spare parts inventory based on actual situation;
- Identifying customers' mailing addresses and delivering notices to customers;
- Carrying out recall measures when the recalled vehicles arrive at the facilities.

2.2 CUSTOMER SERVICE AND CUSTOMER PRIVACY MANAGEMENT

Our corporate motto is "Zhongsheng Group – Lifetime Partner", and it is central to our corporate culture. We value feedback from customers, and therefore have established mechanisms for customer service and support. We treat providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concerns in a timely manner and in accordance with international standards.

To ensure smooth customer feedback channels and continuously improve service quality, the Group has established diversified communication channels covering telephone, WeChat, and its official website platform, equipped with a 24-hour customer service hotline to ensure that customer complaints and suggestions receive an immediate response. Customer opinions received through all channels are followed up by dedicated personnel, categorized, and incorporated into a closed-loop service quality improvement process, enabling full-process tracking and feedback from issue identification to resolution.

Simultaneously, the Group places high importance on building the professional capabilities of its frontline customer service employees. Through systematic training mechanisms, we continuously enhance employee efficiency and communication skills in handling customer complaints. The training content covers modules including communication skills, emotional management, problem diagnosis, and rapid response procedures, supplemented by simulation exercises based on actual cases to help employees respond to various customer needs with greater composure and professionalism. By continuously strengthening service awareness and practical abilities, the Group is committed to transforming each customer feedback opportunity into an opportunity to optimize services, thereby achieving sustained improvement in customer satisfaction.

The Group places high importance on the privacy and security of customer data, committing to comprehensively safeguard customer data through advanced data management systems and rigorous privacy policies. Our data privacy policy covers all business lines of the Group, requiring all employees and suppliers to sign confidentiality agreements to ensure strict protection of customer privacy.

In terms of data collection, we only obtain necessary customer information and strictly control access permissions, ensuring that only authorized employees can access relevant data within the Group's systems. The information management department is responsible for coordinating privacy and data security management, with related issues regularly submitted to the Board for discussion. Additionally, the Group entrusts third parties on an annual basis to conduct independent audits of information security policies and systems, covering Group-level controls, change management, logical access, and other general IT controls.

At the technical level, we employ multiple security protection measures, including strict access permission management, data encryption, and desensitization technologies to ensure data security during storage, transmission and usage. The Group's network features an access mechanism and deploys various security technologies to address potential threats and prevent malicious data theft. Meanwhile, we conduct real-time auditing and control over information terminals, network traffic, and employee internet behavior to prevent information leakage and dissemination of harmful content.

To continuously enhance protection capabilities, the Group regularly conducts data leakage risk assessments and dynamically optimizes the data security management system based on assessment results, ensuring the privacy protection system consistently maintains industry-leading standards.

2.3 SUSTAINABLE SUPPLY CHAIN

Due to the business nature of our Group, we depend significantly on the automakers and suppliers of automobile accessories. As the Group's business development and scale have gradually expanded, our supplier network has also extended to different regions across the country. The Group adheres to the principle of "fairness, impartiality and openness" to select suppliers consistent with the Group's values, and has established a supplier assessment system in terms of price, qualifications, costs, after-sales service and environmental indicators. The Group will carry out long-term quality monitoring and conduct regular reviews on all suppliers as well as random inspections on selected suppliers to ensure sustainable quality material supplies and services.

In the supplier admission stage, the Group requires suppliers to complete a self-assessment questionnaire to evaluate the failure rate of related products, operating results, tax declaration and results of approval of quality certification system. In terms of supplier management, all procurement contracts specify requirements for suppliers in terms of product quality, packaging, price and after-sales services.

In 2025, the Group had a total of 98 key suppliers, which were mainly spare parts suppliers. During the year, the Group was not aware of any significant actual or potential negative impacts on the business ethics, environmental protection, human rights and labour practices caused by its key suppliers, nor did any of them have any non-compliance incident in respect of human rights issues.

	Number of key suppliers
By geographical region	
Northeastern and Northern China regions	26
Eastern and Central China regions	35
Southern China region	28
Southwestern and Northwestern inland regions	9
<hr/>	
Total	98

3. TRUE CONCERN — LIFETIME SAFETY

Zhongsheng Group firmly believes that its core competitiveness lies in employees. We have consistently embedded the “people-oriented” philosophy deep within the Group’s development strategy, and are committed to driving sustainable growth through talent.

To fully unleash employee potential, the Group actively fosters a harmonious, encouraging, and creative work atmosphere while continuously improving employment systems and corporate culture to provide employees with broad development platforms. We deeply understand that talent forms the cornerstone of the Group’s success, therefore we place high importance on internal talent recruitment, integration, and retention, continuously increasing investment in and cultivation of our employees.

Leveraging our extensive business scale, we have established a systematic training framework focused on cultivating backbone teams with exceptional management capabilities. The Group adheres to an internal-first promotion mechanism, providing outstanding talent with clear career development paths and actively building a reserve of ambitious, experienced core strengths to ensure solid talent support for continuous business expansion.

As a leading national automotive service group in China, Zhongsheng Group provides employees with broad and varied career development platforms leveraging its rich multi-brand sales portfolio and diversified automotive service ecosystem. We have established deep cooperative relationships with numerous renowned automotive brand manufacturers, parts suppliers, insurance companies, and banking institutions. Employees not only have opportunities to collaborate with top industry partners but can also rotate through positions in different regions, to accumulate cross-regional and multi-domain practical experience. Such rich and unique career opportunities not only broaden employees’ professional perspectives and skill boundaries but also greatly enhance their sense of belonging and growth potential, helping us continuously improve core team stability and retention rates in the fiercely competitive talent market.

3.1 EMPLOYMENT AND STAFF BENEFITS *RECRUITMENT SYSTEM*

The Group has formulated a standardised recruitment management system to provide employees with reasonable remuneration, a non-discriminatory working atmosphere, fair and just promotion opportunities in strict accordance with relevant laws and regulations in the PRC, such as the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), Law on Protection of Minors (《未成年人保護法》) and Provisions on the Prohibition of Child Labour (《禁止使用童工規定》), so as to protect the legitimate rights and interests of employees, and lay a solid talent foundation for the future development of the Company.

At the same time, in order to actively respond to and solve the existing issues of gender discrimination and vulnerable groups in the society, and implement the policy of inclusiveness and diversity, it is particularly stipulated in the recruitment management system that for the recruitment and selection of personnel at all levels, it is strictly forbidden to use gender as the basis for selection or recruitment; apart from this, in order to provide targeted assistance to vulnerable groups, we actively encourage outlets to cooperate with local trade unions and the disabled persons’ federations to provide more job opportunities and income support to vulnerable groups.

To effectively attract and retain female employees, we have established policies for equal pay and fair promotion to eliminate gender discrimination for male and female employees. At the same time, the policy sets out that in key decision-making meetings, the participation rate of female executives must reach 50% and above to ensure that the treatment or welfare of male and female employees can be fairly implemented in key decision-making. As of the end of 2025, the number of female employees in the Group accounted for 36.75%, the number of women at executive or management level accounted for 25.05% of the management members, and female personnel accounted for 37.50% of the senior management members.

At the end of the reporting year, the Group employed a total of 30,287 employees, all of whom were full-time employees, representing an increase of 3,930 as compared with the end of last year. The breakdown of the number of employees by gender, geographical region, age, and employee category is as follows:

By gender	Number of employees	Percentage of total
Male	19,156	63.25%
Female	11,131	36.75%

By geographical region	Number of employees	Percentage of total
Northeastern and Northern China regions	5,418	17.89%
Eastern and Central China regions	12,928	42.68%
Southern China region	7,318	24.16%
Southwestern and Northwestern inland regions	4,623	15.27%

By age	Number of employees	Percentage of total
Below 25	2,859	9.44%
25–34	15,148	50.01%
35–44	11,096	36.64%
45–54	1,067	3.52%
55–64	117	0.39%

By employee category	Number of employees	Percentage of total
General employees	28,368	93.66%
Supervisor	1,456	4.81%
Middle management	447	1.48%
Senior management	16	0.05%

Senior management of the Group includes members of the Board, non-director senior manager and company secretary of the Company.

In terms of employee turnover, the number of departing employees of the Group during the year was 8,151, representing a decrease of 1,914 as compared with that of last year, with a total turnover rate of 21.21%. The breakdown of employee turnover by gender, geographical region and age is as follows:

By gender	Number of employee turnover	Turnover rate
Male	5,034	20.81%
Female	3,117	21.88%

By geographical region	Number of employee turnover	Turnover rate
Northeastern and Northern China regions	1,261	18.88%
Eastern and Central China regions	3,336	20.51%
Southern China region	2,392	24.63%
Southwestern and Northwestern inland regions	1,162	20.09%

By age	Number of employee turnover	Turnover rate
Below 25	1,350	32.07%
25-34	4,733	23.81%
35-44	1,925	14.78%
45-54	113	9.58%
55-64	30	20.41%

STAFF BENEFITS

Zhongsheng Group has always been committed to building a fair, transparent and competitive employee development system and care mechanism. Through systematic institutional design and diversified communication channels, we comprehensively protect employee rights, stimulate team vitality, and promote mutual growth between our Company and employees.

In terms of talent development, the Group has formulated and strictly implements the Secondment, Promotion and Demotion Management System (《異動、晉級、降級管理制度》), and established a standardized position hierarchy and annual promotion mechanism to provide every employee with a clear career development path. Promotion channels are fully open to all employees, and a combination of self-nomination and recommendation is supported. Evaluation criteria are based on position qualifications, and the assessment team includes department heads, direct supervisors, business stakeholders, and the human resources department, ensuring transparent procedures and authoritative, fair outcomes. This mechanism balances employee growth opportunities with the motivation and retention of outstanding talent, effectively fostering a positively competitive and upward-looking organizational atmosphere.

Regarding employee benefits and care, the Group, following the Employee Benefit Management System (《員工福利管理制度》), pays social insurance and housing provident fund for employees in accordance with legal requirements, implements paid annual leave policies, and proactively provides diversified benefits such as meal subsidies, summer heat relief supplies, team building activities, and holiday greetings, to continuously enhance their sense of belonging and well-being. Simultaneously, the Group places high importance on employee rights protection, regularly organizes legal knowledge seminars and provides online training courses to prevent workplace discrimination, harassment and harm. Through systematic new employee orientation training, we convey corporate culture and development vision, creating a more cohesive and inclusive work environment.

In terms of communication mechanisms, the Group fully ensures smooth two-way communication channels. Leveraging digital tools such as the internal office platform, “E-Zhongsheng” and the “Zhongsheng Network Institute”, the Group promptly publishes important policies, personnel appointments, and audit information. Employees can independently express their needs and make suggestions through discussion forums, receive feedback and resolutions within a short timeframe, thus forming an open, democratic and efficient communication loop. Additionally, the Group regularly conducts employee satisfaction surveys covering more than ten dimensions including corporate culture, compensation and benefits, performance management, and work intensity, and continuously monitors the organizational climate. Survey results indicate that over 90% of employees express satisfaction with the Group’s management, while the remaining 10% of individual issues have been incorporated into special improvement plans and addressed on an item-by-item basis, ensuring effective responses to reasonable employee demands and continuously optimizing the employee experience.

EMPLOYMENT STANDARDS

The Group strictly follows relevant PRC labour regulations relating to working hours, rest and holidays to ensure the physical and mental health of all employees. The Group will not force employees to work overtime. Employees are entitled to overtime pay if they obtain prior approval from their senior manager. The Group also has implemented policies relevant to holidays, such that employees are entitled to paid days off from work for national public holidays and company holidays, as well as, annual leave, compassionate leave, marriage leave, maternity leave, sick leave, etc.

The Group strictly follows the Provisions on the Prohibition of Child Labour (《禁止使用童工規定》). The Group’s human resources team verifies applicants’ age by checking valid identification during interviews and hires a third party to conduct background checks on all applicants. Individuals under 16 years of age are disqualified from employment at the Group. In addition, regular inspection will also be conducted to ensure no child or forced labour is employed.

If any suspicious case of child labour or forced labour is identified, the Group will take immediate actions to contact and report to official departments, including the police, to protect the rights and well-being of the affected persons. In addition, internal investigation or discussion with employees involved will be conducted by the Group to review and evaluate the situation.

During the Report Period, there was no incident of child labour and forced labour, or incident of violation of relevant employment policies, laws and regulations within the Group.

3.2 STAFF TRAINING AND DEVELOPMENT

The Group is committed to identifying and nurturing the potential of its staff and devoting as much resources as possible to their development, so that their potential can be fully utilised with the support of the Group. Therefore, the Group continues to provide various training opportunities to encourage and assist them to make good use of the Company’s resources to attain self-development and enhance their working knowledge and skills.

In accordance with the Employee Training Management Measures (《員工培訓管理辦法》), the Group standardises and improves the employee training system, formulates an exclusive development path for employees, stimulates their potential and supports their growth. We provide basic skills training, professional skills training, product training, middle management training and reserve general manager training throughout employees' careers. In addition, we encourage employees to participate in training on various products, skills, and management capability improvement of automobile makers, and provide training support. During the year, the Group provided employees with multiple sessions and multiple types of staff training. The breakdown of the number of employees trained by gender and employee category, as well as average training hours is as follows:

By gender	Number of employees trained	Percentage of employees trained	Average training hours
Male	18,266	95.35%	28
Female	10,506	94.39%	29

By employee category	Number of employees trained	Percentage of employees trained	Average training hours
General employees	26,922	94.90%	25
Supervisor	1,398	96.02%	74
Middle management	436	97.54%	63
Senior management	16	100.00%	42

To further strengthen talent development, reserve outstanding talents and pursue long-term development, the Group currently carries out talent reserve training activities targeting core positions such as general managers and department managers in outlets and business companies of various brands on a regular basis. In the selection of candidates for promotion and replacement, we can implement multi-stage evaluation and recommendation appointments through the reserve talent pool. We expect to use social recruitment as the main method, promote the unified image of the Group, conduct targeted external talent recruitment through job profiling, and manage the talent pool through the brand/central city, so as to promote the career development of employees from management and professional dimensions. In line with this, we use manufacturer resources to actively carry out school-enterprise cooperation for targeted training in respect of some brands, so as to build a potential talent pool.

Furthermore, fully leveraging its synergistic management advantages of multi-brand, multi-region, multi-store, and multi-business segment operations, Zhongsheng Group systematically sorts out and summarizes successful practices and benchmark experiences of high-performing outlets, and converts them into replicable and scalable specialized courses and job-specific training content, thereby effectively enhancing employees' professional capabilities and practical skills. For employees constrained by geographic location, the Group transcends time and space limitations via its internal online learning platform, "Zhongsheng Network Institute" and provides flexible micro-learning resources that precisely meet the personalized development needs of different learners. Concurrently, we actively promote and diversify learning and exchange formats, including learning workshops, skills competitions and performance challenges. Through evaluations and recognition of outstanding employees, we continuously stimulate the intrinsic motivation of all staff to proactively learn and pursue excellence.

3.3 SAFETY AND HEALTH MANAGEMENT

Zhongsheng Group consistently prioritizes employee health and workplace safety as critical elements of corporate development. In strict compliance with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Fire Control Law (《消防法》), Law on the Prevention and Control of Occupational Diseases (《職業病防治法》), and other relevant laws and regulations, the Group systematically builds a safe, healthy and harmonious working environment to reduce work-related accidents, illnesses and risks, effectively safeguarding employee physical and mental well-being, and enhancing team stability and sense of belonging.

To safeguard workplace environment, the Group has comprehensively equipped and continuously optimizes safety facilities at office premises and business outlets, regularly conducting health and safety awareness education to strengthen employees' self-protection awareness and emergency response capabilities. Simultaneously, the Group has established a regular risk assessment mechanism to systematically examine all aspects of business operations and identify potential safety hazards, and formulated targeted control measures in accordance with the Health and Safety Policy and Occupational Health, Safety and Environmental Management Manual to regulate safety production processes and minimize the impact of risks on daily operations and employees.

In terms of daily management, each outlet regularly organizes safety production training and fire drills covering all employees, strengthening practical capabilities and safety awareness. Additionally, the Group places high importance on employee health management, organizing annual comprehensive health checkups for all employees and providing specialized occupational health examinations for workshop workers, effectively implementing differentiated attention and targeted protection to comprehensively care for employee physical and mental well-being.

In 2025, there was no occurrence of non-compliance in terms of providing a safe working environment and protecting employees from occupational hazards, and there were no work-related fatalities in the Group, and the number of lost workdays due to work injury was zero.

3.4 EMPLOYEE INCENTIVE SYSTEM

The Group attaches great importance to the incentive systems for employees at all levels, which aim to mobilise their enthusiasm and creativity, give full play to the wisdom and talents of employees and build an excellent enterprise with high efficiency, high performance and high goals, as so to achieve win-win results between the Group and employees. The Group adopts diversified employee incentive appraisal programmes by using performance appraisal tools such as balanced scorecards, key performance indicators and target performance assessments based on different business models and job divisions. There is no plan to launch any employee stock ownership programme at the moment. The setting of the employee incentive system of the Group is related to the position level. The incentive system for senior management positions is directly related to enterprise financial indicators, and the comprehensive incentive model is adopted for non-executive positions. We insist on setting up a fair, impartial, open and transparent remuneration and incentive system for employees, and adopt multiple forms of incentives such as target incentives, respect-based incentives, culture-based incentives, honorary incentives, care-based incentives, and material incentives, etc. Employees have clear goals and direction in their works and obtain corresponding feedback during the work process, thus forming a positive cycle for efficient work.

4. LOW-CARBON, ENVIRONMENTAL PROTECTION — LIFETIME CLEAN

The Group always regards the promotion of sustainable development as an obligatory social responsibility and strictly abides by the relevant environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) to practice green concepts and build a low-carbon society. We aim to achieve common development of economic benefit and environmental benefits. While developing our business, the Group thoroughly implements the concept of energy conservation and environmental protection through adopting a variety of measures, and continues to pursue clean, efficient and green development.

In 2025, the number of new energy vehicles sold under the Group was 68,167 units, accounting for 13.7% of total sales of new vehicles. The Group will launch more related gasoline-electric hybrid and new energy models. It is planned that the sales of new energy models will account for about 50% in 2028.

4.1 EFFICIENT USE OF RESOURCES

Faced with limited supply of resources, building a resource-saving and environment-friendly society requires enterprises to shoulder social responsibilities, which are the obligatory duties of enterprises. Saving energy and a commitment to improving energy use efficiency can reduce operating costs of the enterprise and promote the research and development of new technologies. The Group attaches great importance to the economical use of natural resources and strictly abides by the Energy Law of the People's Republic of China (《中華人民共和國能源法》), the Renewable Energy Law (《可再生能源法》), the Law on Promoting Circular Economy (《循環經濟促進法》), the Water Law of the People's Republic of China (《中華人民共和國水法》), the National Water Conservation Plan (《國家節水行動方案》) and the Interim Provisions on the Administration of Conservation of Raw Materials (《節約原材料管理暫行規定》) and other laws and regulations, aiming to achieve the coordinated and sustainable development of people, resources and the environment.

The Group's principal business activities are automobile sales and other automobile-related services. The energy consumption in daily operations primarily comes from lighting, air conditioning, and cooling in office and business premises. To effectively control electricity consumption and achieve energy-saving goals, we have systematically implemented the following measures in electricity management:

I. *Standardized management with clear responsibilities*

We establish differentiated electricity management rules for office areas and workshops, specifying electricity usage standards and responsible parties for each area.

The administrative department conducts irregular special inspections on electricity conservation to ensure policy implementation.

II. *Optimizing equipment selection and operation*

We prioritize low-energy and energy-efficient products in equipment procurement to reduce electricity load at the source;

Perform regular maintenance on high-energy-consumption equipment such as central air conditioning and elevators to ensure optimal operating efficiency;

Strengthen equipment lubrication management in workshops to reduce additional energy consumption caused by friction.

III. Refined regulation of energy consumption behavior

Lighting operation schedules for different zones are defined to reduce ineffective lighting while maintaining basic illumination: outdoor LOGO lights are adjusted to energy-saving mode, and office areas are equipped with smart lighting systems.

Air conditioning usage criteria are standardized: showrooms are set to 26°C in summer and 20°C in winter, supplemented by fans or fresh air systems to promote air circulation and reduce air conditioning load.

Office appliance management is strengthened by turning off computers, printers, water dispensers, and other equipment after work to reduce standby energy consumption.

Time-based elevator operation strategies are implemented and the number of available elevators is adjusted according to peak and off-peak periods to reduce unnecessary electricity usage.

IV. Technical improvements and energy conservation

Heat-insulating film is applied to showroom glass and insulated door curtains are installed in workshops to effectively reduce air conditioning cooling and heating loss, thereby lowering energy consumption.

V. Employee awareness enhancement

Regular specialized energy conservation and emission reduction training is organized to educate employees on energy-saving knowledge and operating procedures, continuously enhance environmental awareness across the workforce and foster a green operations culture.

Through these systematic and refined electricity management measures, the Group maintains operational quality while continuously reducing unit energy consumption and steadily advancing toward its energy conservation and emission reduction goals.

In addition, in all outlets of the Group, diesel-fired spray paint booths are gradually being converted to electric-powered ones, thus reducing energy and other resources consumption, reducing waste and increasing recycling. The Group is continuously improving its environmental management practices, and has implemented energy use efficiency initiatives to reduce our energy consumption for our day-to-day operations. From 2023 to 2025, the energy consumption of the Group was as follows:

ENERGY CONSUMPTION AND INTENSITY OF THE GROUP

Category	2025	2024	2023	Unit
Electricity	189,315,222.53	166,830,418.55	156,930,920.02	kWh
Gasoline	5,449.87	6,695.28	4,468.99	tonne
Diesel	3,398.03	4,549.09	4,553.25	tonne
Liquefied petroleum gas	7,274.98	6,386.43	6,392.28	tonne
Natural gas	733,219.61	642,374.93	642,962.78	Nm ³
Comprehensive energy consumption	262,497,635.80	253,940,259.73	217,393,133.48	kWh
Comprehensive energy consumption intensity	29.88	28.99	26.73	kWh/unit served

The Group has consistently placed resource utilization efficiency at the core of its sustainable development strategy. While committed to delivering high-quality services, we actively explore ways to utilize natural resources to higher standards and in a more sustainable manner. To systematically improve the level of water resource recycling, we have comprehensively promoted water conservation concepts across all business outlets of the Group, encouraging frontline operational staff to use water reasonably and reduce waste in daily operations. Through technological improvements, we have optimized water usage processes, and effectively enhanced overall water resource utilization efficiency. During the year, the Company encountered no significant issues in obtaining suitable water sources.

In 2025, the Group established clear annual targets around water resource management, focusing on the two main directions of “reducing waste and improving efficiency”, and systematically advanced water conservation efforts. To ensure target achievement, we implemented a series of specific management measures across the Group:

Strengthening water usage behavior management: we fully implemented water conservation requirements, mandating that car wash areas cut off water supply during non-operating hours to eliminate wasteful flow; simultaneously promoted the retrofitting of water-saving fixtures and promoted the use of efficient water-saving nozzles to improve water efficiency in cleaning operations.

Enhancing water monitoring and inspection mechanisms: we established a group-level monthly water consumption statistics and dynamic monitoring system to implement data tracking and anomaly identification for water usage across all outlets. Concurrently we established a regular inspection system to ensure the controllable status of water facilities and accountability for management responsibilities.

Improving anomaly response and maintenance efficiency: we strengthened procedures for identifying and addressing water usage anomalies during routine inspections. Upon discovery of leaks or flow abnormalities, maintenance resources are promptly deployed to minimize water loss caused by facility issues.

Promoting centralized condensate recovery and reuse: We centrally collected and stored condensate generated from paint booth operations in repair workshops and from outdoor air conditioning units, which is then reasonably allocated for various applications based on actual needs, primarily used for:

Replenishing cooling water for workshop equipment;

Greening-area irrigation;

Work surfaces and ground spraying for dust suppression.

Through the aforesaid measures, currently, we have basically achieved the targets for the year. The use of the Group’s water resource during the years from 2023 to 2025 was as follows:

WATER CONSUMPTION AND INTENSITY OF THE GROUP

Category	2025	2024	2023	Unit
Total water consumption	2,651,628.30	2,917,511.84	2,920,591.38	m ³
Total water consumption intensity	0.30	0.33	0.36	m ³ /unit served

4.2 REDUCING POLLUTION EMISSIONS

EMISSIONS OF EXHAUST GAS AND GREENHOUSE GAS (“GHG”)

We strictly abide by laws and regulations related to exhaust gas and GHG emissions, wastewater discharge, and waste generation and discharge including the Law of the People’s Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the State Council’s Circular on Issuing the Work Program for Control of Greenhouse Gas Emissions in the “Thirteenth Five-year Plan” (《國務院關於印發「十三五」控制溫室氣體排放工作方案的通知》) (Guo Fa [2016] No. 61), the Water Pollutant Discharge Standards of the Automobile Maintenance Industry (汽車維修業水污染物排放標準) (GB 26877–2011), the Law of the People’s Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), Decision on Implementing Scientific Concept of Development and Strengthening Environmental Protection by the State Council (《國務院關於落實科學發展觀加強環境保護的決定》), the Liaoning Provincial Regulations on the Prevention and Control of Air Pollution (《遼寧省大氣污染防治條例》) and Hazardous Waste Management Guidelines Manual of Zhongsheng Group (《中升集團危廢管理指引手冊》). In 2025, there was no confirmed non-compliance of laws and regulations related to environmental protection that had a significant impact on the Group.

In 2025, the Group established clear annual targets in the areas of air pollution prevention and greenhouse gas emission reduction, with a core focus on reducing emissions of sulfides and volatile organic compounds (VOCs), while simultaneously controlling carbon emissions. To achieve these targets, we systematically implemented the following measures across the Group across four dimensions: source substitution, process upgrading, end-of-pipe treatment, and management optimization:

- Comprehensive promotion of waterborne paint application: All dealerships and maintenance service centres under the Group have achieved a complete transition from solvent-based paints to waterborne paints. Using water as a diluent substantially reduces VOCs generation at the source, effectively lowering air pollution load, while simultaneously improving paint adhesion and spray quality, balancing environmental benefits with customer satisfaction;
- Innovation in spray painting processes and tools: Wash-free spray cup technology was introduced, and spray process was optimized with professional technical guidance, reducing consumption of cleaning solvents and coatings, thereby decreasing hazardous waste generation and reducing VOCs fugitive emissions at the process source;
- Addition of heating room facilities: Process flow was optimized to reduce occupancy time of spray paint booths and decrease booth operation frequency, thereby saving energy consumption and effectively controlling carbon emissions generated from combustion processes;
- Scientific coordination of test drives: Test drive routes and frequencies were rationally planned to optimize vehicle scheduling arrangements, minimize unnecessary idling and cruising emissions from fuel vehicles and reduce mobile source exhaust pollution;
- Promotion of efficient purification processes: Core maintenance service centres were equipped with (RC+CO) organic waste gas concentration and catalytic combustion purification equipment, to ensure VOCs removal rates exceed 95% after treatment, and significantly reduce emission concentrations and total volume;
- Standardized environmental protection facility construction: We conducted regular environmental impact assessments, monitoring, and corrective actions for paint booths, added online exhaust monitoring equipment to monitor emission status in real time, ensuring stable compliance with emission standards;

- Improved dust and toxic gas collection systems: We equipped paint sanding processes with efficient dry sanders and dust collection devices, installed dust extraction facilities at welding stations, to effectively capture particulate matter and hazardous gases generated during operations and prevent fugitive emissions;
- Promotion of standardized environmental protection facility upgrades: We implemented unified wastewater treatment system upgrades and standardized environmental protection facility construction across the Group, ensuring standardized operation and proper maintenance of environmental protection facilities;
- Promotion of green office practices and low-carbon transportation: We encourage internal meetings to be conducted via telephone or video conferences as alternatives to unnecessary cross-regional business travel to reduce carbon emissions from long-distance transportation; guide employees to prioritize public transportation for commuting to reduce the proportion of private vehicle usage, and implement low-carbon concepts at the level of daily behavior.

Through the aforesaid measures, we have achieved initial successes. The emissions of the Group's exhaust gas and GHG from 2023 to 2025 are as follows:

EMISSIONS AND INTENSITY OF EXHAUST GAS AND GHG OF THE GROUP¹

Category	2025	2024	2023	Unit
Sulphur dioxide	241.25	250.03	205.31	kg
Nitrogen oxides	6,717.26	8,241.88	4,920.29	kg
Particulate matter	573.16	675.68	431.18	kg
Scope1 Direct GHG emissions ²	18,292.52	21,907.12	15,091.48	Tonnes CO ₂ equivalent
Scope 2 Indirect GHG emissions (based on region) ³	115,501.22	101,783.24	95,743.55	Tonnes CO ₂ equivalent
Total GHG emissions (Scope 1 and 2)	133,793.73	123,690.36	110,835.04	Tonnes CO ₂ equivalent
GHG emissions intensity (Scope 1 and 2)	0.015	0.014	0.014	Tonnes CO ₂ equivalent/unit served
Scope 3 Other GHG emissions	1,273,056.41	/	/	Tonnes CO ₂ equivalent
Total GHG emissions (Scope 1, 2 and 3)	1,406,850.15	/	/	Tonnes CO ₂ equivalent
GHG emissions intensity (Scope 1, 2 and 3)	/	/	/	/

Notes:

1. Environmental performance data is calculated with reference to How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange;
2. Scope 1: Direct emissions are mainly sources from vehicles and machinery owned by the Group. These emissions are calculated by multiplying the consumption of the Group's gasoline and natural gas by the corresponding emission factor. For the emission factor, refer to ① Chinese Energy Statistical Yearbook and ② IPCC2006;

3. Scope 2: Indirect emissions are mainly sources from the generation of purchased electricity consumed by the Group. These emissions are calculated by multiplying the consumption of the Group's purchased electricity by the corresponding emission factor. For the emission factor, refer to the Notice of the General Office of the National Development and Reform Commission on Carbon Emissions Reporting and Verification and Emissions Monitoring Program for the year 2016 and year 2017 (《國家發展改革委辦公廳關於做好2016、2017年度碳排放報告與核查及排放監測計劃制定工作的通知》);
4. Scope 3: In 2025, we identified and disclosed for the first time for Scope 3 GHG emissions relevant to our business, and therefore no historical comparative data can be provided. We identified our Scope 3 GHG emissions amongst the 15 Scope 3 categories. Amongst the 15 categories, we have identified 1 category relevant to our business, namely Category 11 (Use of Sold Products). The remaining categories were excluded as they are not applicable to our operations, their emissions are immaterial for quantification purposes, or the Group currently does not have the capability to conduct data collection for these categories. The Group is progressively expanding data collection in accordance with our phased approach and will continue to enhance the completeness of Scope 3 disclosures in future reports.

WASTE MANAGEMENT

The wastes generated from our business operations include waste automotive spare parts, waste engine oil, waste batteries, construction/demolition wastes and grease trap waste. For hazardous wastes, we adopt and select qualified waste recycling enterprises to co-operate in carrying out recycling treatment. For non-hazardous wastes, we treat the non-hazardous waste according to the principle of priority recycling. In addition, we have established a comprehensive environmental pollution prevention and control system, adopted measures against industrial solid waste to prevent environmental pollution and clarified management responsibility. The Group has carried out standardised management in strict compliance with the requirements of relevant laws and regulations:

1. developing and strictly organising the implementation of hazardous waste management system for enterprises in motor vehicle maintenance industry;
2. improving hazardous waste labeling, keeping management record and standardising temporary hazardous waste storage warehouses, and implementing standardised management for the entire process from production, temporary storage, transportation to disposal of the enterprise's hazardous wastes;
3. before transferring hazardous waste such as waste engine oil and waste lead-acid batteries, going through the approval of the hazardous waste transfer plan and signing a disposal contract with an operating entity with hazardous waste disposal qualification, going through the transfer procedures such as the transfer receipt on the provincial hazardous waste transfer approval platform or the national solid waste management information system online, and implementing the transfer of hazardous waste after the transfer plan is approved.

The Group has continued to improve its environmental management practices to reduce energy and other resources consumption, minimise waste and increase recycling. We undertook waste treatment in accordance with the relevant government requirements and fully implemented the Hazardous Waste Management Requirements of Motor Vehicle Maintenance Industry.

In 2025, we set the annual targets for the solid waste discharge of the Group, which were mainly focused on reducing waste discharge. To achieve the targets, we have taken the following measures:

- giving priority to paper and packaging materials with environmental protection certification when purchasing, and recycling of paper, plastic or glass waste;

- developing an electronic device lifecycle management platform featuring a “5-year service + 3-year personal use” tiered utilisation mode designed for office equipment such as laptops, to extend their useful life by 40%;
- establish a “carbon credit” incentive program with 100% employee coverage where employees are awarded scores for participating in green initiatives like double-sided printing and electronic filing and these scores can be redeemed for eco-friendly products or charitable donations;
- adopting standard “zero waste meeting” procedures, reducing waste generation per meeting by 83% through measures such as electronic meeting systems and recyclable materials;
- administrative departments of the Group implement annual budget administration and quota management to strengthen internal control and improve material usage efficiency.

In addition, all employees of the Group participated in waste emissions reduction training in various outlets during the year. Through waste reduction training, the employees’ quality, sense of responsibility and environmental awareness were improved, thus achieving the waste reduction targets.

Through the aforesaid measures, we have achieved initial successes. In 2025, the total hazardous waste generated by the Group was 12,533.49 tonnes, with an average intensity per store of 27.68 tonnes/store. The total non-hazardous waste generated was 7,697.71 tonnes, and an average intensity per store of 16.99 tonnes/store. The data related to wastes is as follows:

TOTAL WASTE PRODUCED AND INTENSITY OF THE GROUP

	Total production (tonne)	Average intensity per store (tonne/ store)
Hazardous waste		
Waste automotive spare parts	1,635.42	3.61
Battery	641.99	1.42
Waste engine oil	9,062.84	20.01
Waste paint	266.59	0.59
Other hazardous wastes (waste cotton fiber, waste activated carbon and waste filter elements)	926.65	2.05
Total hazardous waste	12,533.49	27.68
Non-hazardous waste		
Total non-hazardous waste	7,697.71	16.99

4.3 RESPONSE TO CLIMATE CHANGE

The Global Risk Report published by the World Economic Forum states that environmental risks remained as the primary issue from the perspective of the probability and impact of risks in the next decade. Environmental risks are closely related to climate change, posing severe challenges related to climate change. For enterprises, their responses to climate change and the standards of green development will truly become their core competitiveness and determine their success or failure in the future.

Under the impact of climate change, the automotive industry will face challenges in mitigation and transition in the future, coupled with the implementation of related measures for response to climate change in countries around the world, the automotive industry and even the entire social concept are likely to be susceptible to significant changes. For example, more stringent policies, including fuel efficiency regulations, the implementation or increase of carbon pricing, and the launch of low-carbon products, are enough to significantly change customers' crisis awareness of environmental protection and climate change. With the formulation of regulations for responding to global climate change, it is expected that traditional fuel vehicles will be subject to a certain impact. The introduction of carbon pricing and the gradual implementation of transactions will result in higher production costs for automobile makers and purchase costs for consumers. However, the sale and use of low-carbon new energy vehicles on the market will likely contribute to the emission reduction effect of carbon dioxide, which will also bring more business opportunities. In addition, climate change may cause more frequent or severe natural disasters, such as floods and heavy rainfall, which will result in delays in the delivery of products and spare parts, and affect operational efficiency and punctuality rate of automotive delivery, thereby affecting market sales performance.

In order to fully cope with the opportunities and challenges brought about by climate change and in response to climate change and its associated impacts, during the Reporting Period, the Group formulated a Climate Change Policy to minimise its impact on the Group's operations. The Group is also committed to adopting and expanding the use of renewable resources in accordance with our actual situation, and we have incorporated climate change into the Group's risk management system to reduce carbon emissions from our operations and the risks or opportunities arising from them.

Looking ahead, the Group will continue to implement the policies and measures in the Climate Change Policy to ensure that all climate change policies are integrated into every aspect of our business, and to further improve employees' participation so as to move forward together with the Group towards a sustainable development path.

In order to achieve the aforesaid strategic targets, Zhongsheng Group will keep abreast of the trends of new environmental laws and regulations, formulate contingency strategies and policies in a timely manner to ensure compliance with environmental protection laws and regulations. In the future, Zhongsheng Group will continue to proactively assume corporate social responsibilities for responding to climate change, and take effective measures to cope with the challenges brought by climate change, so as to achieve its own sustainable development. Zhongsheng Group will actively respond to and implement relevant government policies and requirements in response to climate change, and actively engage in society-wide common action in responding to climate change.

5. COMPLIANCE OPERATION – LIFETIME INTEGRITY

During the Reporting Period, the Group has complied with laws and regulations relating to bribery, extortion, fraud and money laundering, such as Anti-Unfair Competition Law of the People's Republic of China. The Group defended and promoted fair competition to protect consumer interests as well as public interests, and did not monopolise or abuse operational resources.

The Group places strong emphasises on business ethics and adheres to high-standard business principles. Employees are required to sign the Employee Undertaking and Personal Integrity Commitment upon onboarding. In addition, the Group has also organised a number of anti-corruption training activities. During the Reporting Period, the Group's legal department has carried out training on Common Duty Crimes and Conduct of Duty (《常見職務犯罪與職務操守》) for all employees of the Group. Through analysing the types of common duty crimes, such as embezzlement, fraud, and misappropriation of funds, and interpreting typical cases, the legal awareness of employees has been enhanced, and the occurrence of crimes of employees has been prevented, so that employees strictly abide by work discipline and professional ethics and perform their duties in a faithful and honest way. In addition, for the management leaders above the manager level, the legal department has drafted and required them to sign the Self-discipline Guarantee (《任職自律保證書》) to regulate the behavior of managers.

The Group has policies on the upper limit of gift giving to partners and government officials or dining reimbursement policies and has assigned personnel to be responsible for monitoring such policies to ensure their effective implementation. In addition, the Group has internal and external monitoring mechanisms to prevent and detect non-compliance or misconduct. For internal control, we have conducted risk training for employees on a regular basis, and conducted data monitoring and daily audit and supervision. In terms of external monitoring, we have arranged a whistleblowing mailbox on the official website to provide channels for employees and external entities and personnel to report violations of laws, disciplines, regulations, the Group's articles of association and corrupt practice of the Group's directors, managers, and employees in the performance of their duties on a real-name or anonymous basis. The whistleblowing mechanism is coordinated by the Group's audit and supervision department. Upon receiving whistleblowing incidents, the department will analyse and sort out the whistleblowing information. After preliminary review and verification, if it is believed that the reported person does have the facts of disciplinary violations, the investigation shall be formally filed and handled in accordance with the relevant regulations on case examination of the discipline inspection and supervision department.

During the Reporting Period, the Group confirmed there were no corruption incidents or violation of relevant laws and regulations.

6. CARE FOR THE COMMUNITY — LIFETIME RETURN

Corporate social responsibility requires enterprises to transcend the traditional concept of “profit as the sole objective”, pay greater attention to human values, actively give back to society, and become a significant force in driving social progress. Zhongsheng Group has consistently upheld this philosophy, committed to building a harmonious and mutually beneficial relationship between the enterprise and the community where they coexist and develop together. In daily operations and management, we fully consider community interests, emphasize both economic and social benefits, and strive to achieve sustainable development.

As a leading automotive dealer group in the industry, Zhongsheng Group has long provided a substantial number of stable employment opportunities to society, maintaining harmonious and stable labor relations, thereby contributing to local economic development and livelihood improvement. In 2025, the Group provided 326 jobs for persons with disabilities, actively participated in activities supporting and assisting persons with disabilities, helping to improve employment quality for disabled individuals and effectively promoting high-quality development of disability-related initiatives. Simultaneously, we continue to improve the layout of automotive sales brands across regions, promote regional consumption upgrading and economic growth, and achieve positive interaction between corporate growth and local prosperity.

Zhongsheng Group places great importance on communication and connections with the communities where it operates. Our business outlets nationwide proactively engage with local subdistrict offices, establish complaint committees and related complaint procedures, maintain smooth channels for expressing needs, promptly understand and effectively respond to the needs of community residents, and genuinely uphold community harmony and stability.

Regarding social welfare, Zhongsheng Group has always been enthusiastically involved, actively conveying care and warmth. Since 2009, we have continuously carried out the “Zhongsheng Little Yellow Hat” public welfare project, distributing little yellow hats free of charge to communities and schools, advocating for drivers to pay attention to children's traffic safety together, creating a safe and civilized travel environment. Zhongsheng Group will bravely assume responsibility, take proactive action, continuously protect children's safe travel, and allow the “Zhongsheng Little Yellow Hat” to convey even more warmth and care.

Looking to the future, Zhongsheng Group will continue to uphold a strong sense of social responsibility, enthusiastically participate in social welfare initiatives, invest more resources in communities in need, fulfill corporate citizenship responsibilities and commitments through concrete actions, and contribute greater efforts to building a harmonious and better society.

7. APPENDIX

7.1 ENVIRONMENTAL AND SOCIAL PERFORMANCE DATA TABLE

ENVIRONMENTAL PERFORMANCE DATA

Category	Use of Resources	
	Consumption	Unit
Electricity	189,315,222.53	kWh
Electricity consumption intensity	21.55	kWh/unit served
Gasoline	5,449.87	tonne
Diesel	3,398.03	tonne
Liquefied petroleum gas	7,274.98	tonne
Natural gas	733,219.61	Nm ³
Comprehensive energy consumption	262,497,635.80	kWh
Comprehensive energy consumption intensity	29.88	kWh/unit served
Total water consumption	2,651,628.30	m ³
Total water consumption intensity	0.30	m ³ /unit served
Lubricating oil	20,396.08	tonne

Category	Exhaust Gas and GHG Emissions	
	Emissions	Unit
Sulphur dioxide	241.25	kg
Nitrogen oxides	6,717.26	kg
Particulate matter	573.16	kg
Scope1 Direct GHG emissions	18,292.52	Tonnes CO ₂ equivalent
Scope 2 Indirect GHG emissions (based on region)	115,501.22	Tonnes CO ₂ equivalent
Total GHG emissions (Scope 1 and 2)	133,793.73	Tonnes CO ₂ equivalent
GHG emissions intensity (Scope 1 and 2)	0.015	Tonnes CO ₂ equivalent/unit served
Scope 3 Other GHG emissions	1,273,056.41	Tonnes CO ₂ equivalent
Total GHG emissions (Scope 1, 2 and 3)	1,406,850.15	Tonnes CO ₂ equivalent
GHG emissions intensity (Scope 1, 2 and 3)	/	/

Hazardous waste	Waste	
	Total production (tonne)	Average intensity per store (tonne/store)
Waste automotive spare parts	1,635.42	3.61
Battery	641.99	1.42
Waste engine oil	9,062.84	20.01
Waste paint	266.59	0.59
Other hazardous wastes	926.65	2.05
Total hazardous waste	12,533.49	27.67

Non-hazardous Waste	Total production (tonne)	Average intensity per store (tonne/store)
Total non-hazardous waste	7,697.71	16.99

SOCIAL PERFORMANCE DATA

Breakdown of employees		
Total	30,287	100%

By gender	Number of employees	Percentage of total
Male	19,156	63.25%
Female	11,131	36.75%

By geographical region	Number of employees	Percentage of total
Northeastern and Northern China regions	5,418	17.89%
Eastern and Central China regions	12,928	42.68%
Southern China region	7,318	24.16%
Southwestern and Northwestern inland regions	4,623	15.27%

By age	Number of employees	Percentage of total
Below 25	2,859	9.44%
25-34	15,148	50.01%
35-44	11,096	36.64%
45-54	1,067	3.52%
55-64	117	0.39%

By level	Number of employees	Percentage of total
General employees	28,368	93.66%
Supervisor	1,456	4.81%
Middle management	447	1.48%
Senior management	16	0.05%

Breakdown of employee turnover			
By gender		Number of employee turnover	Turnover rate
Male		5,034	20.81%
Female		3,117	21.88%

By geographical region		Number of employee turnover	Turnover rate
Northeastern and Northern China regions		1,261	18.88%
Eastern and Central China regions		3,336	20.51%
Southern China region		2,392	24.63%
Southwestern and Northwestern inland regions		1,162	20.09%

By age		Number of employee turnover	Turnover rate
Below 25		1,350	32.07%
25-34		4,733	23.81%
35-44		1,925	14.78%
45-54		113	9.58%
55-64		30	20.41%

Staff Training				
By gender		Number of employees trained	Percentage of employees trained	Average training hours
Male		18,266	95.35%	28
Female		10,506	94.39%	29

By level		Number of employees trained	Percentage of employees trained	Average training hours
General employees		26,922	94.90%	25
Supervisor		1,398	96.02%	74
Middle management		436	97.54%	63
Senior management		16	100.00%	42

7.2 THE STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Environmental, Social and Governance Reporting Guide		Section
Subject Areas A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Reducing Pollution Emissions
A1.1	Types of emissions and respective emissions data.	Reducing Pollution Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Pollution Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume and per facility).	Reducing Pollution Emissions
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Pollution Emissions
A1.5	Description of emission target(s) set and steps taken to achieve them.	Reducing Pollution Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	Reducing Pollution Emissions
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Efficient Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Efficient Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Efficient Use of Resources

Environmental, Social and Governance Reporting Guide		Section
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Efficient Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group consumes packaging materials (including cartons, iron and aluminum cans and plastic packaging) in the course of business operations, however, as a non-manufacturing company, the Group has no control over the packaging of automobiles sold, as these are directly supplied by the manufacturer. Therefore, it does not apply to the disclosure of consumption of packaging materials.
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Low-carbon, Environmental Protection — Lifetime Clean
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low-carbon, Environmental Protection — Lifetime Clean
Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change
Subject Areas B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	True Concern — Lifetime Safety

Environmental, Social and Governance Reporting Guide		Section
B1.1	Total employees by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Staff Benefits
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Staff Benefits
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety and Health Management
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety and Health Management
B2.2	Lost days due to work injury.	Safety and Health Management
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety and Health Management
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Staff Training and Development
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Staff Benefits

Environmental, Social and Governance Reporting Guide		Section
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Staff Benefits
B4.2	Description of steps taken to eliminate such non-compliance when discovered.	Employment and Staff Benefits
Operating Practices		
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Devoted Service – Lifetime Win-win
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service Management
B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Group has attached great importance to the maintenance and protection of third-party intellectual property rights, and has not been involved in associated irregularities.

Environmental, Social and Governance Reporting Guide	Section
B6.4 Description of quality assurance process and recall procedures.	Service Quality Management
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer and Data Privacy Management
Aspect B7: Anti-corruption	
<p>B7 General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.</p>	Compliance Operation – Lifetime Integrity
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Compliance Operation – Lifetime Integrity
B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Compliance Operation – Lifetime Integrity
B7.3 Description of anti-corruption training provided to directors and staff.	Compliance Operation – Lifetime Integrity
Community	
Aspect B8: Community Investment	
<p>B8 General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	Care for the Community – Lifetime Return
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for the Community – Lifetime Return
B8.2 Resources contributed (e.g. money or time) to the focus area.	Care for the Community – Lifetime Return

Environmental, Social and Governance Reporting Guide	Section
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Part D: Climate-related Disclosures

(I) Governance	<p>Information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.</p> <p>Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	ESG Vision and Management Policy
(II) Strategy	<p>Climate-related risks and opportunities</p> <p>Business model and value</p> <p>Strategy and decision-making</p> <p>Financial position, financial performance and cash flows — Current financial effect</p> <p>Financial position, financial performance and cash flows — Anticipated financial effect</p> <p>Climate resilience</p>	<p>Response to Climate Change</p> <p>Response to Climate Change</p> <p>Climate change did not have a material impact on the Company’s financial position during the reporting period. In view of the significant uncertainty associated with the methodologies for quantitatively assessing its potential impacts, the Company has not disclosed the results of the relevant assessment of expected impacts at this stage.</p>
(III) Risk Management	<p>The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks</p> <p>The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities</p> <p>The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process</p>	Response to Climate Change

Environmental, Social and Governance Reporting Guide		Section
(IV) Metrics and Targets	Greenhouse gas emissions	Reducing Pollution Emissions
	Climate-related transition risks	During the reporting period, climate-related risks and opportunities have not had a material impact on the Company's assets or business activities.
	Climate-related physical risks	
	Climate-related opportunities	
	Capital deployment	During the reporting period, there were no material capital expenditures, financing or investments related to climate-related risks and opportunities.
	Internal carbon prices	Carbon pricing was not applied in decision-making.
	Remuneration	At present, the Group does not incorporate climate-related considerations or climate-linked performance indicators into its remuneration policies for directors, senior management or employees. To strengthen management's accountability and effectiveness in addressing climate-related matters, the Group will explore the feasibility of enhancing our remuneration policies by incorporating climate-related performance metrics into executive remuneration.
	Industry-based metrics	The Group currently does not have specific industry-based metrics.
	Climate-related targets	During the reporting period, climate change risks and opportunities did not have a material impact on business operations; therefore, no climate-related targets have been established.
	Applicability of cross-industry metrics and industry-based metrics	Not applicable

Saved as disclosed in the report, in view of the Stock Exchange's relief arrangements available under Appendix C2 ESG Reporting Code, the Group has, where applicable, relied upon Reasonable Information Relief, Capabilities Relief and Financial Effects Relief, in respect of any non-disclosures of "comply or explain" provisions under Part D (Climate-related Disclosures). The Group is committed to continuously enhancing its relevant capabilities and will progressively improve related disclosures in future reports.

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the “**Board**”) is pleased to present this Corporate Governance Report in the annual report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025.

CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company acts as an investment holding company and the principal activities of the Group include the sale and service of motor vehicles in the PRC. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees’ conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company’s vision, mission, policies and business strategies:

- (a) Integrity — we strive to do what is right;
- (b) Excellence — we aim to deliver excellence;
- (c) Collaboration — we are always better together;
- (d) Accountability — we are accountable for delivering on our commitments;
- (e) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and
- (f) Sustainability — we are committed to a sustainable future.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has committed to achieving high corporate governance standards.

The Group believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the “**Shareholders**”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The Company has applied the principles as set out in the CG Code.

The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with the code provisions as set out in the CG Code.

A. THE BOARD

1. RESPONSIBILITIES

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The directors of the Company (the "**Directors**") make decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

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

2. DELEGATION OF MANAGEMENT FUNCTION

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

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

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions by the abovementioned officers.

3. BOARD COMPOSITION

The Board comprises the following Directors during the year ended 31 December 2025 and up to 23 April 2026 (the "**Latest Practicable Date**"):

Executive Directors:

Mr. HUANG Yi (*Chairman*)
 Mr. LI Guoqiang (*President and Chief Executive Officer*)
 Mr. ZHANG Zhicheng
 Mr. TANG Xianfeng
 Ms. ZHOU Xin
 Mr. YU Jian (appointed on 26 March 2026)
 Ms. YU Ning (resigned on 26 March 2026)

Non-executive Directors:

Mr. CHAN Ho Yin (resigned on 2 April 2026)
 Mr. SUN Yanjun (resigned on 23 January 2026)

Independent non-executive Directors:

Mr. CHIN Siu Wa Alfred
 Mr. LI Yanwei
 Ms. CHENG Po Chuen (appointed on 8 April 2025)
 Mr. BAI Fengjiu (appointed on 19 December 2025)
 Mr. SHEN Jinjun (resigned on 8 April 2025)
 Mr. YING Wei (resigned on 19 December 2025)

Note: Pursuant to Rule 3.09D of the Listing Rules, Ms. CHENG Po Chuen, Mr. BAI Fengjiu and Mr. YU Jian have obtained professional advice from Allen Overy Shearman Sterling, the Company's Hong Kong legal advisers in Hong Kong on 7 April 2025, 16 December 2025 and 26 March 2026, respectively, as regards, among others, the requirements under the Listing Rules that are applicable to them as a director of a listed issuer. Each of Ms. CHENG Po Chuen, Mr. BAI Fengjiu and Mr. YU Jian has confirmed respectively that she/he understood her/his obligations as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

The biographical information of the Directors as at the date of this annual report is set out in the section headed "Directors and Senior Management" on pages 69 to 73 of the annual report for the year ended 31 December 2025.

None of the members of the Board is related to one another.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with his/her role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

5. NON-EXECUTIVE DIRECTORS AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

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

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

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting after appointment and be subject to re-election at such meeting. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to article 84 of the Articles of Association, Mr. Huang Yi, Mr. Zhang Zhicheng and Ms. Zhou Xin shall retire by rotation at the annual general meeting to be held on 17 June 2026 whereas in accordance with Article 83(3) of the Articles of Association, Mr. Bai Fengjiu (appointed by the Board on 19 December 2025) and Mr. Yu Jian (appointed by the Board on 26 March 2026) shall hold office only until the same annual general meeting. Mr. Huang Yi, Mr. Zhang Zhicheng, Ms. Zhou Xin, Mr. Bai Fengjiu and Mr. Yu Jian, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

6. BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors had completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

7. CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors have kept abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and appropriate. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be circulated to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, the following Directors attended in-house briefing(s), seminar(s) and training session(s) arranged by the Company or the following professional institution(s)/professional firm(s):

Topic	Date	Name of Organizer	Directors' Attendance											
			Huang Yi	Li Guoqiang	Zhang Zhicheng	Tang Xianfeng	Yu Ning (resigned on 26 March 2026)	Zhou Xin	Chan Ho Yin (resigned on 2 April 2026)	Sun Yanjun (resigned on 23 January 2026)	Chin Siu Wa Alfred	Li Yanwei	Cheng Po Chuen (appointed on 8 April 2025)	Bai Fengjiu (appointed on 19 December 2025)
Roles, functions and responsibilities of the board, its committee and its directors, and board effectiveness	December 2025	Vistra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Issuers' obligations and Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments	December 2025	Vistra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate governance and ESG matters	December 2025	Vistra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk management and internal controls	December 2025	Vistra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Inside Information and Disclosure	August 2025	Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2025 Directors and Senior Management Training	December 2025	Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Top 100 Members Conference of the Circulation Association	May 2025	China Automobile Dealers Association											✓	
China Pre-Owned Vehicle Conference	July 2025	China Automobile Dealers Association											✓	
ESG Training	June 2025	SWCS											✓	
Directors' Duties and Responsibilities in Listed Companies	August 2025	Clifford Chance											✓	
Risk Management and Internal Control Framework	November 2025	SWCS											✓	

In addition, Cheng Po Chuen and Chan Ho Yin have read various relevant materials including books, business journals and financial magazines during the year ended 31 December 2025.

8. ATTENDANCE RECORDS OF DIRECTORS AND BOARD COMMITTEE MEMBERS

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

Name of Director	Attendance/Number of Meetings During His/Her Tenure						Environmental, Social and Governance Committee	Annual General Meeting
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Compliance Committee	Risk Committee		
Huang Yi	7/7	3/3			1/1	1/1		1/1
Li Guoqiang	7/7		1/1		1/1			1/1
Zhang Zhicheng	7/7					1/1	1/1	1/1
Tang Xianfeng	7/7				1/1		1/1	1/1
Yu Ning (resigned on 26 March 2026)	7/7							1/1
Zhou Xin	7/7							1/1
Chan Ho Yin (resigned on 2 April 2026)	7/7							1/1
Sun Yanjun (resigned on 23 January 2026)	7/7							1/1
Chin Siu Wa Alfred	7/7	3/3	1/1	2/2				1/1
Li Yanwei	7/7							1/1
Cheng Po Chuen (appointed on 8 April 2025)	3/3	1/1	N/A	1/1				1/1
Bai Fengjiu (appointed on 19 December 2025)	N/A			N/A				N/A
Shen Jinjun (resigned on 8 April 2025)	3/3	2/2	1/1	1/1				N/A
Ying Wei (resigned on 19 December 2025)	7/7			2/2				1/1

Apart from regular Board meetings, the chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors on 28 March 2025. All the relevant Directors attended this meeting.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The chairman of the Board (the “**Chairman**”) is Mr. Huang Yi, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for the strategic management of the Group and for formulating the Group’s overall corporate direction and task. The chief executive officer is Mr. Li Guoqiang, who is responsible for the overall management and operations of the Group. He is also responsible for running the Company’s businesses and implementing the Group’s strategic plans and business goals.

To facilitate a timely discussion of all key and appropriate issues by the Board, the Chairman co-ordinates with the senior management to provide adequate, complete and reliable information to all Directors for consideration and review.

C. BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee, the Compliance Committee, the Risk Committee and the Environmental, Social and Governance Committee to oversee particular aspects of the Company’s affairs. The six Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of Company and/or the Stock Exchange and are available to Shareholders upon request.

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

1. AUDIT COMMITTEE

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

During the year ended 31 December 2025, the Audit Committee held 2 meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of internal control and risk management systems and internal audit function, appointment of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee meetings are set out under “Attendance Records of Directors and Board Committee Members” on page 57.

The Audit Committee also met the external auditors twice without the presence of the executive Directors during the year ended 31 December 2025.

2. REMUNERATION COMMITTEE

The primary functions of the Remuneration Committee include establishing transparent procedures for developing remuneration policy and structure, ensuring that no Director or any of his/her associates will participate in deciding his/her own remuneration, determining the remuneration policy and structure for all Directors and senior management, assessing their performance and approving the terms of their service contracts, and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Details of the amount of Directors' and chief executive officer's remuneration are set out in note 9 under "Notes to Financial Statements" on pages 130 to 132.

For the year ended 31 December 2025, the aggregate emoluments payable to members of senior management fell within the following band:

Band	Number of Individual(s)
HKD13,500,001 to HKD14,000,000	1
HKD11,000,001 to HKD11,500,000	1
HKD6,000,001 to HKD6,500,000	1

The Remuneration Committee held 1 meeting during the year ended 31 December 2025 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 57.

3. NOMINATION COMMITTEE

The principal duties of the Nomination Committee include reviewing the Board composition, assisting the Board in maintaining a Board skills matrix, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held 3 meetings during the year ended 31 December 2025 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to recommend the appointment of Ms. Cheng Po Chuen and Mr. Bai Fengjiu as independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the annual general meeting, and to consider and recommend to the Board on the appointment of Directors. The Nomination Committee considers that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee meetings are set out under "Attendance Records of Directors and Board Committee Members" on page 57.

BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (A) at least one of the members of the Board shall be female;
- (B) at least one-third of the members of the Board shall be independent non-executive Directors; and
- (C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board is committed to improving the diversity of the Board.

The Board consisted of three female Directors and nine male Directors as at 31 December 2025. The Nomination Committee is of the view that the current Board fully demonstrates diversity in terms of gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience and the Board satisfies the Board Diversity Policy.

GENDER DIVERSITY

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

Units: Proportion (Number of employee)

By employee type	Female	Male
Board	25.00% (3)	75.00% (9)
Senior Management	75.00% (3)	25.00% (1)
Other employees	36.75% (11,125)	63.25% (19,146)
Overall workforce	36.75% (11,131)	63.25% (19,156)

At the end of 2025, the percentage of female Directors on the Board reached 25.00%, which was better than the target of 5%, and the percentage of female in senior management reached 75.00%, which was better than the target of 30%. The Board will endeavour to maintain the gender diversity of the Board and senior management and increase the gender diversity of the rest of the Group's employees, with a view to achieving and maintaining approximately 40% female employees by the end of 2026.

More details regarding the gender of the employees can be found in the Environmental, Social and Governance Report on pages 17 to 51 of this annual report.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

4. COMPLIANCE COMMITTEE

The primary function of the Compliance Committee is to determine the policy for the corporate governance of the Company so as to ensure compliance on regulatory matters and corporate governance.

The Compliance Committee held 1 meeting during the year ended 31 December 2025 to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, and the Company's compliance with the CG Code and disclosures in this Corporate Governance Report. The attendance records of the Compliance Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 57.

To discharge our corporate governance duties, the inside information disclosure policy was adopted and a shareholders' communication policy was devised.

5. RISK COMMITTEE

The primary functions of the Risk Committee are to determine the risk management strategies, review the risk management system of the Group as well as to assess the Group's risk profile and risk management capabilities so as to improve the Group's risk management and internal control systems.

The Risk Committee held 1 meeting during the year ended 31 December 2025 to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Company considers that it has effective and adequate risk management and internal control systems. The attendance records of the Risk Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 57.

6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The primary functions of the Environmental, Social and Governance Committee are to oversee the sustainability goals and strategies of the Company, including assessing the environmental, social and governance risks and reporting to the Board on the key domestic trend in relation to environmental, social and governance works, to develop the sustainability initiatives and monitor the performance and progress of the Company with reference to the key performance indicators and other relevant standards and to report and advise the Company regarding its performance on sustainability and reviewing the environmental, social and governance report of the Company, so as to promote the development and implementation of the environmental, social and governance works of the Group.

The Environmental, Social and Governance Committee held 1 meeting during the year ended 31 December 2025 to review the environmental, social and governance report. The attendance records of the Environmental, Social and Governance Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 57.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

The Company's employees, who are likely to be in possession of unpublished inside information of the Group, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company throughout the year ended 31 December 2025.

E. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 86 to 90.

The external auditors of the Company, Ernst & Young, attended the annual general meeting held on 20 June 2025 to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The remuneration paid and payable to the Company's external auditors in respect of audit services for the year ended 31 December 2025 amounted to RMB6,800,000.

The Audit Committee recommended to the Board that, subject to our Shareholders' approval at the forthcoming annual general meeting (to be held on 17 June 2026), Ernst & Young be re-appointed as the external auditors of the Company.

G. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems. Such systems are in place to provide reasonable, though not absolute, assurance against material misstatement or loss, and to manage rather than eliminate the risk of failure to achieve business objectives.

The Audit Committee and Risk Committee assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

We attach significant importance to risk management. Our appraisal system further focuses on the effect of enhancement, while the continual improvement is the foundation, which ensures the implementation of internal control rectification. The Company's risk management and internal control features prevention beforehand rather than punishment afterwards, and the risk management is carried out in all aspects, pursuing the goal in overall efficiency maximisation. The Company's risk management and internal control procedures are as follows: (i) regional brand projects unit requires dealerships to complete self-check before the 10th of each month and review them before the 25th of each month, sharing best practices internal control; and (ii) the Group periodically provides risk alerts, self-check guidance and comprehensive oversight.

All departments have conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Risk Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board, the Audit Committee and Risk Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Internal Audit Department of the Group is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department of the Group examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee and Risk Committee.

The Board, as supported by the Audit Committee and Risk Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and the adequacy of relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Fraud and Anti-Bribery Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Chief Execution Officer (directly or via Auditing Division) and the Internal Audit Department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the year ended 31 December 2025, the Company held 12 anti-corruption trainings and briefings to all employees. There were no non-compliance cases in relation to bribery and corruption.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries in order to prohibit any unauthorised access and use of inside information.

The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Group on regular intervals basis when necessary.

H. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has in place a Shareholders' Communication Policy. The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Board endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings or other general meetings to communicate with them and encourage their participation. The Board regularly reviews this policy to ensure its effectiveness.

(A) CORPORATE COMMUNICATION

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(B) CORPORATE WEBSITE

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.zs-group.com.cn). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(C) SHAREHOLDERS' MEETINGS

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend annual general meeting of the Company to answer Shareholders' questions.

(D) SHAREHOLDERS' ENQUIRIES

ENQUIRIES ABOUT SHAREHOLDINGS

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, via its online holding enquiry service at www.computershare.com/hk/en/online_feedback, or call its hotline at +852 2862 8555, or go in person to its public counter at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: zhongsheng@zs-group.com.cn or by post to No. 44, Binhai East Road, Zhongshan District, Dalian, China. Shareholders may call the Company at (+86-411) 3979 8888 for any assistance.

(E) WEBCAST

Webcasts of the Company's interim and annual results briefings are available.

(F) OTHER INVESTOR RELATIONS COMMUNICATION PLATFORMS

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular basis.

During the year ended 31 December 2025, an annual general meeting was held on 20 June 2025 in Hong Kong, and the topics discussed included: the consideration of the audited consolidated financial statements of the Group and reports of the Directors and of the auditors for the year ended 31 December 2024; approving the re-election of certain Directors; approving the re-appointment of Ernst & Young as auditors and the declaration of final dividend.

The forthcoming annual general meeting will be held on 17 June 2026.

During the year under review, the Company has not made any changes to its Memorandum and Articles of Association. A latest version of the Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

The Board has reviewed the Shareholders' Communication Policy and confirmed that the implementation and effectiveness of such policy throughout the year ended 31 December 2025 are satisfactory.

I. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings must be voted on by poll pursuant to the Listing Rules, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll voting results must be posted on the websites of the Company and of the Stock Exchange after each general meeting as soon as possible, in accordance with the Listing Rules.

(I) CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Pursuant to article 58 of the Articles of Association, an extraordinary general meeting (an "EGM") may be convened by the Board on requisition of one or more Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to proceed to convene such EGM within 21 days of the deposit of the requisition, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

The requisitioner(s) must state the objects clearly in the requisition, sign the requisition and deposit the same to the Board or the company secretary or the primary contact person of the Company.

(II) PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Act (Revised) or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an EGM following the procedures set out in paragraph (I) above.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at www.zs-group.com.cn.

(III) PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquires to the Company.

Note: The Company will not normally deal with verbal or anonymous enquires.

PRIMARY CONTACT PERSON

Shareholders may send their requisitions, proposed resolutions or enquiries as mentioned in paragraphs (I), (II) and (III) above to the primary contact person of the Company as set out below:

Name:	Ms. Yao Zhenchao
Address:	Room 1803-09, 18/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong
Fax:	(+852) 2803 5676
Email:	yaozhenchao@zs-group.com.cn

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

J. COMPANY SECRETARY

Ms. Yao Zhenchao (“**Ms. Yao**”) has been appointed as one of the joint company secretaries of the Company with effect from 1 April 2019. The waiver had been granted to the Company by the Stock Exchange from strict compliance from Rules 3.28 and 8.17 of the Listing Rules. On 1 April 2022, the Stock Exchange has confirmed that Ms. Yao is qualified to act as a company secretary of the Company under Rule 3.28 of the Listing Rules. As a result, Ms. Yao has served as the sole company secretary of the Company with effect from 1 August 2022.

For the year ended 31 December 2025, Ms. Yao has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

K. GOING CONCERN

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

L. SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2025.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the Board as at the Latest Practicable Date:

Name	Age	Position
HUANG Yi	63	Chairman and executive Director
LI Guoqiang	62	President, executive Director and Chief Executive Officer
ZHANG Zhicheng	53	Vice-general manager, executive Director and Chief Operating Officer
TANG Xianfeng	56	Vice-general manager and executive Director
ZHOU Xin	46	Vice-general manager and executive Director
YU Jian	54	Executive Director and Chief Financial Officer
CHIN Siu Wa Alfred	69	Independent non-executive Director
LI Yanwei	51	Independent non-executive Director
CHENG Po Chuen	54	Independent non-executive Director
BAI Fengjiu	55	Independent non-executive Director

EXECUTIVE DIRECTORS

HUANG Yi (黃毅), aged 63, is the Chairman and executive Director. Mr. Huang is one of the two founders, and has been chairman of the Group since its inception in 1998. He is responsible for the strategic management of the Group and for formulation our overall corporate direction and focus. Prior to founding our Group, Mr. Huang was a director and deputy general manager at China Resources Machinery Co., Ltd. ("**China Resources Machinery**"), a state-owned enterprise engaged in importing and exporting automobiles and other machinery. Mr. Huang held numerous management positions in business administration, product procurement and sales operations in China Resources Machinery during his tenure between 1984 and 1994. In 1994, Mr. Huang joined China Automobile Company Limited ("**China Automobile**") as a director, and was responsible for China Automobile's procurement and sales divisions. In 1996, Mr. Huang invested in, and became a shareholder of, China Automobile. China Automobile, currently known as Hokuryo Holdings Company Limited, is presently an indirect wholly-owned subsidiary of the Group. Mr. Huang served as the president of the second and third sessions of Mercedes-Benz Dealer Association from November 2014 to February 2025, the president of the Lexus China Dealer Advisory Council since 2013, as well as the president of the Advisory Council of GZ Toyota since 2012. Mr. Huang has substantial senior management experience and more than 36 years' of experience and in-depth knowledge of the PRC automobile industry. Mr. Huang received a Bachelor's degree in Economics from Xiamen University in 1983.

LI Guoqiang (李國強), aged 62, is the other founder of the Group, and has been serving as the Group's chief executive officer and president since 1998 and as an executive Director since 23 June 2008. He is also a director of the various companies in the Group. Mr. Li is responsible for the overall management and operations of the Group. In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory ("**Aotong Repair & Assembly**"), a company engaged in automobile repair and maintenance services. Mr. Li served as the factory director and legal representative of Aotong Repair & Assembly, and was responsible for its overall management and operations. From 1996 to 1998, Mr. Li served as the vice chairman of Dalian Toyota Maintenance & Service Co., Ltd. and general manager of Dalian Bonded Zone Toyota Automobile Sales Co., Ltd., and was responsible for the decisions of procurement and sales of automobiles as well as the management of the national distribution networks during his tenure. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd. ("**Aotong Industry**"), a company engaged in distribution of automobiles. Aotong Industry is the predecessor of Zhongsheng (Dalian) Group Co., Ltd., which is presently a wholly-owned subsidiary of the Group. Mr. Li has substantial senior management experience and more than 36 years of experience and in-depth knowledge of the PRC automobile industry. Mr. Li was listed on Forbes China's Best CEO List in 2020.

ZHANG Zhicheng (張志誠), aged 53, has been serving as vice-general manager of the Group since July 2008 and executive Director since 31 March 2014, and has been the Chief Operating Officer since November 2020. Mr. Zhang joined the Group in 2003, and has held numerous management positions in several of the Group's key operating subsidiaries, including Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. and Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd., primarily responsible for implementing the strategic decisions of the Group and liaising with the automakers regarding developing the brand automobile sales business of the Group. Mr. Zhang currently oversees the sales and management of the Group's brand automobile sales business. Mr. Zhang has over 22 years' relevant experience and in-depth expertise in the China's automobile industry. Mr. Zhang received a master's degree in Business Administration from Dongbei University of Finance and Economics in 2003. Mr. Zhang also received Peak Performance General Manager awards in both 2006 and 2007 from Toyota Motor (China) Investment Co., Ltd., as part of the Lexus Certification Program.

TANG Xianfeng (唐憲峰), aged 56, joined the Group in January 2014 and currently serves as an executive Director and vice-general manager of the Group, primarily responsible for construction and development. Prior to joining the Group, Mr. Tang served as the vice-president of Dalian Huarui Heavy Industry Group Co., Ltd. from January 2012 to December 2013. In addition, Mr. Tang also served as a designer in the research institute, office vice-director, assistant to the head of reducer factory, vice-director of labour and personnel department and head of port machinery factory of Dalian Daqi Group from 1999 to 2003. Mr. Tang worked at Dalian DHI.DCW in June 2003 and served as the executive vice head and head of Second Business Division, assistant to the general manager and vice general manager of the Group. Mr. Tang obtained a Bachelor's degree in lifting transportation and mechanical engineering from Taiyuan Heavy Machinery Institute in 1991 and obtained a master's degree in mechanical engineering from Wuhan University of Technology in 2006. Mr. Tang obtained the senior professional manager qualification and was qualified as professor and researcher level senior engineer.

ZHOU Xin (周新), aged 46, joined the Group in 2004 and currently serves as vice-general manager of the Group and general manager of the operations management centre of the Group, primarily responsible for the after-sales and accessories business and operations of the Group. Ms. Zhou has been serving as an executive Director since 27 March 2024. Ms. Zhou served as front desk supervisor of Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. from October 2004 to May 2010, and subsequently served as after-sales service manager of Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. from June 2010 to July 2012. Ms. Zhou served as vice general manager of Dalian Zhongsheng Nissan Sales & Services Co., Ltd. from August 2012 to January 2013. From January 2013 to December 2013, she served as senior finance and insurance manager of the Group, primarily responsible finance and insurance affairs. From January 2014 to January 2015, she served as regional director of after-sales services of the Group, leading the Group in promoting its automobile after-sale services. From January 2015 to February 2016, she served as general manager of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd., and was primarily responsible for handling insurance affairs of the company. From March 2016 to February 2017, she served as general manager of Dalian Zhongsheng Yingbin Toyota Sales & Services Co., Ltd. She served as executive director of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd. from December 2017 to November 2020. Ms. Zhou also served as general manager of the Volvo brand of the Group from January 2018 to February 2020 and head of the after-sale management department of the Group from February 2020 to October 2020. Ms. Zhou obtained a bachelor's degree in electronic commerce from Dongbei University of Finance and Economics in 2007, and was named an "Outstanding Businessperson" among a group of businesspersons for her contribution to the development of the Binhai New District, Tianjin in 2019.

YU Jian (俞建), aged 54, was appointed as an executive Director on 26 March 2026. Mr. Yu has served as the president of Luminary (Shenzhen) Commercial Management Co., Ltd.* (和光致成(深圳)商業管理有限公司) from July 2023 to February 2026. From December 2018 to June 2023, Mr. Yu worked at China Fortune Land Development Co., Ltd.* (華夏幸福基業股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600340), with his last position as president of the Southern China Headquarters. From August 2009 to November 2018, Mr. Yu worked at China Resources Land Limited (a company listed on the Stock Exchange) with stock code: 1109), with his last positions as executive director, senior vice president and chief financial officer. Mr. Yu also spent eight years in the strategic planning and treasury functions in BP Asia Ltd. based in Hong Kong and BP plc based in London, and seven years in the financial leasing area in China Leasing Company Ltd. in Beijing and Hong Kong. Mr. Yu obtained a bachelor's degree in international finance from the University of International Business and Economics (對外經濟貿易大學) in 1992 and a master's degree in business administration from the University of Michigan Ross School of Business in 2001. Mr. Yu is a Chartered Financial Analyst and a Certified Public Accountant in Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHIN Siu Wa Alfred (former name: QIAN Shaohua) (錢少華), aged 69, was appointed as an independent non-executive Director on 10 August 2018. Mr. Chin served as group vice president at Shangri-La Asia Limited (“SA”, a company listed on the Stock Exchange with stock code 69) from February 2017 to December 2018 and served as the vice president of development at SA from February 2004 to September 2007. Mr. Chin also served as the non-executive director of the Kerry Logistics Network Limited (a company listed on the Stock Exchange with stock code 636) from November 2013 to May 2019. Mr. Chin served as a director of Kerry Properties Limited (“KPL”, a company listed on the Stock Exchange with stock code 683) from September 2007 to January 2017 and was re-designated as an executive director of KPL from July 2009 to January 2017. He also served as a co-managing director of KPL from August 2013 to September 2015. Mr. Chin served as the chairman and general manager of Zhongshan City Tourism Group Company, a state-owned enterprise primarily engaged in the business of tourism development, from January 1996 to May 2002, where he was responsible for the day-to-day general management, asset management, and business development primarily for the PRC market. Mr. Chin graduated from South China Normal University in 1986 and completed an advanced management programme at Harvard Business School in 2002.

LI Yanwei (李顏偉), aged 51, has been serving as an independent non-executive Director since 9 December 2019. Mr. Li joined Sina.com Technology (China) Co., Ltd. in 2003 and was engaged in the work relating to media in respect of the automobile industry. Mr. Li has been the founder of 秒車信息技術有限公司 Miaoche Information Technology Co., Ltd.* since 2014. Mr. Li has also been a member of the expert committee of China Automobile Dealers Association (“CADA”) since 2015. For every year from 2016 to 2019, Mr. Li was honoured with the title of Outstanding Expert of CADA. Mr. Li obtained a bachelor's degree in law from Yanbian University.

CHENG Po Chuen (鄭寶川), aged 54, was appointed as an independent non-executive Director on 8 April 2025. Ms. Cheng served as a consultant in the business consulting division of Arthur Andersen & Co from September 1994 to May 1997. She worked in the investment banking arms of DBS Asia Capital Limited, The Hongkong and Shanghai Banking Corporation Limited and Macquarie Group from May 1997 to August 2010, with her last position as a division director in Macquarie Capital Securities Limited. Ms. Cheng joined the global wealth management division of UBS AG as head of corporate advisory group in Hong Kong in September 2010, and subsequently had served there until January 2020 with her last position as a managing director. Ms. Cheng served as the chief financial officer since January 2020 and an executive director since April 2020 in Crazy Sports Group Limited (formerly known as V1 Group Limited) (a company listed on the Stock Exchange with stock code 82) until November 2023. Ms. Cheng has served as the director of development of The Hong Kong Philharmonic Society Limited since August 2024. Ms. Cheng has served as an independent non-executive director of China Resources Beverage (Holdings) Company Limited (a company listed on the Stock Exchange with stock code 2460) since October 2024. Ms. Cheng is a Fellow of CPA Australia and a Member of American Institute of Certified Public Accountants. She holds a bachelor degree in business administration from The University of Hong Kong.

BAI Fengjiu (白鳳九), aged 55, was appointed as an independent non-executive Director on 19 December 2025. Mr. Bai worked at the Dalian Municipal Office of the State Administration of Taxation (大連市國家稅務局) from August 1993 to June 2007. He then worked in the tax advisory division of PricewaterhouseCoopers as manager and senior manager from July 2007 to December 2010. He subsequently joined Deloitte and served as director and partner in the tax advisory division from January 2011 to September 2025. He obtained a diploma in taxation from Liaoning Taxation College (遼寧稅務專科學校) in 1993 and a bachelor degree in taxation from Changchun School of Taxation (長春稅務學院)(currently known as Jilin University of Finance and Economics (吉林財經大學)) in 1999.

OTHER SENIOR MANAGEMENT

The table below shows certain information in respect of our senior management (excluding Directors who also hold executive positions and the secretary of the Company):

Name	Age	Position
HAO Qing	50	Vice-general manager and Lexus brand general manager
LI Yuanhua	45	Vice-general manager and head of audit and supervision department
Daniel ZHOU Zheng	40	Chief strategy officer
YU Ning	42	Financial controller

HAO Qing (郝青), aged 50, joined the Group in July 1998 and currently serves as vice-general manager and Lexus brand general manager of the Group. Ms. Hao served as a sales manager in Dalian Free Trade Zone Nissan Automobile Sales and Service Co., Ltd. from July 1998 to August 2005. Ms. Hao joined Dalian Zhongsheng Lexus Automotive Sales & Service Co., Ltd. (“**Dalian Zhongsheng Lexus**”) from August 2005 to January 2012 and served as a sales manager, the vice-president and general manager. In addition, Ms. Hao served as the brand operation director and store manager at the Lexus Brand Office and Dalian Zhongsheng Lexus from January 2012 to December 2013; the regional general manager in the Dalian Regional Office and the general manager and store manager in the Lexus Brand Office from December 2013 to July 2015; and the brand general manager and store manager in the Lexus Brand Office from July 2015 to April 2019. Ms. Hao received the honour of National Outstanding General Manager of Lexus China Distributor from 2010 to 2013. Ms. Hao obtained a Bachelor’s degree in English from Liaoning Normal University.

LI Yuanhua (李遠華), aged 45, joined the Group in October 2014 and currently serves as vice-general manager and head of audit and supervision department, primary responsible for duties in merger and acquisition, audit and supervision. Prior to joining the Group, Ms. Li served in the finance and accounting department, securities department and branch office at Dalian Equipment Heavy Industry Group Co., Ltd. (大連裝備重工集團股份有限公司) (“**Dalian Equipment Heavy Industry**”) from July 2002 to November 2006 and served as the chief accountant at Dalian Equipment Heavy Industry Crane Company (大連裝備重工起重機公司) from December 2006 to January 2012, responsible for financing, salary management, bidding and operation management. In addition, Ms. Li served as the chief accountant at Dalian Equipment Heavy Industry Group Complete Company (大連裝備重工集團成套公司) from January 2012 to September 2014, responsible for financing, procurement, engineering cost, risk control. Ms. Li served as a director of the audit and supervision department of the Group from October 2014 to July 2017, served as a director of the financial management department and a director of the supervision department from August 2017 to November 2019, she was also responsible for the Group’s human resources, finance, and used car areas during her tenure as deputy general manager from 2019 to 2023. Ms. Li has been awarded the honour of Model Worker of Dalian City and Dalian Equipment Heavy Industry Group (大連裝備重工集團) several times from 2007 to 2013. Ms. Li obtained a bachelor’s degree in accounting from Harbin University of Science and Technology in 2002 and qualified as a Fellow of the Association of International Accountants (FAIA) in 2012.

Daniel ZHOU Zheng (周正), aged 40, joined the Company as chief strategy officer in February 2023, primarily responsible for financial and strategic planning and capital markets related matters. Prior to joining the Company, Mr. Zhou served as the chief financial officer of Minovate Inc. from May 2021 to January 2023. From November 2017 to April 2021, he served as the chief financial officer of VCREDIT Holdings Limited (a company listed on the Stock Exchange with stock code 2003). Prior to that, he served as a vice president at Credit Suisse from May 2016 to November 2017, worked at Goldman Sachs from June 2015 to April 2016, and worked at Blackstone from March 2011 to May 2015. From October 2024, Mr. Zhou is an independent non-executive director for Qiniu Limited (a company listed on the Stock Exchange with stock code 2567). Mr. Zhou obtained a bachelor of business administration degree in finance from Hong Kong University of Science and Technology and a master of business administration degree from the Sloan School of Management of Massachusetts Institute of Technology.

YU Ning (于寧), aged 42, has held various positions within the Group since January 2019. Ms. Yu initially joined the Company as general manager of the finance department in January 2019 and was subsequently appointed as vice-general manager and joint chief financial officer of the Company on 11 May 2021. Ms. Yu served as an executive Director and chief financial officer of the Company from 27 March 2024 to 26 March 2026, and with effect from 26 March 2026, has been redesignated as the financial controller of the Group. Prior to joining the Company, Ms. Yu worked as an auditor at Deloitte Touche Tohmatsu Certified Public Accountants LLP from July 2007 to May 2013, and as a finance director at Dalian Yuanyang Yuye Jinqiang Yudiao Co., Ltd.* (大連遠洋漁業金槍魚釣有限公司) from May 2013 to December 2018. Ms. Yu graduated from East China University of Science with a bachelor's degree in Accounting in July 2006 and received a Master of Business Administration degree from Dalian Maritime University in July 2017.

COMPANY SECRETARY

YAO Zhenchao (姚振超), aged 45, was appointed as joint company secretary of the Company on 1 April 2019 and has served as the sole company secretary of the Company since 1 August 2022. She joined the Group in July 2011 and currently serves as the chief legal officer of the Company. She is admitted as a registered attorney in the PRC and the State of New York, the United States of America.

* The English transliteration of the Chinese names in this annual report, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the **“Financial Statements”**).

PRINCIPAL ACTIVITIES

The Group’s operations are conducted in the PRC through its subsidiaries in the PRC. The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the sale and service of motor vehicles. There were no significant changes in the nature of the Group’s principal activities during the Reporting Period.

We are a leading national automobile dealership group in the PRC. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche, Volvo and AITO, and mid-to-high end automobile brands including Toyota, Nissan and Honda. Through our “One-stop Automobile Shop” business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our outlet. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the Financial Statements on pages 91 to 97 of this annual report.

BUSINESS REVIEW

A review of the business of the Company and a discussion and analysis of the Company’s performance during the year, and the material factors underlying its results and financial position are provided in the Management Discussion and Analysis on pages 10 to 16. Main risks and uncertain factors faced by the Group and corresponding mitigation methods are set out in note 48 to the Financial Statements. An analysis of the Group’s performance during the year using financial Key Performance Indicators is provided in the section headed “Management Discussion and Analysis — Financial Review” on pages 10 to 15 of this annual report. The future development of the Company’s business is discussed throughout this annual report including in the Letter from Senior Leadership on pages 3 to 8 and Management Discussion and Analysis on pages 10 to 16. The Board recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure the Group’s compliance to the prevailing environmental protection laws and regulations. Additional details regarding the Company’s performance on environmental and social-related key performance indicators and policies are provided in the “Environmental Policies and Performance” of this Report of Directors on page 84.

Compliance with relevant laws and regulations which have a significant impact on the Company are provided in the “compliance with laws and regulations” of this Report of Directors; and an account of the Company’s relationships with its employees, customers, suppliers, shareholders, etc. are disclosed, in “Relationship with Stakeholders” of this Report of Directors on page 84 to 85.

CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 36 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity and note 37 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company has distributable reserves of RMB1,627.5 million in total available for distribution.

DIVIDEND POLICY

The Board has adopted a dividend policy. The Company does not have any pre-determined dividend payout ratio. The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends: financial results; cash flow situation; business conditions and strategies; future operations and earnings; capital requirements and expenditure plans; interests of Shareholders; any restrictions on payment of dividends; and any other factors that the Board may consider relevant.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 192 of this annual report.

DONATIONS

The Company had made a donation of RMB21,000 to various PRC charity projects or organisations for the year ended 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 13 to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 30 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our directors, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors of the Company during the year ended 31 December 2025 and up to the Latest Practicable Date are:

EXECUTIVE DIRECTORS

Mr. Huang Yi (*Chairman*)
Mr. Li Guoqiang (*President and Chief Executive Officer*)
Mr. Zhang Zhicheng
Mr. Tang Xianfeng
Ms. Zhou Xin
Mr. Yu Jian (appointed on 26 March 2026)
Ms. Yu Ning (resigned on 26 March 2026)

NON-EXECUTIVE DIRECTORS

Mr. Chan Ho Yin (resigned on 2 April 2026)
Mr. Sun Yanjun (resigned on 23 January 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chin Siu Wa Alfred
Mr. Li Yanwei
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Bai Fengjiu (appointed on 19 December 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)
Mr. Ying Wei (resigned on 19 December 2025)

Pursuant to the Articles of Association, Mr. Huang Yi, Mr. Zhang Zhicheng, and Ms. Zhou Xin shall retire from their office by rotation at the forthcoming annual general meeting (the “**AGM**”) whereas Mr. Bai Fengjiu (who was appointed on 19 December 2025) and Mr. Yu Jian (who was appointed on 26 March 2026) shall hold office only until the AGM. Mr. Huang Yi, Mr. Zhang Zhicheng, Ms. Zhou Xin, Mr. Bai Fengjiu and Mr. Yu Jian, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 69 to 73 of this annual report.

DIRECTORS’ SERVICE CONTRACTS

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

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

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

As at 31 December 2025, the interests and short positions of our directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules, were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY'S SHARES

Name of Director	Capacity/Nature of Interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%) (Note 1)
Mr. Huang Yi	Interest of controlled corporation, founder of a discretionary trust, agreement to acquire interests, treasury shares and beneficial owner	1,184,817,374 (Long position) (Note 2)	49.66
Mr. Li Guoqiang	Interest of controlled corporation, founder of a discretionary trust, agreement to acquire interests, treasury shares and beneficial owner	1,184,817,374 (Long position) (Note 2)	49.66
Mr. Zhang Zhicheng	Beneficial owner	5,500,000 (Long position) (Note 3)	0.23
Ms. Zhou Xin	Beneficial owner and interest of spouse	426,500 (Long position) (Note 4)	0.02
Mr. Sun Yanjun (Note 5)	Beneficial owner	30,000 (Long position)	0.00
Mr. Chin Siu Wa Alfred	Beneficial owner	100,000 (Long position)	0.00
Mr. Li Yanwei	Beneficial owner	71,000 (Long position)	0.00

Notes:

- The approximate percentage of shareholding is calculated based on 2,385,668,363 shares of the Company in issue (including the treasury shares held by the Company) as at 31 December 2025.
- These interests include the 18,674,500 treasury shares held by the Company as at 31 December 2025 as the Director controls over one-third of the voting power at general meetings of the Company. The Director is taken to have an interest in such treasury shares by virtue of the SFO.
- These interests represent options granted to the Director as beneficial owner under the Share Option Scheme.
- These interests comprise 336,500 shares of the Company held by the Director and 90,000 shares of the Company held by her spouse.
- Mr. Sun Yanjun resigned as a non-executive Director with effect from 23 January 2026.

As at 31 December 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules.

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

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

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Shareholder	Capacity/Nature of Interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%) (Note 1)
Blue Natural Development Ltd. (Note 2)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Light Yield Ltd. (Note 4)	Beneficial owner, interest of controlled corporation and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Vest Sun Ltd. (Note 5)	Interest of controlled corporation and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Mountain Bright Limited (Note 6)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
UBS TC (Jersey) Ltd.	Trustee and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Vintage Star Limited (Note 7)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Jardine Matheson Holdings Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
Jardine Strategic Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
JMH Investments Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
JSH Investment Holdings Limited	Beneficial owner	505,816,116 (Long position)	21.20

Notes:

1. The approximate percentage of shareholding is calculated based on 2,385,668,363 shares of the Company in issue (including the treasury shares held by the Company) as at 31 December 2025.
2. Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.30%) and Vest Sun Ltd. (37.70%). Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd.
3. These interests include the 18,674,500 treasury shares held by the Company as at 31 December 2025 as the substantial shareholder controls over one-third of the voting power at general meetings of the Company. The substantial shareholder is taken to have an interest in such treasury shares by virtue of the SFO.
4. Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
5. Vest Sun Ltd. is wholly-owned by Mr. Li Guoqiang, who is also the sole director of Vest Sun Ltd.
6. Mountain Bright Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Huang Yi (the settler of the trust) and his family.
7. Vintage Star Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

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

CONVERTIBLE BONDS

2025 CONVERTIBLE BONDS

On 12 May 2020, the Company, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc (the “**2025 Convertible Bond Managers**”) entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2025 Convertible Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) zero coupon convertible bonds due 2025 in an aggregate principal amount of HKD4,560 million (the “**2025 Convertible Bonds**”).

The Directors considered that the issue of the 2025 Convertible Bonds allowed the Company to refinance its existing debt and to extend its debt maturity profile.

The 2025 Convertible Bonds are convertible into shares of the Company (the “**Share(s)**”) at an initial conversion price of HKD45.61 per Share, exercisable at the holder’s option at any time on or after 1 July 2020 up to the close of business on the tenth day prior to the maturity date, being a date falling on or about 21 May 2025. The conversion price was subsequently adjusted from HKD45.61 to HKD45.02 per Share (effective 29 June 2023) following payment of a final dividend of HKD1.09 per Share for the year ended 31 December 2022, and further to HKD43.88 per Share (effective 4 July 2024) following payment of a final dividend of HKD0.797 per Share for the year ended 31 December 2023.

On 21 May 2025, the Company redeemed and cancelled the outstanding 2025 Convertible Bonds in the aggregate amount of HKD3,124,000,000 at 117.49% of its principal amount. As at the date of this annual report, there are no outstanding 2025 Convertible Bonds in issue.

Details of the 2025 Convertible Bonds are set out in note 31 to the Financial Statements.

Please refer to the announcements of the Company dated 12, 13, 14, 21, 22 and 25 May 2020 and 26 April 2023 and 19 June 2023 and 21 June 2024, respectively, for further details on the 2025 Convertible Bonds.

BONDS

2026 BONDS

On 6 January 2021, the Company and Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, CCB International Capital Limited, MUFG Securities Asia Limited and Morgan Stanley & Co. International plc (the “**2026 Bond Managers**”) entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2026 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 3.00% bonds due 2026 in an aggregate principal amount of US\$450 million (the “**2026 Bonds**”). The maturity date of the 2026 Bonds is 13 January 2026.

In July 2024, the Company made an offer to purchase for cash the 2026 Bonds at a purchase price of US\$966 per US\$1,000 principal amount, plus accrued interest. On 1 August 2024, the Company accepted, purchased and cancelled all validly tendered 2026 Bonds in an aggregate principal amount of US\$292,166,000, reducing the outstanding aggregate principal amount of the 2026 Bonds to US\$157,834,000.

On 27 August 2025, the Company redeemed and cancelled all of the outstanding 2026 Bonds in the aggregate principal amount of US\$157,834,000. As at the date of this annual report, there are no outstanding 2026 Bonds in issue.

Please refer to the announcements of the Company dated 4, 7, 13 and 14 January 2021, 22 and 30 July and 1 August 2024 and 28 July and 27 August 2025, respectively, for further details on the 2026 Bonds.

2028 BONDS

On 23 July 2024, the Company and Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited (the “**2028 Bond Managers**”) entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2028 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 5.98% bonds due January 2028 in an aggregate principal amount of US\$600 million (the “**2028 Bonds**”). The maturity date of the 2028 Bonds is 30 January 2028, on which the Company is scheduled to redeem each 2028 Bond at its principal amount.

Please refer to the announcements of the Company dated 22, 24, 30 and 31 July 2024, respectively, for further details on the 2028 Bonds.

PANDA BONDS

On 20 May 2024, the Company made an application (the “**Application**”) to the National Association of Financial Market Institutional Investors (the “**Association**”) for registration of debt financing instruments in the aggregate amount of not more than RMB5 billion (the “**Panda Bonds**”) to be issued in one or multiple tranches as and when appropriate within two years from the date of receipt of the notice of acceptance of the registration of the Panda Bonds from the Association. The Application was approved by the Association on 19 July 2024.

The issue of the first tranche of the Panda Bonds was completed on 1 August 2024. Based on the bookbuilding and placement results, the total issue size of the first tranche of the Panda Bonds was RMB1 billion, with a coupon rate of 3.5% and a maturity of three years.

Please refer to the announcements of the Company dated 20 May, 24 July and 1 August 2024, respectively, for further details on the Panda Bonds.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2025 and up to the date of this annual report, none of the Directors and controlling shareholders (i.e. Mr. Huang Yi, Mr. Li Guoqiang, Light Yield Ltd., Vest Sun Ltd., Blue Natural Development Ltd., Mountain Bright Limited, UBS TC (Jersey) Ltd. and Vintage Star Limited) of the Company was interested in any business which competes or is likely to compete with the businesses of our Group.

We have received an annual written confirmation from our controlling shareholders, including Mr. Huang Yi and Mr. Li Guoqiang, in respect of the compliance by and with the provisions of the non-competition deed entered into between the Company and our controlling shareholders (the "**Non-competition Deed**").

Our independent non-executive Directors have reviewed the compliance with the Non-competition Deed during the year ended 31 December 2025 and up to the date of this annual report based on information and confirmation provided by or obtained from our controlling shareholders, and were satisfied that our controlling shareholders, including Mr. Huang Yi and Mr. Li Guoqiang, have duly complied with the Non-competition Deed.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the year ended 31 December 2025 that is required to be disclosed under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No director or any entity connected with any Director had a material interest, either directly or indirectly, in any transactions, arrangement or contract of significance to the business of our Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025 and up to the date of this annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of our Group.

Details of the Directors' remuneration during the year ended 31 December 2025 are set out in note 9 to the Financial Statements.

RETIREMENT SCHEMES

Details of the retirement benefits plans of our Group are set out in note 2 to the Financial Statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025 and up to the date of this annual report.

MATERIAL CONTRACTS

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any material contracts or contract of significance with the controlling shareholders or any of their respective subsidiaries, nor had any material contracts been entered into for the services provided by the controlling shareholder or any of their respective subsidiaries to the Company or any of its subsidiaries.

SHARE OPTION SCHEME

The Share Option Scheme (as defined in the Company's prospectus dated 16 March 2010) was conditionally approved by a resolution of the Shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. The Share Option Scheme expired on 25 March 2020. No further options can be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of the Share Option Scheme or otherwise as handled in accordance with the provisions of the Share Option Scheme.

Details of the outstanding options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the year ended 31 December 2025 are set out below:

Name of Grantees	Date of grant	Exercise price per Share	Outstanding as at 31 December 2024	Number of Share Options			Outstanding as at 31 December 2025
				Granted during the period	Exercised/ Vested during the period	Lapsed/ Cancelled during the period	
Mr. Zhang Zhicheng – Executive Director	26 April 2018	HKD22.60	5,500,000 ^(Note)	–	–	–	5,500,000
Total							5,500,000

Note: On 26 April 2018, the Company offered to grant share options (the "Share Options") to Mr. Zhang Zhicheng under the Share Option Scheme, which entitle him to subscribe for an aggregate of 5,500,000 new Shares. The vesting period of the Share Options were one year from the date of grant of the Share Options. The Share Options were fully vested on 26 April 2019. The Share Options are exercisable from 26 April 2019 to 25 April 2028 (both dates inclusive) at a price of HKD22.60 per Share. The closing price of the Shares immediately before 26 April 2018 was HKD22.35 per Share.

Further details of the Share Options are set out in note 38 to the financial statements. The Binomial Option Pricing Model is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions.

Any change in variables so adopted may materially affect the estimation of the fair value of an option.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

During the year ended 31 December 2025, no options had been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 31 December 2025, the total number of Shares that may be issued under the Share Option Scheme was 5,500,000 Shares, representing approximately 0.23% of the issued share capital of the Company (excluding treasury shares) as at 23 April 2026, being the latest practicable date prior to the printing of this annual report, and approximately 0.23% of the weighted average number of Shares in issue during the year ended 31 December 2025.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this annual report, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DEBENTURES IN ISSUE

Save as disclosed in this annual report, the Company did not have any debentures in issue during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement during the year ended 31 December 2025. Save for the Share Option Scheme, no equity-linked agreements existed during the year ended 31 December 2025.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed above, no permitted indemnity provision was made by the Company for the year ended 31 December 2025 and no permitted indemnity provision was in force as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the percentage of the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales. The respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 31.0% and 72.6%. These suppliers are relatively large and reputable corporations with long-standing relationships with the Group.

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

TAX RELIEF

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

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

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) throughout the year ended 31 December 2025.

As at 31 December 2025 and up to the date of this annual report, 18,674,500 Shares repurchased are held by the Company as treasury shares, and none of such treasury shares has been sold by the Company. Subject to compliance with the Listing Rules, the Company may consider using the treasury shares for future resales, transfers or cancellation.

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after 31 December 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations. Adhering to the concept of green environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilisation of resources have been consistently implemented in the daily operation activities of the Group. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Company has been allocating system and staff resources to ensure on-going compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year ended 31 December 2025, the Company has complied, to the best of the knowledge of the Directors, with all relevant rules and regulations that have a significant impact on the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that our employees, customers and business associates are key to our sustainability development. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting the community and social welfare.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. Furthermore, we have established and will continue to promote our KPI-driven corporate culture with a clear career and promotion system to motivate our employees. Our employees are provided with rotation opportunities both cross-stores and cross-functions to develop their skills and their own career path with us.

We promote a customer-oriented culture within the Company. Our corporate motto is "Zhongsheng Group — Lifetime Partner", and it is central to our corporate culture. The Company values the feedback from customers by daily communication and other means. The Company has also established the mechanism about customer service and support. The Company treats providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concern in a timely manner and in accordance with international standards.

We have strong and established working relationships with leading global automakers and their PRC joint venture corporations. We believe that our suppliers are equally important in our development into a first-class automobile dealer enterprise. Therefore, we proactively collaborate with our business partners to deliver quality sustainable services.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025 and up to the date of this annual report, the Company has been in compliance with the code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025 and up to the date of this annual report.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young, certified public accountants. Ernst & Young will be retired and, being eligible to offer themselves for re-appointment at the AGM. A resolution to re-appoint Ernst & Young as the auditors of the Company in the following year will be proposed at the AGM. The Company did not change its auditors during the preceding three years.

FINAL DIVIDEND

The Board proposed not to declare any final dividend for the year ended 31 December 2025.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (“**AGM**”) will be held on Wednesday, 17 June 2026. A circular containing, among other things, the notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zs-group.com.cn) in due course.

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date will be Wednesday, 17 June 2026. In order to qualify for attending and voting at the AGM, unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Thursday, 11 June 2026.

By order of the Board
Zhongsheng Group Holdings Limited
Huang Yi
Chairman

Hong Kong, 26 March 2026

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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Quarry Bay, Hong Kong

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To the shareholders of Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands as an exempted company with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongsheng Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 191, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

KEY AUDIT MATTER

IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS

The carrying values of goodwill and intangible assets amounted to approximately RMB7,082,247,000 and RMB7,921,541,000 as at 31 December 2025, respectively. Under HKFRS Accounting Standards, the Group is required to perform an impairment test for goodwill annually and for intangible assets with finite useful lives, whenever there is indication of impairment at the end of each reporting period. The impairment test is based on the recoverable amount of each of the cash-generating units ("CGUs") or group of CGUs to which the goodwill and the intangible assets are allocated.

At 31 December 2025, management has identified certain impairment indicators and, accordingly, performed an impairment assessment of the CGUs that the goodwill and intangible assets were related to by estimating the recoverable amounts based on the value in use calculations using discounted cash flow projections. As a result of the impairment assessment, goodwill and intangible asset amounted to RMB1,260,967,000 and RMB1,025,686,000 respectively, were impaired.

Management's assessment process was complex and involved significant judgement including the degree of subjectivity of expected future cash flow forecasts, associated growth rates and the discount rates applied.

Information about the goodwill and intangible assets is disclosed in note 2.4 *Material accounting policies – Impairment of non-financial assets*, note 3 *Significant accounting judgement and estimates – Estimation uncertainty*, note 17 *Intangible assets* and note 18 *Goodwill* to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We involved our internal valuation specialists to assist us in evaluating the models and certain assumptions used by the Group in the impairment test of goodwill and intangible assets. We assessed the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance of the respective CGUs or group of CGUs. We also reviewed the Group's assessment of whether there were any indicators of impairment of the intangible assets with finite useful lives. We evaluated the adequacy of the relevant disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (continued)

KEY AUDIT MATTER

VENDOR REBATE RECEIVABLES

The Group recognised volume-related vendor rebates on an accrual basis based on the terms of the suppliers' contracts. As at 31 December 2025, the rebate receivables recognised in the consolidated statement of financial position amounted to approximately RMB8,664,754,000. The balance of rebate receivables was significant and the process of calculating the accrual was complex.

Information about the rebate receivables is disclosed in note 2.4 *Material accounting policies – Vendor rebates* and note 25 *Prepayments, other receivables and other assets* to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We obtained an understanding of and tested management's key internal controls in relation to the recognition of vendor rebates. We assessed the rebate policies adopted against the terms of the relevant supplier contracts and checked the calculation of the rebate receivables based on the rebate policies and underlying inputs, including sales and purchase volumes, rebate rates and other criteria as set out in the rebate policies. We also checked the subsequent settlement of the rebates against the accrued balances.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 HKSAs 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 HKSAs, 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.
- 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 consolidated 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.

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

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

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

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 Lai Chee Kong (practising certificate number: P06108).

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5(a)	164,403,428	168,124,205
Cost of sales and services provided		(155,565,692)	(157,452,291)
Gross profit		8,837,736	10,671,914
Other income and gains, net	5(b)	3,067,285	4,784,427
Selling and distribution expenses		(7,826,865)	(7,552,654)
Administrative expenses		(2,309,271)	(2,129,251)
Other expenses		(2,291,235)	(99,932)
(Loss)/Profit from operations		(522,350)	5,674,504
Finance costs	7	(1,527,639)	(1,572,886)
Share of losses of joint ventures		(8,207)	(998)
Share of profits of associates		5	2,799
(Loss)/Profit before tax	6	(2,058,191)	4,103,419
Income tax credit/(expense)	8	158,527	(1,032,544)
(Loss)/Profit for the year		(1,899,664)	3,070,875
Attributable to:			
Owners of the parent		(1,673,288)	3,212,188
Non-controlling interests		(226,376)	(141,313)
		(1,899,664)	3,070,875
(Loss)/Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For (loss)/profit for the year (RMB)	12	(0.71)	1.35
Diluted			
— For (loss)/profit for the year (RMB)	12	(0.71)	1.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
(Loss)/Profit for the year	(1,899,664)	3,070,875
Other comprehensive (loss)/income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(270,662)	4,453
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(270,662)	4,453
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value:	(47,283)	—
Exchange differences on translation of foreign operations	325,215	(240,190)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	277,932	(240,190)
Other comprehensive income/(loss) for the year, net of tax	7,270	(235,737)
Total comprehensive (loss)/income for the year	(1,892,394)	2,835,138
Attributable to:		
Owners of the parent	(1,666,018)	2,976,451
Non-controlling interests	(226,376)	(141,313)
	(1,892,394)	2,835,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	17,874,068	17,323,828
Right-of-use assets	15	5,053,530	5,266,645
Land use rights	14	3,319,009	3,448,389
Prepayments	16	358,537	342,764
Intangible assets	17	7,921,541	9,238,214
Goodwill	18	7,082,247	8,272,614
Investments in joint ventures	19	45,647	53,854
Investments in associates	20	2,476	2,471
Equity investments designated at fair value through other comprehensive income	21	171,453	—
Derivative financial instruments	34	—	20,674
Debt investments at amortised cost	22	—	73,153
Deferred tax assets	35	593,632	548,214
Total non-current assets		42,422,140	44,590,820
CURRENT ASSETS			
Inventories	23	17,934,461	18,476,861
Trade receivables	24	2,962,985	4,653,569
Prepayments, other receivables and other assets	25	19,833,319	19,312,792
Amounts due from related parties	46(b)(i)	6,433	7,712
Financial assets at fair value through profit or loss	26	125,791	124,669
Time deposits and pledged bank deposits	27	4,936,854	4,256,545
Cash in transit	28	79,873	60,039
Cash and cash equivalents	29	15,421,235	18,687,542
Total current assets		61,300,951	65,579,729
CURRENT LIABILITIES			
Bank loans and other borrowings	30	15,940,481	16,965,321
Lease liabilities	15	726,432	689,047
Convertible bonds	31	—	3,356,212
Trade and bills payables	32	16,535,087	12,607,800
Other payables and accruals	33	3,883,165	4,238,461
Amounts due to related parties	46(b)(ii)(iii)	2,877	6,731
Income tax payable		2,073,684	2,153,207
Dividends payable		—	2,000
Total current liabilities		39,161,726	40,018,779
NET CURRENT ASSETS		22,139,225	25,560,950
TOTAL ASSETS LESS CURRENT LIABILITIES		64,561,365	70,151,770

Consolidated Statement of Financial Position (continued)

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	35	2,874,322	3,429,179
Bank loans and other borrowings	30	13,597,689	15,073,848
Lease liabilities	15	4,393,825	4,730,926
Derivative financial instruments	34	165,964	—
Total non-current liabilities		21,031,800	23,233,953
Net assets		43,529,565	46,917,817
EQUITY			
Equity attributable to owners of the parent			
Share capital	36	207	207
Treasury shares		(193,649)	(193,649)
Reserves	37	43,865,741	47,022,883
		43,672,299	46,829,441
Non-controlling interests		(142,734)	88,376
Total equity		43,529,565	46,917,817

Huang Yi
Director

Li Guoqiang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2025

	Attributable to owners of the parent														Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Equity convertible bonds* RMB'000	Share option reserve* RMB'000	Treasury shares RMB'000	Discretionary reserve fund* RMB'000	Statutory reserve* RMB'000	Merger reserve* RMB'000	Other reserve* RMB'000	Fair value reserve of equity investments designated at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2024	207	4,827,943	20,884	49,391	-	37,110	4,408,661	(1,386,176)	(2,127,183)	-	(961,426)	40,927,885	45,797,296	249,280	46,046,576
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	3,212,188	3,212,188	(141,313)	3,070,875
Other comprehensive loss for the year:															
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(235,737)	-	(235,737)	-	(235,737)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	(235,737)	3,212,188	2,976,451	(141,313)	2,835,138
Repurchase of shares	-	-	-	-	(193,649)	-	-	-	-	-	-	-	(193,649)	-	(193,649)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,500)	(14,500)
Transfer from retained profits	-	-	-	-	-	-	170,656	-	-	-	-	(170,656)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,964)	(3,964)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(15,992)	(15,992)	(1,127)	(17,119)
Final 2023 dividend declared	-	(1,734,665)	-	-	-	-	-	-	-	-	-	-	(1,734,665)	-	(1,734,665)
At 31 December 2024	207	3,093,278	20,884	49,391	(193,649)	37,110	4,579,317	(1,386,176)	(2,127,183)	-	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817
At 1 January 2025	207	3,093,278	20,884	49,391	(193,649)	37,110	4,579,317	(1,386,176)	(2,127,183)	-	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(1,673,288)	(1,673,288)	(226,376)	(1,899,664)
Other comprehensive income for the year:															
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(47,283)	-	-	(47,283)	-	(47,283)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	54,553	-	54,553	-	54,553
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(47,283)	54,553	(1,673,288)	(1,666,016)	(226,376)	(1,892,394)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Capital contribution from a non-controlling shareholder of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	12,100	12,100
Transfer from retained profits	-	-	-	-	-	-	151,909	-	-	-	-	(151,909)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,209)	(10,209)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(4,508)	(4,508)	(625)	(5,133)
Redemption of convertible bonds	-	-	(20,884)	-	-	-	-	-	-	-	-	-	(20,884)	-	(20,884)
Final 2024 dividend declared	-	(1,465,732)	-	-	-	-	-	-	-	-	-	-	(1,465,732)	-	(1,465,732)
At 31 December 2025	207	1,627,546	-	49,391	(193,649)	37,110	4,731,226	(1,386,176)	(2,127,183)	(47,283)	(1,142,610)	42,123,720	43,672,299	(142,734)	43,529,565

* These reserve accounts comprise the consolidated reserves of RMB43,865,741,000 (2024: RMB47,022,883,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
(Loss)/Profit before tax		(2,058,191)	4,103,419
Adjustments for:			
Share of losses/(profits) of joint ventures and associates	19(b)	8,202	(1,801)
Depreciation of property, plant and equipment	13	1,455,161	1,536,521
Depreciation of right-of-use assets	15	837,145	823,142
Amortisation of land use rights	14	111,172	115,025
Amortisation of intangible assets	17	395,918	402,893
Disposals and impairment of intangible assets	17	1,030,268	1,540
Impairment of goodwill	18	1,260,967	99,932
Provision of trade receivables	6	24,607	7,588
Write-down of inventories to net realisable value	6	89,757	11,142
Interest income	5(b)	(484,673)	(323,061)
Net losses on disposal of items of property, plant and equipment	5(b)	118,863	27,118
Finance costs	7	1,527,639	1,572,886
Loss on disposal of subsidiaries	5(b)	18,236	17,244
Fair value (gains)/losses, net:			
— Listed equity investments	5(b)	(3,319)	(7,001)
— Funds	5(b)	—	1,684
Dividend income from a listed equity investment	5(b)	(2,817)	(2,830)
Loss on the extinguishment of bonds payable	5(b)	8,282	—
Gains on disposal of right-of-use assets	5(b)	(48,302)	(66,317)
Interest income from debt investments at amortised cost		(2,346)	(5,364)
		4,286,569	8,313,760
(Increase)/Decrease in cash in transit		(19,219)	58,575
Decrease/(Increase) in trade receivables		1,679,204	(544,201)
Increase in prepayments, other receivables and other assets		(125,109)	(3,094,235)
Decrease/(Increase) in inventories		565,775	(2,092,096)
Increase in trade and bills payables		3,913,218	1,545,742
(Decrease)/Increase in other payables and accruals		(357,336)	439,329
Decrease in amounts due from related parties — trade related		1,279	25,610
Decrease in amounts due to related parties — trade related		(3,854)	(70)
Cash generated from operations		9,940,527	4,652,414
Tax paid		(535,486)	(1,213,014)
Net cash generated from operating activities		9,405,041	3,439,400

	Notes	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,886,949)	(2,100,858)
Proceeds from disposal of items of property, plant and equipment		635,139	1,463,417
Purchase of land use rights		—	(175,154)
Purchase of intangible assets		(52,113)	(13,075)
Proceeds from debt investments at amortised cost		73,153	—
Purchase of equity investments at fair value through profit or loss		(212,502)	—
Prepayments for the potential acquisitions of equity interests from third parties		(26,400)	242
Acquisition of subsidiaries		(97,834)	(33,989)
Decrease in prepayments, other receivables and other assets		3,189	1,142,281
Dividends received from listed equity investments		2,817	2,830
Proceeds on disposal of a subsidiary, net of cash		28,195	567
Interest received		484,673	323,061
Disposal of a shareholding in an associate		—	10,209
Net cash (used in)/generated from investing activities		(2,048,632)	619,531
FINANCING ACTIVITIES			
Proceeds from bank loans and other borrowings		94,708,940	100,545,307
Repayments of bank loans and other borrowings		(96,213,305)	(100,094,220)
Repurchase of shares		—	(193,649)
Increase in term deposits and pledged bank deposits		(680,309)	(385,154)
Contributions from the other equity holders of the subsidiaries		12,100	—
Lease payments		(1,169,839)	(1,058,206)
Acquisition of non-controlling interests		(6,000)	(14,500)
Proceeds from issue of bonds payable		—	5,227,508
Extinguishment of bonds payable		(1,123,163)	(2,016,092)
Redemption of convertible bonds		(2,823,798)	—
Interest paid for bank loans and other borrowings		(1,301,132)	(1,219,324)
Interest paid for convertible bonds		(528,162)	(40,165)
Dividends paid to non-controlling shareholders		(5,133)	(17,119)
Dividends paid		(1,467,732)	(1,734,665)
Net cash used in financing activities		(10,597,533)	(1,000,279)
Net (decrease)/increase in cash and cash equivalents		(3,241,124)	3,058,652
Cash and cash equivalents at beginning of year		18,687,542	15,611,984
Effect of foreign exchange rate changes, net		(25,183)	16,906
Cash and cash equivalents at end of year	29	15,421,235	18,687,542

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Zhongsheng Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company has established a principal place of business in Hong Kong which is located at Rooms 1803–09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2010.

During the year, the Company and its subsidiaries were principally engaged in the sale and service of motor vehicles.

In the opinion of the directors of the Company (the “Directors”), the ultimate controlling shareholders of the Company are Mr. Huang Yi and Mr. Li Guoqiang.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples, and the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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); and
- (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 parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual values of property, plant and equipment are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	10 to 30 years	5%
Leasehold improvements	5 years	—
Plant and machinery	5 to 10 years	5%
Furniture and fixtures	5 years	5%
Motor vehicles	5 to 10 years	5% to 40%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

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

Software	3 to 5 years
Dealership agreements	20 to 40 years
Customer relationships	15 years
Others	5 to 44 years

LEASES

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

GROUP AS A LESSEE

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

(a) *RIGHT-OF-USE ASSETS*

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

Buildings and lands	2 to 30 years
Motor vehicles	3 to 5 years

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

LEASES (continued)

GROUP AS A LESSEE (continued)

(b) LEASE LIABILITIES

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

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

(c) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of land and buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

LAND USE RIGHTS

All land in the Chinese mainland is state-owned and no individual land ownership rights exist. The Group acquires the right to use certain land and the amount paid for such a right is recorded as land use rights, which are amortised over the lease terms of 12 to 57 years using the straight-line method.

INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

SUBSEQUENT MEASUREMENT (continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS

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

GENERAL APPROACH

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

SIMPLIFIED APPROACH

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

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, lease liabilities, bank loans and other borrowings, and convertible bonds.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

FINANCIAL LIABILITIES AT AMORTISED COST (TRADE AND OTHER PAYABLES, AND BORROWINGS)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

INVENTORIES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

GOVERNMENT GRANTS

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

REVENUE RECOGNITION

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *SALE OF GOODS*

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

The Group offers customers a membership program for which its customers can earn membership points from qualified purchases. The membership points can be converted into auto services and consumer products that are available on Zhongsheng Go (WeChat mini program).

Customers membership points earned through qualified purchases are considered as a separate performance obligation arising from transactions with customers. The Group estimates the value of the future redemption obligation based on the estimated value of the products for which the membership points are expected to be redeemed based on historical redemption patterns, including an estimate of the breakage for points that will not be redeemed.

A contract liability is recognised until the points are redeemed or expired.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(b) RENDERING OF SERVICES

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

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

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

REVENUE FROM OTHER RESOURCES

Rental income is recognised on a time proportion basis over the lease terms. 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 incurred.

OTHER INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

VENDOR REBATES

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

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Binomial Option Pricing Model, further details of which are given in note 38 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

OTHER EMPLOYEE BENEFITS

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, a capitalisation rate of 6.0% (2024: 6.0%) has been applied to the expenditure on the individual assets.

DIVIDENDS

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

The Company's functional currency is USD. These financial statements are presented in RMB as the primary subsidiaries of the Group are operated in the Chinese mainland and RMB can better reflect the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using their respective functional currencies. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

DEFERRED TAX ASSETS

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses of RMB3,977,389,000 (2024: RMB3,691,050,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB925,038,000. Further details on deferred taxes are disclosed in note 35 to the financial statements.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimation of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2025 was RMB7,082,247,000 (2024: RMB8,272,614,000). Further details are given in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including key assumptions, are given in note 17 to the financial statements.

USEFUL LIVES OF INTANGIBLE ASSETS

The intangible assets are depreciated on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortisation charges when useful lives become shorter than previously estimated.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore the depreciation charge in the future periods.

LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

INFORMATION ABOUT GEOGRAPHICAL AREA

Since over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in The Chinese mainland and over 90% of the Group's non-current assets other than deferred tax assets were located in The Chinese mainland, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

INFORMATION ABOUT MAJOR CUSTOMERS

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

(a) REVENUE:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or services		
Sale of motor vehicles	138,301,483	140,742,927
Accessories and after-sales services	26,101,945	27,381,278
Total	164,403,428	168,124,205
Geographical market		
Chinese mainland	164,403,428	168,124,205
Timing of revenue recognition		
At a point in time	164,403,428	168,124,205

5. REVENUE, OTHER INCOME AND GAINS (continued)

(a) REVENUE: (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of motor vehicles	2,906,372	2,475,494
Accessories and after-sales services	39,915	142,111
Total	2,946,287	2,617,605

Information about the Group's performance obligations is summarised below:

SALE OF MOTOR VEHICLES

The performance obligation is satisfied upon delivery of the motor vehicles and payment in advance is generally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

SALE OF ACCESSORIES

The performance obligation is satisfied upon delivery accessories and payment in advance is generally required.

AFTER-SALES SERVICES

The performance obligation is satisfied upon the completion of services and payment is generally due upon completion of services provided, and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	2,673,927	2,946,287

All amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS (continued)

(b) OTHER INCOME AND GAINS, NET:

	2025 RMB'000	2024 RMB'000
Commission income	2,573,665	4,199,812
Rental income	92,494	58,361
Interest income	484,673	323,061
Government grants	198	32,550
Net losses on disposal of items of property, plant and equipment	(118,863)	(27,118)
Loss on disposal of subsidiaries	(18,236)	(17,244)
Gain on lease termination	48,302	66,317
Interest income from debt investments at amortised cost	2,346	5,334
Loss on the extinguishment of bonds payable	(8,282)	—
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss;		
— Listed equity investments	3,319	7,001
— Funds	—	(1,684)
Dividend income from listed equity investments	2,817	2,830
Others	4,852	135,207
Total	3,067,285	4,784,427

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Employee benefit expense (including directors' and chief executive officer's remuneration (note 9)):		
Wages and salaries	3,968,599	3,745,645
Pension scheme contributions (defined contribution scheme)*	936,016	950,752
Other welfare	387,057	415,042
	5,291,672	5,111,439
Cost of inventories sold	152,217,002	153,633,782
Depreciation of property, plant and equipment	1,455,161	1,536,521
Depreciation of right-of-use assets	837,145	823,142
Amortisation of land use rights	111,172	115,025
Amortisation of intangible assets	395,918	402,893
Auditors' remuneration	6,800	6,800
Lease payments not included in the measurement of lease liabilities	592,344	403,673
Promotion and advertisement	1,406,143	1,204,416
Office expenses	399,121	441,333
Logistics expenses	396,819	441,412
Provision of trade receivables	24,607	7,588
Write-down of inventories to net realisable value	89,757	11,142
Net loss on disposal of items of property, plant and equipment	118,863	27,118
Gain on lease termination	(48,302)	(66,317)
Loss on the extinguishment of bonds payable	8,282	—
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss;		
— Listed equity investments	(3,319)	(7,001)
— Funds	—	1,684
Dividend income from listed equity investments	(2,817)	(2,830)
Interest income from debt investments at amortised cost	(2,346)	(5,334)
Impairment of goodwill	1,260,967	99,932
Disposals and impairment of intangible assets	1,030,268	1,540
Loss on disposal of subsidiaries	18,236	17,244

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest expense on bank borrowings	960,516	1,104,330
Interest expense on convertible bonds	21,298	109,687
Interest expense on other borrowings	341,794	105,072
Interest expense on lease liabilities	287,259	326,490
Less: Interest capitalised	(83,228)	(72,693)
Total	1,527,639	1,572,886

8. INCOME TAX (CREDIT)/EXPENSE

(a) Tax in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current Chinese mainland corporate income tax	455,963	1,036,373
Deferred tax (note 35)	(614,490)	(3,829)
Total	(158,527)	1,032,544

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

No Hong Kong tax has been provided as the Group had no assessable profits arising in Hong Kong during the year (2024: Nil).

According to the Corporate Income Tax Law ("CIT") of the People's Republic of China, the income tax rates for both domestic and foreign investment enterprises in The Chinese mainland are unified at 25% effective from 1 January 2008.

Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 25% during the reporting period as they obtained related approval from the relevant tax authorities or operated in designated areas with preferential CIT policies in the PRC.

8. INCOME TAX (CREDIT)/EXPENSE (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax (credit)/expense applicable to (loss)/profit before tax using the applicable rates for the regions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax (credit)/expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
(Loss)/Profit before tax	(2,058,191)	4,103,419
Tax at the statutory tax rate (25%)	(514,547)	1,025,855
Tax effect of non-deductible expenses	270,094	192,707
Income not subject to tax	(45,183)	(85,178)
Profits and losses attributable to jointly-controlled entities and associates	2,051	190
Lower tax rates for specific provinces or enacted by local authority	47,892	(352,125)
Adjustments in respect of current tax of previous periods	(26,116)	26,028
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	36,983	86,613
Tax losses not recognised	70,299	138,454
Tax (credit)/charge	(158,527)	1,032,544

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,191	963
Other emoluments:		
Salaries, allowances and other benefits	54,203	61,951
Discretionary bonuses	—	40,310
Contributions to defined contribution retirement schemes	454	408
Subtotal	54,657	102,669
Total	55,848	103,632

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
– Mr. Li Yanwei	320	321
– Mr. Chin Siu Wa Alfred	320	321
– Mr. Ying Wei ⁽ⁱ⁾	310	321
– Ms. Cheng Po Chuen ⁽ⁱⁱ⁾	230	—
– Mr. Bai Fengjiu ⁽ⁱⁱⁱ⁾	11	—
– Mr. Shen Jinjun ^(iv)	—	—
Total	1,191	963

- (i) Mr. Ying Wei resigned as an independent non-executive director and the chairman of the audit committee of the Company with effect from 19 December 2025.
- (ii) Ms. Cheng Po Chuen (“Ms. Cheng”) has been appointed as an independent non-executive director of the Company, a member of the audit committee and the remuneration committee and chairman of the nomination committee of the Company with effect from 8 April 2025.
- (iii) Mr. Bai Fengjiu (“Mr. Bai”) has been appointed as an independent non-executive director and the chairman of the audit committee of the Company with effect from 19 December 2025.
- (iv) Mr. Shen Jinjun (“Mr. Shen”) resigned as an independent non-executive director of the Company, a member of the audit committee and the remuneration committee and chairman of the nomination committee of the Company with effect from 8 April 2025.

(b) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
2025					
Executive directors:					
– Mr. Huang Yi	—	2,378	—	17	2,395
– Mr. Zhang Zhicheng	—	15,444	—	105	15,549
– Mr. Tang Xianfeng	—	10,227	—	105	10,332
– Ms. Yu Ning ⁽ⁱ⁾	—	11,325	—	122	11,447
– Ms. Zhou Xin ⁽ⁱⁱ⁾	—	12,451	—	88	12,539
Executive director and the chief executive:					
– Mr. Li Guoqiang	—	2,378	—	17	2,395
Non-executive directors:					
– Mr. Sun Yanjun	—	—	—	—	—
– Mr. Chan Ho Yin	—	—	—	—	—
Total	—	54,203	—	454	54,657

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE (continued)

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
2024					
Executive directors:					
– Mr. Huang Yi	–	2,382	20,155	16	22,553
– Mr. Zhang Zhicheng	–	21,398	–	92	21,490
– Mr. Tang Xianfeng	–	10,489	–	92	10,581
– Ms. Yu Ning ⁽ⁱ⁾	–	10,489	–	92	10,581
– Ms. Zhou Xin ⁽ⁱⁱ⁾	–	14,811	–	100	14,911
Executive director and the chief executive:					
– Mr. Li Guoqiang	–	2,382	20,155	16	22,553
Non-executive directors:					
– Mr. Sun Yanjun	–	–	–	–	–
– Mr. Chan Ho Yin	–	–	–	–	–
Total	–	61,951	40,310	408	102,669

- (i) Ms. Yu Ning (“Ms. Yu”) has been appointed as an executive director and chief financial officer of the Company with effect from 27 March 2024.
- (ii) Ms. Zhou Xin (“Ms. Zhou”) has been appointed as an executive director of the Company with effect from 27 March 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included three directors and two non-directors (2024: four directors and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2024: one) non-directors, highest paid employees for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	22,541	14,843
Pension scheme contributions	210	92
Total	22,751	14,935

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HKD16,000,001 to HKD16,500,000	—	1
HKD13,500,001 to HKD14,000,000	1	—
HKD11,000,001 to HKD11,500,000	1	—
Total	2	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final — HKD0 (2024: HKD0.678) per ordinary share	—	1,500,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2025, a final dividend of HKD0.678 per ordinary share in respect of the year ended 31 December 2024 was declared and paid to the ordinary equity holders of the Company. The aggregate amount of the final dividend declared and paid in the year ended 31 December 2025 was HKD1,604,822,000 (equivalent to RMB1,465,732,000).

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss (2024: earnings) per share amount is based on the loss (2024: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,366,993,863 (2024: 2,377,083,431) outstanding during the year.

The calculation of the diluted loss (2024: earnings) per share amount is based on the loss (2024: profit) for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares outstanding during the year as used in the basic loss (2024: earnings) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. Since the average share price for the year was below the exercise price of the share options, the potential shares are not dilutive and are excluded from the diluted earnings per share calculation.

The calculations of basic and diluted loss or earnings per share are based on:

(LOSS)/EARNINGS

	2025 RMB'000	2024 RMB'000
(Loss)/Earnings attributable to ordinary equity holders of the parent used in the basic earnings/loss per share calculation	(1,673,288)	3,212,188
Interest on convertible bonds	21,298	109,687
(Loss)/Earnings attributable to ordinary equity holders of the parent used in the diluted earnings/loss per share	(1,651,990)	3,321,875

SHARES

	Number of shares	
	2025	2024
Weighted average number of ordinary shares outstanding during the year used in the basic earnings/loss per share calculation	2,366,993,863	2,377,083,431
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	—	71,194,165
Weighted average number of ordinary shares used in the diluted per share calculation	2,366,993,863	2,448,277,596

(LOSS)/EARNINGS PER SHARE

	2025 RMB	2024 RMB
Basic	(0.71)	1.35
Diluted	(0.71)	1.35

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2025	15,262,650	3,490,890	1,395,343	1,377,020	2,572,091	580,719	24,678,713
Exchange realignment	—	(27)	—	(2)	(88)	—	(117)
Additions	219,946	624,008	164,808	171,990	1,295,190	216,705	2,692,647
Acquisition of subsidiaries (note 39)	32,431	52,206	8,001	6,402	17,037	—	116,077
Transfer	194,123	—	536	1,701	—	(196,360)	—
Disposals	(90,830)	(8,871)	(81,012)	(84,870)	(1,078,213)	(54)	(1,343,850)
Disposal of subsidiaries (note 40)	(61,410)	—	(824)	(1,383)	(1,315)	(4,061)	(68,993)
At 31 December 2025	15,556,910	4,158,206	1,486,852	1,470,858	2,804,702	596,949	26,074,477
Accumulated depreciation:							
At 1 January 2025	4,206,819	1,020,475	729,571	868,168	529,852	—	7,354,885
Exchange realignment	—	(27)	—	(2)	(80)	—	(109)
Depreciation provided during the year	377,909	343,368	107,524	152,771	473,589	—	1,455,161
Disposals	(38,196)	(204)	(50,790)	(58,085)	(441,569)	—	(588,844)
Disposals of subsidiaries (note 40)	(18,214)	—	(602)	(1,229)	(639)	—	(20,684)
At 31 December 2025	4,528,318	1,363,612	785,703	961,623	561,153	—	8,200,409
Net book amount:							
At 31 December 2025	11,028,592	2,794,594	701,149	509,235	2,243,549	596,949	17,874,068
Cost:							
At 1 January 2024	15,063,869	2,880,518	1,324,427	1,300,131	3,321,540	706,612	24,597,097
Exchange realignment	—	174	—	2	86	—	262
Additions	121,248	607,121	170,063	173,990	993,782	202,629	2,268,833
Acquisition of subsidiaries	32,521	7,890	988	483	3,112	241	45,235
Transfer	315,211	—	1,690	—	—	(316,901)	—
Disposals	(258,007)	(4,813)	(101,515)	(97,336)	(1,744,011)	(4,849)	(2,210,531)
Disposal of subsidiaries	(12,192)	—	(310)	(250)	(2,418)	(7,013)	(22,183)
At 31 December 2024	15,262,650	3,490,890	1,395,343	1,377,020	2,572,091	580,719	24,678,713
Accumulated depreciation:							
At 1 January 2024	3,739,193	813,085	684,147	793,170	512,403	—	6,541,998
Exchange realignment	—	119	—	2	63	—	184
Depreciation provided during the year	614,716	207,300	106,017	146,978	461,510	—	1,536,521
Disposals	(144,221)	(29)	(60,402)	(71,814)	(443,530)	—	(719,996)
Disposals of subsidiaries	(2,869)	—	(191)	(168)	(594)	—	(3,822)
At 31 December 2024	4,206,819	1,020,475	729,571	868,168	529,852	—	7,354,885
Net book amount:							
At 31 December 2024	11,055,831	2,470,415	665,772	508,852	2,042,239	580,719	17,323,828

13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025, the application for the property ownership certificates of certain buildings with a net book amount of approximately RMB5,209,890,000 (2024: RMB5,330,634,000) was still in progress. Notwithstanding this, the Directors are of the opinion that the Group owned the beneficial titles to these buildings as at 31 December 2025 and 2024.

As at 31 December 2025, certain of the Group's buildings with an aggregate net book amount of approximately RMB235,124,000 (2024: RMB240,982,000) were pledged as security for the Group's bank loans (note 30(a)(ii)).

14. LAND USE RIGHTS

	2025 RMB'000	2024 RMB'000
Cost:		
At the beginning of the year	4,436,889	4,355,925
Additions	—	38,314
Acquisition of subsidiaries	—	43,782
Disposal of subsidiaries (note 40)	(18,702)	(1,132)
At the end of the year	4,418,187	4,436,889
Amortisation:		
At the beginning of the year	988,500	862,224
Charge for the year	111,172	115,025
Acquisition of subsidiaries	—	11,628
Disposals of subsidiaries (note 40)	(494)	(377)
Net book value:		
At the end of the year	3,319,009	3,448,389

The lease prepayments of the Group represent the cost of the Group's land use rights in respect of land located in the Chinese mainland. The remaining periods of the land use rights of the Group are from 12 to 57 years.

As at 31 December 2025, certain of the Group's land use rights with an aggregate net book value of approximately RMB52,731,000 (2024: RMB54,758,000) were pledged as security for the Group's bank loans (note 30(a)(i)).

As at 31 December 2025, the Group had yet to obtain the legal title of certain land use rights in the Chinese mainland subject to certain administrative procedures to be completed by the Group and the local government authorities. The net book value of these land use rights as at 31 December 2025 amounted to RMB235,641,000 (2024: RMB239,414,000). Notwithstanding this, the Directors are of the opinion that the Group owned the beneficial titles to these land use rights as at 31 December 2025 and 2024, respectively.

15. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of land and buildings and motor vehicles used in its operations. Leases of land and buildings generally have lease terms between 2 and 30 years, while others generally have lease terms between 3 and 5 years. The rest of the leases have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings and lands RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2024	5,068,104	9,710	5,077,814
Additions	1,490,732	—	1,490,732
Additions as a result of acquisition of a subsidiary	31,433	—	31,433
Lease termination	(497,375)	(9,133)	(506,508)
Disposal of subsidiaries	(3,684)	—	(3,684)
Depreciation charge	(822,565)	(577)	(823,142)
As at 31 December 2024 and 1 January 2025	5,266,645	—	5,266,645
Additions	743,852	—	743,852
Additions as a result of acquisition of a subsidiary (note 39)	60,156	—	60,156
Lease termination	(217,337)	—	(217,337)
Lease modification	37,359	—	37,359
Depreciation charge	(837,145)	—	(837,145)
As at 31 December 2025	5,053,530	—	5,053,530

Land use rights have been disclosed separately in the consolidated statement of financial position and in note 14.

15. LEASES (continued)

(b) LEASE LIABILITIES

The carrying amount of lease liabilities (excluding land use rights) and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	5,419,973	5,207,828
New leases	743,852	1,476,164
Additions as a result of acquisition of subsidiaries (note 39)	69,304	30,009
Accretion of interest recognised during the year	287,259	326,490
Payments	(1,169,839)	(1,043,639)
Lease termination	(265,639)	(572,825)
Lease modification	35,347	—
Disposal of subsidiaries	—	(4,054)
Carrying amount at 31 December	5,120,257	5,419,973
Analysed into:		
Current portion	726,432	689,047
Non-current portion	4,393,825	4,730,926

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4-10	2026	726,432	4-10	2025	689,047
Non-current						
Lease liabilities	4-10	2027-2054	4,393,825	4-10	2026-2054	4,730,926

The maturity analysis of lease liabilities is disclosed in note 48 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases (excluding land use rights) are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	287,259	326,490
Depreciation charge of right-of-use assets	837,145	823,142
Expense relating to leases of short-term or low-value assets	592,344	403,673
Gain on lease termination	(48,302)	(66,317)
Gain on lease modification	(2,012)	(3,485)
Total amount recognised in profit or loss	1,666,434	1,483,503

15. LEASES (continued)

(d) The total cash outflow for leases is disclosed in notes 41(c) to the financial statements.

16. PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Prepayment for land use rights	243,537	254,164
Prepayments for potential acquisitions	115,000	88,600
Total	358,537	342,764

17. INTANGIBLE ASSETS

	Software RMB'000	Dealership agreements RMB'000	Customer relationships RMB'000	Others RMB'000	Total RMB'000
Cost:					
At 1 January 2025	141,124	10,910,241	1,266,152	113,847	12,431,364
Additions	45,296	6,817	—	—	52,113
Acquisition of subsidiaries (note 39)	—	49,800	7,600	—	57,400
Disposals	(2,193)	(4,000)	(2,400)	—	(8,593)
At 31 December 2025	184,227	10,962,858	1,271,352	113,847	12,532,284
Accumulated amortisation and impairment:					
At 1 January 2025	102,193	2,249,307	766,304	75,346	3,193,150
Amortisation provided during the year	9,395	304,546	77,981	3,996	395,918
Disposals	(2,193)	(700)	(1,118)	—	(4,011)
Impairment	—	971,226	54,460	—	1,025,686
At 31 December 2025	109,395	3,524,379	897,627	79,342	4,610,743
Net book value:					
At 31 December 2025	74,832	7,438,479	373,725	34,505	7,921,541

17. INTANGIBLE ASSETS (continued)

	Software RMB'000	Dealership agreements RMB'000	Customer relationships RMB'000	Others RMB'000	Total RMB'000
Cost:					
At 1 January 2024	131,087	10,914,085	1,265,018	114,094	12,424,284
Exchange realignment	—	—	—	(100)	(100)
Additions	10,465	1,256	—	1,353	13,074
Acquisition of subsidiaries	—	5,200	2,400	—	7,600
Disposals	(379)	—	(653)	(1,500)	(2,532)
Disposal of subsidiaries	(49)	(10,300)	(613)	—	(10,962)
At 31 December 2024	141,124	10,910,241	1,266,152	113,847	12,431,364
Accumulated amortisation and impairment:					
At 1 January 2024	93,994	1,943,062	684,176	73,628	2,794,860
Exchange realignment	—	—	—	(325)	(325)
Amortisation provided during the year	8,321	309,141	82,469	2,962	402,893
Disposals	(73)	—	—	(919)	(992)
Disposals of subsidiaries	(49)	(2,896)	(341)	—	(3,286)
At 31 December 2024	102,193	2,249,307	766,304	75,346	3,193,150
Net book value:					
At 31 December 2024	38,931	8,660,934	499,848	38,501	9,238,214

The Group's principal identifiable intangible assets represent dealership agreements in the Chinese mainland with various vehicle manufacturers and customer relationships acquired through business combinations. The dealership agreements do not include a specified contract period or termination arrangement.

EVENTS AND CIRCUMSTANCES THAT LED TO THE RECOGNITION OF THE IMPAIRMENT LOSS

Taking into account the macroeconomic factors and industry factors such as weak domestic consumer spending and a decline in commissions from automobile financing due to the impact of industry policies, the Group carried out a store adjustment and conducted an impairment assessment.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS

The Group treated a 4S dealership business as an individual cash-generating unit for impairment testing and performed an impairment test on its intangible assets.

17. INTANGIBLE ASSETS (continued)

The carrying amounts of intangible assets allocated to each cash-generating unit are as follows:

	2025 RMB'000	2024 RMB'000
Dealership agreements	7,438,479	8,660,934
Customer relationships	373,725	499,848

The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATION

The following describes the key assumptions of the cash flow projections.

Revenue from the sale and service of motor vehicles — the bases used to determine the future earnings from the sale and service of motor vehicles are the historical sales and the growth rates with reference to the industry growth forecast. The growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period from the end of the reporting period is 2.0% (2024: 2.3%). The growth rates do not exceed the average long-term growth rate for the relevant industry.

Operating expenses — the bases used to determine the values assigned are cost of inventories, staff costs, depreciation, amortisation and other operating expenses. The values assigned to the key assumptions reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.

Discount rate — The discount rate applied to the cash flow projections beyond the one-year period is 17.3% (2024: 17.3%). The discount rate used is before tax and reflects specific risk relating to the relevant units.

During the year ended 31 December 2025, as the impact of overall lacklustre economic activities and severe market price drop created uncertainty in the financial performance of the industry in general, the Group recognised an impairment loss on intangible assets of RMB1,025,686,000 for certain underperforming CGUs as other expenses in the consolidated statement of profit or loss.

18. GOODWILL

	RMB'000
At 1 January 2024:	
Cost	8,519,405
Accumulated impairment	(155,209)
Net carrying amount	8,364,196
Cost at 1 January 2024, net of accumulated impairment	8,364,196
Acquisition of subsidiaries	12,556
Disposal of subsidiaries	(4,206)
Impairment during the year	(99,932)
Cost and net carrying amount at 31 December 2024	8,272,614
At 31 December 2024:	
Cost	8,527,755
Accumulated impairment	(255,141)
Net carrying amount	8,272,614
Cost at 1 January 2025, net of accumulated impairment	8,272,614
Acquisition of subsidiaries (note 39)	70,600
Impairment during the year	(1,260,967)
Cost and net carrying amount at 31 December 2025	7,082,247
At 31 December 2025:	
Cost	8,598,355
Accumulated impairment	(1,516,108)
Net carrying amount	7,082,247

18. GOODWILL (continued)

IMPAIRMENT TESTING OF GOODWILL

The goodwill comprises the fair value of expected business synergies arising from the acquisitions of subsidiaries, which is not separately recognised.

Goodwill acquired through business combinations has been allocated to groups of 4S dealerships in the same districts from which the goodwill arose. These 4S dealership businesses in the same districts are treated as a group of cash-generating units for impairment testing.

The carrying amount of goodwill allocated to each group of cash-generating units is as follows:

	2025 RMB'000	2024 RMB'000
4S dealership businesses	7,082,247	8,272,614

The recoverable amount of each group of cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATION

The following describes the key assumptions of the cash flow projections.

Revenue from the sale and service of motor vehicles — the bases used to determine the future earnings from the sale and service of motor vehicles are the historical sales and the growth rates with reference to the industry growth forecast. The growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period from the end of the reporting period is 2.0% (2024: 2.3%). The growth rates do not exceed the average long-term growth rate for the relevant industry.

Operating expenses — the bases used to determine the values assigned are cost of inventories, staff costs, depreciation, amortisation and other operating expenses. The values assigned to the key assumptions reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.

Discount rate — The pre-tax discount rate applied to the cash flow projections beyond the one-year period is 14.3% (2024: 14.3%), corresponding to a post-tax discount rate of 11%. The discount rate reflects specific risk relating to the relevant units.

During the year ended 31 December 2025, as the impact of overall lacklustre economic activities and severe market price drop created uncertainty in the financial performance of the industry in general, the Group recognised an impairment loss on goodwill of RMB1,260,967,000 for certain underperforming CGUs as other expenses in the consolidated statement of profit or loss.

In the opinion of the directors of the Company, for the cash-generating units to which the goodwill is allocated, a reasonably possible change in the key assumptions of the cash flow projections would cause their carrying amounts exceed their recoverable amounts. If the budgeted income growth rate increased or decreased by 1% from the original assumptions of each group of cash-generating units, the impairment loss would decrease by RMB85,635,000 or increase by RMB138,469,000, respectively, during the year ended 31 December 2025. If the discount rate increased or decreased by 1% from 11%, the impairment loss would increase by RMB923,453,000 or decrease by RMB479,918,000, respectively, during the year ended 31 December 2025.

19. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	45,647	53,854

Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廈門中升豐田汽車銷售服務有限公司) (“Xiamen Zhongsheng”), Zhongsheng Tacti Automobile Services (Dalian) Co., Ltd. (中昇泰克提汽車服務(大連)有限公司) (“Zhongsheng Tacti”), TAC Automobile Accessories Trading (Shanghai) Co., Ltd. (提愛希汽車用品商貿(上海)有限公司) (“TAC”) and Shanghai Zhongsheng Hehai Industrial Co., Ltd. (上海中聲禾海實業有限公司) (“Zhongsheng Hehai”) are jointly-controlled entities of the Group and are considered to be related parties of the Group.

(a) PARTICULARS OF THE JOINT VENTURES

Joint ventures	Place and date of registration	Authorised registered/paid-in/ issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Xiamen Zhongsheng	Xiamen, Chinese mainland, 1998	RMB12,000,000	50%	50%	50%	Sale and service of motor vehicles
Zhongsheng Tacti	Dalian, Chinese mainland, 2009	USD3,000,000	50%	50%	50%	Sale and service of accessories
TAC	Shanghai, Chinese mainland, 2011	RMB4,000,000	50%	50%	50%	Sale and service of accessories
Zhongsheng Hehai	Shanghai, Chinese mainland, 2023	RMB5,000,000	50%	50%	50%	Sale of food products

All of the above investments in joint ventures are directly held by the Company or through a wholly-owned subsidiary of the Company.

- (b) None of the joint ventures are considered individually material, and the aggregate financial information of all the joint ventures is as follows:

Share of the joint ventures' assets and liabilities:

	2025 RMB'000	2024 RMB'000
Non-current assets	2,771	5,926
Current assets	56,174	64,116
Current liabilities	(13,298)	(16,188)
Net assets	45,647	53,854

19. INVESTMENTS IN JOINT VENTURES (continued)

- (b) None of the joint ventures are considered individually material, and the aggregate financial information of all the joint ventures is as follows: (continued)

Share of the joint ventures' results:

	2025 RMB'000	2024 RMB'000
Income	145,443	180,728
Expenses	(151,171)	(182,256)
Tax	(2,479)	530
Loss for the year	(8,207)	(998)

20. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	2,476	2,471

Shanghai Zhongsheng Yongtai International Trade Co., (上海中晟永泰國際貿易有限公司) ("Zhongsheng Yongtai") is the associate of the Group and is considered to be a related party of the Group.

(a) PARTICULARS OF THE ASSOCIATE

Associate name	Place and date of registration	Authorised registered/paid-in/issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Zhongsheng Yongtai	Shanghai, Chinese mainland, 2023	RMB5,000,000	45%	45%	45%	Sale of food products

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

20. INVESTMENTS IN ASSOCIATES (continued)

(b) The associate is considered individually immaterial, and the financial information of the associate is as follows:

Share of the associate's assets and liabilities:

	2025 RMB'000	2024 RMB'000
Current assets	2,476	2,636
Current liabilities	—	(165)
Net assets	2,476	2,471

Share of the associate's results:

	2025 RMB'000	2024 RMB'000
Income	266	7,362
Expenses	(262)	(3,698)
Tax	1	(865)
Profit for the year	5	2,799

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	171,453	—

22. DEBT INVESTMENTS AT AMORTISED COST

	2025 RMB'000	2024 RMB'000
Financial bonds	—	73,153

23. INVENTORIES

Inventories in the consolidated statement of financial position represent:

	2025 RMB'000	2024 RMB'000
Motor vehicles	16,216,238	16,311,581
Spare parts and others	1,874,455	2,231,755
	18,090,693	18,543,336
Less: Provision for inventories	156,232	66,475
Total	17,934,461	18,476,861

As at 31 December 2025, certain of the Group's inventories with a carrying amount of approximately RMB3,455,035,000 (2024: RMB4,604,504,000) were pledged as security for the Group's bank loans and other borrowings (notes 30(a)(iii) and 30(b)).

As at 31 December 2025, certain of the Group's inventories with a carrying amount of approximately RMB5,103,720,000 (2024: RMB3,998,906,000) were pledged as security for the Group's bills payable.

24. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	3,067,159	4,733,136
Impairment	(104,174)	(79,567)
Net carrying amount	2,962,985	4,653,569

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. On 31 December 2025, the Group had certain concentrations of credit risk as 25.22% of the Group's trade receivables were due from the Group's five largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

24. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	2,719,336	4,545,090
More than 3 months but less than 1 year	210,791	105,073
Over 1 year	32,858	3,406
Total	2,962,985	4,653,569

The movements in the loss allowance for provision of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	79,567	72,630
Amount written off as uncollectible	—	(651)
Impairment losses, net (note 6)	24,607	7,588
At end of year	104,174	79,567

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The information about the credit risk exposure on the Group's trade receivables using a provision matrix is disclosed in note 48 to the financial statements.

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments and deposits to suppliers	5,010,281	3,780,934
Deposits paid for acquisition of land use rights	1,832,874	1,995,982
Advances to certain companies to be acquired	176,569	179,758
Rebate receivables	8,664,754	8,595,715
VAT recoverable ⁽ⁱ⁾	995,298	840,578
Receivables on disposal of items of property, plant and equipment	4,625	5,633
Receivables from original shareholders of subsidiaries acquired	34,352	48,762
Prepaid finance costs	20,930	19,762
Others	3,093,636	3,845,668
Total	19,833,319	19,312,792

Note:

- (i) The Group's sales of motor vehicles are subject to The Chinese mainland Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. Expected credit losses are estimated by considering the probability of default with reference to the contract terms, historical repayment behaviour, ongoing relationship and financial ability of counterparties. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	(i)	125,791	124,669

Note:

- (i) The listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

27. TIME DEPOSITS AND PLEDGED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Deposits pledged with banks as collateral against credit facilities granted by the banks	4,936,854	3,332,290
Short-term deposits with maturity over three months, not restricted as to use	—	924,255
Time deposits and pledged bank deposits	4,936,854	4,256,545

Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions.

28. CASH IN TRANSIT

	2025 RMB'000	2024 RMB'000
Cash in transit	79,873	60,039

Cash in transit represents the sales proceeds settled by credit cards, which have yet to be credited to the Group by the banks.

29. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	12,074,794	16,056,633
Short term deposits	3,346,441	2,630,909
Cash and cash equivalents	15,421,235	18,687,542

As at 31 December 2025, the cash and bank balances and short term deposits of the Group denominated in a currency other than RMB amounted to RMB394,393,437 (2024: RMB2,200,713,179). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

30. BANK LOANS AND OTHER BORROWINGS

	Notes	2025			2024		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans							
— secured	(a)	2-4	2026	1,929,650	2-6	2025	3,650,217
— unsecured		2-4	2026	7,529,863	2-5	2025	9,336,094
Other borrowings							
— secured	(b)	1-6	2026	1,527,217	1-6	2025	961,702
— unsecured		1-6	2026	3,517,351	1-6	2025	2,176,464
Current portion of long term bank loans							
— secured	(a)	—	—	—	3-4	2025	755,844
— unsecured		2-4	2026	1,436,400	4	2025	85,000
Total — current				15,940,481			16,965,321
Non-current							
Bank loans							
— secured	(a)	4	2027-2028	436,590	3-4	2026-2027	985,254
— unsecured		3-4	2027-2028	5,517,867	3-6	2026-2027	5,181,158
Syndicated term loans							
— unsecured		5	2027	2,457,903	6	2027	2,513,682
Other borrowings							
— unsecured		3-6	2027-2028	5,185,329	3-6	2026-2028	6,393,754
Total — non-current				13,597,689			15,073,848
Total				29,538,170			32,039,169

30. BANK LOANS AND OTHER BORROWINGS (continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	10,895,913	13,827,155
In the second year	5,557,966	3,593,988
In the third to fifth years	396,491	2,572,424
	16,850,370	19,993,567
Other borrowings repayable:		
Within one year	5,044,568	3,138,166
In the second to fifth years	5,185,329	6,393,754
	10,229,897	9,531,920
Syndicated term loans:		
In the second year	2,457,903	2,513,682
	29,538,170	32,039,169

Notes:

- (a) Certain of the Group's bank loans were secured by:
- (i) mortgages over the Group's land use rights situated in The Chinese mainland, which had an aggregate carrying amount of approximately RMB52,731,000 (2024: RMB54,758,000) as at 31 December 2025;
 - (ii) mortgages over the Group's buildings, which had an aggregate carrying amount of approximately RMB235,124,000 (2024: RMB240,982,000) as at 31 December 2025;
 - (iii) mortgages over the Group's inventories, which had an aggregate carrying amount of approximately RMB1,927,818,000 (2024: RMB3,643,634,000) as at 31 December 2025; and
 - (iv) mortgages over the entire shares of certain subsidiaries of the Company.
- (b) Certain of the Group's other borrowings were secured by mortgages over the Group's inventories, which had an aggregate carrying amount of approximately RMB1,527,217,000 (2024: RMB960,870,000) as at 31 December 2025.
- (c) All bank loans and other borrowings were denominated in RMB, except for certain bank loans which were denominated in Hong Kong dollars, United States dollars amounting to RMB1,101,928,000 and RMB7,446,276,000, respectively. (2024: loans in Hong Kong dollars, United States dollars amounting to RMB296,333,000 and RMB8,735,673,000).

31. CONVERTIBLE BONDS

2025 CONVERTIBLE BONDS

On 21 May 2020, the Company issued zero coupon convertible bonds due 2025 with a nominal value of HKD4,560,000,000 (the “2025 Convertible Bonds”). The bonds are convertible at the option of the bondholders into ordinary shares at any time on or after 1 July 2020 until and including 11 May 2025 at a conversion price of HKD45.61 per share. By the end of 31 December 2023, the Company has redeemed principal amounts of HKD1,436,000,000 of the bonds. In light of the payment of a final dividend of HKD1.09 per share for the year ended 31 December 2022, the conversion price of the remaining bonds with a principal amount of HKD3,124,000,000 was adjusted to HKD45.02 per share with effect from 29 June 2023. Any convertible bonds not converted will be redeemed on 21 May 2025 at 117.49% of their principal amount. There was no conversion of the 2025 Convertible Bonds during the years ended 2025 and 2024.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The 2025 convertible bonds have been split into the liability and equity components as follows:

	2025 RMB'000	2024 RMB'000
Nominal value of convertible bonds issued during year 2020	4,169,664	4,169,664
Equity component	(30,760)	(30,760)
Direct transaction costs attributable to the liability component	(37,239)	(37,239)
Liability component at the issuance date	4,101,665	4,101,665
Interest expense	645,087	623,789
Exchange realignment	24,105	49,655
Redemption of convertible bonds	(4,770,857)	(1,418,897)
Liability component at the end of the year	—	3,356,212
Less: Portion classified as current liabilities	—	3,356,212
Long-term portion	—	—

32. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	3,250,807	2,907,697
Bills payable	13,284,280	9,700,103
Trade and bills payables	16,535,087	12,607,800

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	15,598,169	11,864,667
3 to 6 months	859,477	635,130
6 to 12 months	26,967	95,224
Over 12 months	50,474	12,779
Total	16,535,087	12,607,800

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

33. OTHER PAYABLES AND ACCRUALS

	Note	2025 RMB'000	2024 RMB'000
Payables for purchase of items of property, plant and equipment and land use rights		151,790	158,833
Advances and deposits from distributors		26,325	26,907
Contract liabilities	(a)	2,673,927	2,946,287
Payables for purchase of equity interests from third parties		156,979	158,792
Staff payroll and welfare payables		23,328	71,110
Payables for customer membership points		86,741	128,733
Others		764,075	747,799
Total		3,883,165	4,238,461

33. OTHER PAYABLES AND ACCRUALS (continued)

(a) Details of contract liabilities as at 31 December 2025 and 2024 are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
<i>Short-term advances received from customers</i>		
Sale of goods	2,665,120	2,924,730
Customer membership points	8,807	21,557
Total	2,673,927	2,946,287

Contract liabilities include short-term advances received to deliver new automobiles, auto services and consumer products. The increase mainly due to the increase in short-term advances received from customers in relation to the sales of new automobiles at the end of the year.

34. DERIVATIVE FINANCIAL INSTRUMENTS

	Derivatives designated as net investment hedging instruments		
	Contractual/ Notional amount USD'000	Fair value Liabilities RMB'000	Line item in the statement of financial position
As at 31 December 2025			
Cross-currency interest rate swaps	600,000	165,964	Derivative financial liabilities
	Derivatives designated as net investment hedging instruments		
	Contractual/ Notional amount USD'000	Fair value Assets RMB'000	Line item in the statement of financial position
As at 31 December 2024			
Cross-currency interest rate swaps	600,000	20,674	Derivative financial assets

The Group enters into derivative financial instruments related to cross – currency interest rate swaps for hedging.

34. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The contractual/notional amounts and fair values of derivative instruments held by the Group are set out in the tables. The contractual/notional amounts of financial instruments provide a basis for comparison with the fair values of instruments recognised in the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign currency exchange rates, or credit spreads relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The Group's consolidated statement of financial position is affected by exchange differences between the functional currencies of the Group and functional currencies of its branches and subsidiaries. The Group hedges such exchange exposures only in limited circumstances. Hedging is undertaken using Cross- currency interest rate swap contracts in the same or exchange-rate pegged currencies as the functional currencies of the related branches and subsidiaries which are accounted for as hedges of certain net investments in foreign operations. Under the hedging relationships of designating Cross- currency interest rate swap contracts as hedging instruments, the Group separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract. There was no ineffectiveness for the year ended 31 December 2025 (2024: Nil).

- (i) The following table sets out the maturity and average exchange rate of the hedging instruments mentioned above:

As at 31 December 2025 and 2024	Net investment hedges Between 1 and 5 years
Foreign exchange risk	
Cross-currency interest rate swaps	
Notional amount	600,000
Average exchange of USD/CNY	7.1086

- (ii) The Group's fair value changes from the hedging instruments recognised in "Other comprehensive income" on net investment hedges are as follows:

	2025 RMB'000	2024 RMB'000
Amounts of fair value (losses)/gains on hedging instruments recognised in "Other comprehensive income"	(165,964)	20,674

35. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

DEFERRED TAX ASSETS

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	373,699	980,924	37,872	1,392,495
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	167,574	167,362	(13,116)	321,820
Deferred tax arising from disposal of subsidiaries (note 40)	(1,068)	—	—	(1,068)
At 31 December 2025	540,205	1,148,286	24,756	1,713,247

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	261,449	1,179,559	45,904	1,486,912
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	112,795	(198,635)	(8,032)	(93,872)
Deferred tax arising from disposal of subsidiaries	(545)	—	—	(545)
At 31 December 2024	373,699	980,924	37,872	1,392,495

The Group has tax losses arising in Hong Kong of RMB815,400,000 (2024: RMB800,276,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in The Chinese mainland of RMB3,161,989,000 (2024: RMB2,890,774,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries of RMB985,900,000 (2024: RMB950,806,000) that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

35. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES

	Fair value adjustment arising from/ (reversal from) acquisition/ disposal of subsidiaries RMB'000	Capitalisation of interest expenses and others RMB'000	Withholding tax RMB'000	Right-of-use assets RMB'000	Impairment of intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	2,439,838	317,504	30,049	1,125,005	—	361,064	4,273,460
Deferred tax arising from acquisition of subsidiaries (note 39)	14,350	—	—	—	—	—	14,350
Deferred tax reversal through disposal of subsidiaries (note 40)	—	(1,203)	—	—	—	—	(1,203)
Deferred tax (reversed)/ recognised in the consolidated statement of profit or loss during the year (note 8(a))	(102,079)	24,090	15,049	(5,390)	(257,567)	63,276	(262,621)
Deferred tax reversal through payment (note 8(a))	—	—	(30,049)	—	—	—	(30,049)
At 31 December 2025	2,352,109	340,391	15,049	1,119,615	(257,567)	424,340	3,993,937

	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Capitalisation of interest expenses and others RMB'000	Withholding tax RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	2,545,064	302,796	35,049	1,212,581	296,921	4,392,411
Deferred tax arising from acquisition of subsidiaries	1,899	—	—	—	—	1,899
Deferred tax reversal through disposal of subsidiaries	(3,149)	—	—	—	—	(3,149)
Deferred tax (reversed)/ recognised in the consolidated statement of profit or loss during the year (note 8(a))	(103,976)	14,708	15,000	(87,576)	64,143	(97,701)
Deferred tax reversal through payment	—	—	(20,000)	—	—	(20,000)
At 31 December 2024	2,439,838	317,504	30,049	1,125,005	361,064	4,273,460

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in The Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in The Chinese mainland in respect of earnings of RMB300,980,000 generated from 1 January 2008.

35. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	593,632	548,214
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,874,322	3,429,179

36. SHARE CAPITAL

Shares	2025 HKD'000	2024 HKD'000
Issued and fully paid: 2,385,668,363 (2024: 2,385,668,363) ordinary shares	239	239
Equivalent to RMB'000	207	207

During the years ended 31 December 2025 and 2024, the movements in the Company's share capital were as follows:

	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2024	2,385,668,363	207	—	4,827,943	4,828,150
Shares repurchased	—	—	(193,649)	—	(193,649)
Final 2023 dividend declared	—	—	—	(1,734,665)	(1,734,665)
At 31 December 2024 and 1 January 2025	2,385,668,363	207	(193,649)	3,093,278	2,899,836
Final 2024 dividend declared	—	—	—	(1,465,732)	(1,465,732)
At 31 December 2025	2,385,668,363	207	(193,649)	1,627,546	1,434,104

37. RESERVES

(i) DISCRETIONARY RESERVE FUND

Pursuant to the articles of association of certain subsidiaries of the Group registered in the PRC, these subsidiaries are required to transfer part of their profits after taxation to the discretionary reserve fund. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries, in accordance with the Company Law of the People's Republic of China, the discretionary reserve fund can be used to offset previous years' losses, if any, and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after the conversion is not less than 25% of the registered capital.

(ii) STATUTORY RESERVE

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iii) EXCHANGE FLUCTUATION RESERVE

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside The Chinese mainland. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

(iv) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the Company.

(v) OTHER RESERVE

The other reserve of the Group represents the excess of the carrying amount of the non-controlling interests acquired over the consideration.

38. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the employee, management member or director of the Company, or any of the Company’s subsidiaries and third-party service providers. The Scheme was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. Unless otherwise terminated, the Scheme will remain in force for 10 years from the date on which it becomes unconditional.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the Scheme. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any twelve-month period up to the date of the latest grant exceeds 1% of the Company’s issued share capital from time to time, unless the approval of the Company’s shareholders is obtained.

Share options granted to a connected person are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, if the shares issued and to be issued upon exercise of all options granted and proposed to be granted to him are in excess of 0.1% of the shares of the Company then in issue or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HKD5 million, within the twelve-month period up to and including the proposed date of such grant, are subject to shareholders’ approval in advance in a general meeting.

The last day for accepting an option and the Company to receive the nominal consideration of HKD1 for the option shall be determined by the Board and shall be set out on the offer letter for granting such option. The period during which a granted option may be exercised in accordance with the terms of the Scheme shall be the period of time to be notified by the Board to each grantee, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the offer date.

The amount payable for each share to be subscribed for under an option upon exercise shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the higher of: (a) the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

The share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

38. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HKD per share	Number of options '000	Weighted average exercise price HKD per share	Number of options '000
At 1 January and 31 December	22.60	5,500	22.60	5,500

The exercise prices and exercise periods of the share options outstanding as at the end of 2025 and 2024 are as follows:

	Number of options '000	Exercise price HKD per share	Exercise period
2025	5,500	22.60	26 April 2019 to 25 April 2028 (both dates inclusive)
2024	5,500	22.60	26 April 2019 to 25 April 2028 (both dates inclusive)

The fair value of the share options granted was HKD29,068,000 (HKD5.29 each). On 30 October 2023, the Company cancelled the 5,500,000 Share Options under the Share Option Scheme. No share option expense is recognised during the year ended 31 December 2025.

The fair value of these share options granted determined using the Binomial Option Pricing Model. The significant inputs into the model were the exercise price of HKD22.60 at the grant date, volatility of 33.94%, dividend yield of 3.00% and an annual risk-free interest rate of 2.22%.

The validity period of the options is 10 years. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected dividend yield is based on historical dividend payment record of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 5,500,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,500,000 additional ordinary shares of the Company and additional share capital of HKD550 (before issue expenses).

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

39. BUSINESS COMBINATION

As part of the Group's plan to expand its motor vehicle sales and service business in The Chinese mainland, the Group acquired 100% of the equity interests in several individually immaterial dealerships which are engaged in the motor vehicle sales and service business in The Chinese mainland, from certain third parties on 1 January 2025, 30 June 2025, 1 August 2025 and 30 November 2025 at a total consideration of RMB135,903,000. The purchase consideration for the acquisition was in the form of cash, with RMB135,903,000 paid by the end of the year of 2025.

Company name	Acquired equity interests (%)
北京中升捷豐汽車銷售服務有限公司 Beijing Zhongsheng Jiefeng Automobile Sales and Service Co., Ltd.	100%
武漢中升雷克薩斯汽車銷售服務有限公司 Wuhan Zhongsheng Lexus Automobile Sales and Service Co., Ltd.	100%
紹興中升雷克薩斯汽車銷售服務有限公司 Shaoxing Zhongsheng Lexus Automobile Sales and Service Co., Ltd.	100%
寧波石礮中升雷克薩斯汽車銷售服務有限公司 Ningbo Shiqing Zhongsheng Lexus Automobile Sales and Service Co., Ltd.	100%
長沙中升匯迪汽車銷售服務有限公司 Changsha Zhongsheng Huidi Automobile Sales and Service Co., Ltd.	100%

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Recognised fair values on acquisition date RMB'000
Property, plant and equipment	13	116,077
Intangible assets	17	57,400
Right-of-use assets	15	60,156
Inventories		121,922
Trade receivables		13,782
Prepayments and other receivables and other assets		132,329
Cash in transit		615
Cash and cash equivalents		38,069
Trade and bills payables		(17,123)
Other payables and accruals		(268,771)
Bank borrowings		(105,499)
Deferred income tax liability	35	(14,350)
Lease liabilities	15	(69,304)
Total identifiable net assets at fair value		65,303
Goodwill on acquisition	18	70,600
Total purchase consideration		135,903

39. BUSINESS COMBINATION (continued)

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB13,782,000 and RMB132,329,000 respectively, which are equal to the gross contractual amounts.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration paid	(135,903)
Cash and cash equivalents	38,069
Net cash outflow	(97,834)

Since the acquisition, the acquired business contributed RMB980,951,000 to the Group's revenue and generated profits of RMB27,352,000 for the year ended 31 December 2025.

Had the combinations taken place at the beginning of the year, the revenue and losses of the Group for the year would have been RMB164,540,649,000 and RMB1,898,519,000 respectively.

40. DISPOSAL OF SUBSIDIARIES

On 1 January 2025, the Group disposed of a 100% equity interest in Quanzhou Juxing Automobile Sales and Service Co., Ltd. to a third party for a total consideration of RMB18,000,000.

On 21 April 2025, the Group disposed of a 100% equity interest in Putian Huabao Investment Co., Ltd. to a third party for a total consideration of RMB7,650,000.

On 26 September 2025, the Group disposed of a 100% equity interest in Tieling Zhitong Automobile Sales and Service Co., Ltd. to a third party for a total consideration of RMB3,600,000.

	Notes	2025 RMB'000
Net assets disposed of:		
Property, plant and equipment	13	48,309
Land use rights	14	18,208
Cash and cash equivalents		1,055
Trade receivables		555
Prepayments and other receivables		14,995
Inventories		8,790
Deferred tax assets	35	1,068
Bank loan and other borrowings		(6,136)
Trade payables		(3,054)
Other payables and accruals		(24,892)
Deferred tax liabilities	35	(1,203)
Non-controlling interests		(10,209)
Subtotal		47,486
Loss on disposal of subsidiaries	5(b)	(18,236)
Total consideration		29,250
Satisfied by:		
Cash		29,250

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2025 RMB'000
Cash consideration	29,250
Cash and bank balances disposed of	(1,055)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	28,195

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) MAJOR NON-CASH TRANSACTIONS**

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB743,852,000 and RMB743,852,000, respectively, in respect of lease arrangements for land and buildings (2024: RMB1,476,164,000 and RMB1,476,164,000).

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES
2025

	Bank loans and other borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividends payable RMB'000
At 1 January 2025	32,039,169	5,419,973	3,356,212	2,000
Changes from financing cash flows	(1,485,481)	(1,169,839)	(528,162)	(1,472,865)
Exchange realignment	—	—	(25,550)	—
New leases	—	743,852	—	—
Increase arising from acquisition of subsidiaries	105,499	69,304	—	—
Decrease arising from disposal of subsidiaries	(6,136)	—	—	—
Extinguishment of bonds payable	(1,123,163)	—	—	—
Redemption of convertible bonds	—	—	(2,823,798)	—
Lease termination	—	(265,639)	—	—
Lease modification	—	35,347	—	—
Loss on the extinguishment of bonds payable	8,282	—	—	—
Interest expense	—	287,259	21,298	—
Dividend declared	—	—	—	1,470,865
At 31 December 2025	29,538,170	5,120,257	—	—

2024

	Bank loans and other borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividends payable RMB'000
At 1 January 2024	28,372,782	5,207,828	3,175,879	2,000
Changes from financing cash flows	451,087	(1,043,639)	—	(1,751,784)
Exchange realignment	4,702	—	70,646	—
New leases	—	1,476,164	—	—
Increase arising from acquisition of subsidiaries	20,859	30,009	—	—
Decrease arising from disposal of subsidiaries	(21,677)	(4,054)	—	—
Proceeds from issue of bonds payable	5,227,508	—	—	—
Extinguishment of bonds payable	(2,016,092)	—	—	—
Lease termination	—	(572,825)	—	—
Interest expense	—	326,490	109,687	—
Dividend declared	—	—	—	1,751,784
At 31 December 2024	32,039,169	5,419,973	3,356,212	2,000

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000
Within operating activities	592,344
Within financing activities	1,169,839
Total	1,762,183

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss- Mandatorily designated as such RMB'000	Financial assets designated at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	125,791	—	—	125,791
Equity investments designated at fair value through other comprehensive income	—	171,453	—	171,453
Trade receivables	—	—	2,962,985	2,962,985
Financial assets included in prepayments, other receivables and other assets	—	—	13,022,066	13,022,066
Amounts due from related parties	—	—	6,433	6,433
Term deposits and pledged bank deposits	—	—	4,936,854	4,936,854
Cash in transit	—	—	79,873	79,873
Cash and cash equivalents	—	—	15,421,235	15,421,235
Total	125,791	171,453	36,429,446	36,726,690

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2025 (continued)

FINANCIAL LIABILITIES

	Derivative financial liabilities RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	16,535,087	16,535,087
Financial liabilities included in other payables and accruals	—	1,072,844	1,072,844
Amounts due to related parties	—	2,877	2,877
Bank loans and other borrowings	—	29,538,170	29,538,170
Lease liabilities	—	5,120,257	5,120,257
Derivative financial instruments	165,964	—	165,964
Total	165,964	52,269,235	52,435,199

2024

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss- Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	124,669	—	—	124,669
Debt investments at amortised cost	—	—	73,153	73,153
Trade receivables	—	—	4,653,569	4,653,569
Financial assets included in prepayments, other receivables and other assets	—	—	12,987,032	12,987,032
Amounts due from related parties	—	—	7,712	7,712
Derivative financial instruments	—	20,674	—	20,674
Term deposits and pledged bank deposits	—	—	4,256,545	4,256,545
Cash in transit	—	—	60,039	60,039
Cash and cash equivalents	—	—	18,687,542	18,687,542
Total	124,669	20,674	40,725,592	40,870,935

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024 (continued)

FINANCIAL LIABILITIES

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	12,607,800
Financial liabilities included in other payables and accruals	1,065,424
Amounts due to related parties	6,731
Bank loans and other borrowings	32,039,169
Lease liabilities	5,419,973
Convertible bonds	3,356,212
Total	54,495,309

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

GROUP

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss	125,791	124,669	125,791	124,669

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets designated at fair value through other comprehensive income	171,453	—	171,453	—

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Derivative financial (liabilities)/ assets	(165,964)	20,674	(165,964)	20,674

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

ASSETS MEASURED AT FAIR VALUE:

AS AT 31 DECEMBER 2025

	Notes	Fair value measurement using			Total RMB'000
		Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:					
Listed equity investments, at fair value	(i)	125,791	—	—	125,791
Financial assets designated at fair value through other comprehensive income:					
Listed equity investments, at fair value	(i)	171,453	—	—	171,453
Total		297,244	—	—	297,244

AS AT 31 DECEMBER 2024

	Notes	Fair value measurement using			Total RMB'000
		Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:					
Listed equity investments, at fair value	(i)	124,669	—	—	124,669
Financial assets at fair value through other comprehensive income:					
Cross-currency interest rate swaps		—	20,674	—	20,674
Total		124,669	20,674	—	145,343

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)
LIABILITIES MEASURED AT FAIR VALUE:
 AS AT 31 DECEMBER 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Cross-currency interest rate swaps	—	165,964	—	165,964

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Note:

- (i) The fair values of listed equity investments and the funds issued by financial institutions are based on quoted market prices.

44. COMMITMENTS

CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for: Buildings	15,780	35,905

45. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and other borrowings, which are secured by the assets of the Group, are included in note 13, note 14, note 23 and note 27 to the consolidated financial statements.

46. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Li Guoqiang and Mr. Huang Yi are collectively the controlling shareholders of the Group. They are also considered to be related parties of the Group.

(a) TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the year:

	2025 RMB'000	2024 RMB'000
(i) Sales of goods to a joint venture: — Xiamen Zhongsheng	34,628	195,224
(ii) Purchase of goods or services from joint ventures: — Xiamen Zhongsheng — TAC — Zhongsheng Tacti	45,144 11,199 1	72,991 9,586 5
	56,344	82,582
(iii) Purchase of goods or services from an associate: — Zhongsheng Yongtai	796	5,362
(iv) Interest income from an associate — Zhongsheng Yongtai	—	296

The terms of sales and purchases were mutually agreed between the parties with reference to the ordinary course of business.

Apart from the above-mentioned other borrowing to Zhongsheng Yongtai, the amounts due to related parties are unsecured, interest-free and has no fixed terms of repayment.

46. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(b) BALANCES WITH RELATED PARTIES**

The Group had the following significant balances with its related parties during the year:

	2025 RMB'000	2024 RMB'000
(i) Due from related parties:		
Trade related		
Joint ventures		
— Xiamen Zhongsheng	6,083	7,562
— Zhongsheng Hehai	350	150
	6,433	7,712
(ii) Due to related parties:		
Trade related		
Joint ventures		
— Xiamen Zhongsheng	297	354
— Zhongsheng Tacti	80	80
— Zhongsheng Hehai	2,500	5,885
	2,877	6,319
(iii) Due to related parties:		
Trade related		
An associate		
— Zhongsheng Yongtai	—	412

46. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	54,203	102,261
Post-employee benefits	454	408
Total compensation paid to key management personnel	54,657	102,669

Further details of directors' and the chief executive officer's emoluments are included in note 9 to the financial statements.

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

47. SUBSIDIARIES

The following is a list of the Group's principal subsidiaries, all of which are unlisted, at 31 December 2025:

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
雲南中升廣福汽車銷售服務有限公司** (Yunnan Zhongsheng Guangfu Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Other services
青島中升沃茂汽車銷售服務有限公司** (Qingdao Zhongsheng Womao Automotive Sales & Service Co., Ltd.)	Qingdao, Chinese mainland 2002	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
東莞中升雷克薩斯汽車銷售服務有限公司* (Dongguan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Dongguan, Chinese mainland 2008	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
中升(大連)集團有限公司* (Zhongsheng (Dalian) Group Co., Ltd.)	Dalian, Chinese mainland 1998	Registered and paid-in capital of RMB1,900,000,000	—	100%	Investment holding
大連中升豐田汽車銷售服務有限公司* (Dalian Zhongsheng Toyota Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 1995	Registered and paid-in capital of USD8,000,000	—	100%	Sale and service of motor vehicles
大連中升豐田汽車服務有限公司** (Dalian Zhongsheng Toyota Automotive Service Co., Ltd.)	Dalian, Chinese mainland 2002	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
大連中升集團汽車用品有限公司** (Dalian Zhongsheng Group Automobile Products Co., Ltd.)	Dalian, Chinese mainland 1997	Registered and paid-in capital of USD3,000,000	—	100%	Other services

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
大連中升匯迪汽車銷售服務有限公司** (Dalian Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Dalian, Chinese mainland 1999	Registered and paid-in capital of RMB16,550,000	—	100%	Sale and service of motor vehicles
昆明中升豐田汽車銷售服務有限公司** (Kunming Zhongsheng Toyota Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2002	Registered and paid-in capital of RMB5,000,000	—	100%	Sale and service of motor vehicles
福州中升豐田汽車銷售有限公司** (Fuzhou Zhongsheng Toyota Automotive Sales Co., Ltd.)	Fuzhou, Chinese mainland 2003	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
上海國信汽車銷售有限公司** (Shanghai Guoxin Automotive Sales Co., Ltd.)	Shanghai, Chinese mainland 2001	Registered and paid-in capital of RMB60,000,000	—	100%	Other services
大連中升之星汽車銷售服務有限公司** (Dalian Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2005	Registered and paid-in capital of RMB90,000,000	—	100%	Sale and service of motor vehicles
大連中升凌志汽車銷售服務有限公司** (Dalian Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2004	Registered and paid-in capital of USD17,500,000	—	100%	Sale and service of motor vehicles
大連中升汽車銷售服務有限公司** (Dalian Zhongsheng Automobile Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2006	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
雲南中升雷克薩斯汽車銷售服務有限公司** (Yunnan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2006	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
福州中升雷克薩斯汽車銷售服務有限公司** (Fuzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Fuzhou, Chinese mainland 2006	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
中升集團有限公司 (Zhongsheng Group Co., Ltd.)	Hong Kong, China 1996	Registered and paid-in capital of HKD32,000,000	—	100%	Investment holding
大連新盛榮新實業有限公司* (Dalian Xinsengrongxin Industrial Co., Ltd.)	Dalian, Chinese mainland 2007	Registered and paid-in capital of RMB200,000,000	—	100%	Investment holding
大連中升宏達汽車銷售服務有限公司** (Dalian Zhongsheng Hongda Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2002	Registered and paid-in capital of RMB11,000,000	—	100%	Sale and service of motor vehicles
煙台中升豐田汽車銷售服務有限公司** (Yantai Zhongsheng Toyota Automotive Sales & Service Co., Ltd.)	Yantai, Chinese mainland 2004	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
超懋有限公司 (SUPER CHARM LIMITED)	Hong Kong, China 2007	Registered and paid-in capital of HKD1	—	100%	Investment holding
億雄有限公司 (Billion Great Co., Ltd.)	Hong Kong, China 2007	Registered and paid-in capital of HKD1	—	100%	Investment holding
大連裕增實業有限公司* (Dalian Yuzeng Industrial Co., Ltd.)	Dalian, Chinese mainland 2008	Registered and paid-in capital of RMB30,000,000	—	100%	Investment holding

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
大連中升裕德豐田汽車銷售服務有限公司** (Dalian Zhongsheng Yude Toyota Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2003	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
青島中升博通信息技術有限公司*	Qingdao, Chinese mainland 2005	Registered and paid-in capital of RMB78,000,000	—	100%	Other services
煙台中升匯迪汽車銷售服務有限公司** (Yantai Zhongsheng Huidi Automotive Sales & Service Co., Ltd.)	Yantai, Chinese mainland 2002	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
佛山中升之星汽車銷售服務有限公司** (Foshan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Foshan, Chinese mainland 2009	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
南京中升之星汽車銷售服務有限公司** (Nanjing Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2009	Registered and paid-in capital of RMB140,000,000	—	100%	Sale and service of motor vehicles
瀋陽中升豐田汽車銷售服務有限公司* (Shenyang Zhongsheng Toyota Automobile Sales & Service Co., Ltd.)	Shenyang, Chinese mainland 2009	Registered and paid-in capital of USD6,000,000	—	100%	Sale and service of motor vehicles
Noble Villa Investments Ltd. (Noble Villa Investments Ltd.)	British Virgin Islands 2008	Registered and paid-in capital of USD100	100%	—	Investment holding
中升(中國)企業管理有限公司* (Zhongsheng (China) Business Management Co., Ltd.)	Beijing, Chinese mainland 2009	Registered and paid-in capital of USD60,000,000	—	100%	Investment holding
成都中升之星汽車銷售服務有限公司** (Chengdu Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2010	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
上海中升之星汽車銷售服務有限公司** (Shanghai Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Shanghai, Chinese mainland 2010	Registered and paid-in capital of RMB200,000,000	—	100%	Sale and service of motor vehicles
FAMOUS GREAT INTERNATIONAL LIMITED (Famous Great International Limited)	British Virgin Islands 2008	Registered and paid-in capital of USD1	—	100%	Investment holding
福州中升福裕汽車銷售服務有限公司** (Fuzhou Zhongsheng Fuyu Automotive Sales & Service Co., Ltd.)	Fuzhou, Chinese mainland 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
南京新康泰創意文化產業發展有限公司** (Nanjing Xinkangtai Cultural & Creative Industry Development Co., Ltd.)	Nanjing, Chinese mainland 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Other services
玉溪中升豐田汽車銷售服務有限公司** (Yuxi Zhongsheng Toyota Automotive Sales & Service Co., Ltd.)	Yuxi, Chinese mainland 2009	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
大連中升沃茂汽車銷售服務有限公司** (Dalian Zhongsheng Womao Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2011	Registered and paid-in capital of RMB45,000,000	—	100%	Sale and service of motor vehicles
無錫中升雷克薩斯汽車銷售服務有限公司** (Wuxi Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Wuxi, Chinese mainland 2012	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
廣州市成業實業有限公司** (Guangzhou Chengye Industrial Co., Ltd.)	Guangzhou, Chinese mainland 2005	Registered and paid-in capital of RMB500,000	—	100%	Other services
東莞中升之星汽車銷售服務有限公司** (Dongguan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Dongguan, Chinese mainland 2008	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
成都中升仕豪汽車銷售服務有限公司** (Chengdu Zhongsheng Shihao Automotive Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2012	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
重慶中升匯迪汽車銷售服務有限公司* (Chongqing Zhongsheng Huidi Automotive Sales & Service Co., Ltd.)	Chongqing, Chinese mainland 2011	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
深圳中升星輝汽車銷售服務有限公司** (Shenzhen Zhongsheng Xinghui Automobile Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2013	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
濟南迎賓中升豐田汽車銷售服務有限公司** (Jinan Yingbin Zhongsheng Toyota Automotive Sales & Service Co., Ltd.)	Jinan, Chinese mainland 2013	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
中升(天津)保險銷售有限公司** (Zhongsheng (Tian Jin) Insurance Sales)	Tianjin, Chinese mainland 2013	Registered and paid-in capital of RMB50,000,000	—	100%	Other services
南京江寧中升盈豐豐田汽車銷售服務有限公司** (Nanjing Jiangning Zhongsheng Yingfeng Toyota Automotive Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2013	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
青島奧鑫汽車銷售服務有限公司** (Qingdao Aoxin Automotive Sales & Service Co., Ltd.)	Qingdao, Chinese mainland 2013	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
瀋陽中升仕豪汽車銷售服務有限公司** (Shenyang Zhongsheng Shihao Automotive Sales & Service Co., Ltd.)	Shenyang, Chinese mainland 2013	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
哈爾濱中升匯迪汽車銷售服務有限公司** (Harbin Zhongsheng Huidi Automotive Sales & Service Co., Ltd.)	Harbin, Chinese mainland 2011	Registered and paid-in capital of RMB10,000,000	—	100%	Other services
南昌中升匯迪汽車銷售服務有限公司** (Nanchang Zhongsheng Huidi Automotive Sales & Service Co., Ltd.)	Nanchang, Chinese mainland 2014	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
大連中升匯眾汽車銷售服務有限公司** (Dalian Zhongsheng Huizhong Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2014	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
成都中升沃豪汽車銷售服務有限公司** (Chengdu Zhongsheng Wohao Automotive Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2014	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
瀘州中升之星汽車銷售服務有限公司** (Luzhou Zhongsheng Star Automobile Sale & Service Co., Ltd.)	Luzhou, Chinese mainland 2014	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
北京中升之星汽車銷售服務有限公司** (Beijing Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Beijing, Chinese mainland 2007	Registered and paid-in capital of RMB50,000,000	—	75%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
杭州中升雷克薩斯汽車銷售服務有限公司** (Hangzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Hangzhou, Chinese mainland 2010	Registered and paid-in capital of RMB68,000,000	—	100%	Sale and service of motor vehicles
上海羽馳軒廣告有限公司** (Shanghai Yuchixuan Advertising Co., Ltd.)	Shanghai, Chinese mainland 2015	Registered and paid-in capital of RMB50,000,000	—	100%	Other services
廣州中升增悅雷克薩斯汽車銷售服務有限公司** (Guangzhou Zhongsheng Zengyue Lexus Automobile Sale & Service Co., Ltd.)	Guangzhou, Chinese mainland 2015	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
雲南中升遠安昆星汽車銷售服務有限公司* (Yunnan Zhongsheng Yuanan Kunxing Automobile Sales & Service Co., Ltd)	Kunming, Chinese mainland 2004	Registered and paid-in capital of USD8,000,000	—	100%	Sale and service of motor vehicles
石家莊中升海悅汽車銷售服務有限公司** (Shijiazhuang Zhongsheng Haiyue Automotive Sales & Service Co., Ltd.)	Shijiazhuang, Chinese mainland 2016	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
海南南星信息技術有限公司** (Hainan Nansheng Information Technology Co., Ltd.)	Haikou, Chinese mainland 2011	Registered and paid-in capital of RMB10,000,000	—	70%	Other services
綿陽中升匯達汽車銷售服務有限公司** (Mianyang Zhongsheng Huida Automotive Sales & Service Co., Ltd.)	Mianyang, Chinese mainland 2016	Registered and paid-in capital of RMB10,000,000	—	100%	Other services
珠海中升之寶汽車銷售服務有限公司** (Zhuhai Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Zhuhai, Chinese mainland 2017	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
惠州中升之寶汽車銷售服務有限公司** (Huizhou Zhongsheng Zhibao Automobile Sale & Service Co., Ltd.)	Huizhou, Chinese mainland 2017	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
廣州中升仕豪汽車銷售服務有限公司** (Guangzhou Zhongsheng Shihao Automotive Sales & Service Co., Ltd.)	Guangzhou, Chinese mainland 2017	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
武漢中升捷豐汽車銷售服務有限公司** (Wuhan Zhongsheng Jiefeng Automotive Sales & Service Co., Ltd.)	Wuhan, Chinese mainland 2017	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
大連中升仕豪汽車銷售服務有限公司** (Dalian Zhongsheng Shihao Automobile Sale & Service Co., Ltd.)	Dalian, Chinese mainland 2017	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
西安中升之寶汽車銷售服務有限公司** (Xi'an Zhongsheng Zhibao Automobile Sales & Services Co., Ltd.)	Xi'an, Chinese mainland 2009	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
西安中升匯寶汽車銷售服務有限公司** (Xi'an Zhongsheng Huibao Automobile Sales & Services Co., Ltd.)	Xi'an, Chinese mainland 2013	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升匯寶汽車銷售服務有限公司** (Shenzhen Zhongsheng Huibao Automobile Sales & Services Co., Ltd.)	Shenzhen, Chinese mainland 2010	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
重慶中升之寶汽車銷售服務有限公司** (Chongqing Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Chongqing, Chinese mainland 2010	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
深圳中升宏達汽車銷售服務有限公司** (Shenzhen Zhongsheng Hongda Automotive Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2011	Registered and paid-in capital of RMB12,500,000	—	100%	Other services
深圳光明中升雷克薩斯汽車銷售服務有限公司* (Shenzhen Guangming Zhongsheng Lexus Automotive Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2017	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles
鄭州中升裕迪汽車銷售服務有限公司** (Zhengzhou Zhongsheng Yudi Automotive Sales & Service Co., Ltd.)	Zhengzhou, Chinese mainland 2017	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
豐田海南出行有限公司** (Toyota Hainan Mobility Co., Ltd.)	Haikou, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	61%	Other services
上海中升沃豪汽車銷售服務有限公司** (Shanghai Zhongsheng Wohao Automotive Sales & Service Co., Ltd.)	Shanghai, Chinese mainland 2010	Registered and paid-in capital of RMB20,000,000	—	100%	Other services
上海中升沃茂汽車銷售服務有限公司** (Shanghai Zhongsheng Womao Automobile Sales & Services Co., Ltd.)	Shanghai, Chinese mainland 2005	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
無錫中升仕豪汽車銷售服務有限公司** (Wuxi Zhongsheng Shihao Automobile Sales & Service Co., Ltd.)	Wuxi, Chinese mainland 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
易惠(天津)信息技術有限公司** (Yihui Tianjin Information Technology Co., Ltd.)	Tianjin, Chinese mainland 2018	Registered and paid-in capital of RMB40,000,000	—	100%	Other services
天津中升汽車用品有限公司** (Tianjin Zhongsheng Automobile Accessories Co., Ltd.)	Tianjin, Chinese mainland 2018	Registered and paid-in capital of RMB100,000,000	—	100%	Other services
瀋陽中升沃茂汽車銷售服務有限公司** (Shenyang Zhongsheng Womao Automotive Sales & Service Co., Ltd.)	Shenyang, Chinese mainland 2018	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
西安中升之星汽車銷售服務有限公司** (Xi'an Zhongsheng Star Automobile Sale & Service Co., Ltd.)	Xi'an, Chinese mainland 2017	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
新鄭市中升匯寶汽車銷售服務有限公司** (Xinzheng City Zhongsheng Huibao Automotive Sales & Service Co., Ltd.)	Zhengzhou, Chinese mainland 2014	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
鄭州中升之寶汽車銷售服務有限公司** (Zhengzhou Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Zhengzhou, Chinese mainland 2016	Registered and paid-in capital of RMB35,000,000	—	100%	Sale and service of motor vehicles
山東龐大興業汽車銷售服務有限公司** (Shandong Pangda Xingye Automobile Sales & Service Co., Ltd.)	Jinan, Chinese mainland 2017	Registered and paid-in capital of RMB264,000,000	—	100%	Sale and service of motor vehicles
佛山沃茂信息技術有限公司** (Foshan Womao Information Technology Co., Ltd.)	Foshan, Chinese mainland 2018	Registered and paid-in capital of RMB20,000,000	—	100%	Other services
雲南中升星輝汽車銷售服務有限公司** (Yunnan Zhongsheng Xinghui Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2018	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
南京中升沃茂汽車銷售服務有限公司** (Nanjing Zhongsheng Womao Automotive Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
南京中升沃豪汽車銷售服務有限公司** (Nanjing Zhongsheng Wohao Automotive Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Other services
深圳中升浩豐汽車銷售服務有限公司** (Shenzhen Zhongsheng Haofeng Automotive Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2019	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
宿遷中升之寶汽車銷售服務有限公司** (Suqian Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Suqian, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
淮安中升之寶汽車銷售服務有限公司** (Huai'an Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Huai'an, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
南京中升匯寶汽車銷售服務有限公司** (Nanjing Zhongsheng Huibao Automotive Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2018	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
徐州中升之寶汽車銷售服務有限公司** (Xuzhou Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Xuzhou, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
昆明中升之寶汽車銷售服務有限公司** (Kunming Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2019	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
北京中升寶晉汽車銷售服務有限公司** (Beijing Zhongsheng Baojin Automobile Sales & Service Co., Ltd.)	Beijing, Chinese mainland 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升寶晉汽車銷售服務有限公司** (Shenzhen Zhongsheng Baojin Automobile Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2015	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升之界汽車銷售服務有限公司** (Shenzhen Zhongsheng Zhijie Automotive Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
海南軒鼎信息技術有限公司** (Hainan Xuanding Information Technology Co., Ltd.)	Hainan, Chinese mainland 2019	Registered and paid-in capital of RMB1,000,000	—	100%	Other services
成都中升之界汽車銷售服務有限公司** (Chengdu Zhongsheng Zhijie Automotive Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升杰豪汽車銷售服務有限公司** (Shenzhen Zhongsheng Jiehao Automotive Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2020	Registered and paid-in capital of RMB30,000,000	—	100%	Other services
成都中升之寶汽車銷售服務有限公司** (Chengdu Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2019	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
成都致恒汽車銷售服務有限公司** (Chengdu Zhiheng Automotive Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2019	Registered and paid-in capital of RMB100,000,000	—	100%	Other services

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
杭州優德汽車服務有限公司** (Hangzhou Youde Automotive Service Co., Ltd.)	Hangzhou, Chinese mainland 2019	Registered and paid-in capital of RMB360,000,000	—	100%	Other services
海口中升企業管理有限公司* (Haikou Zhongsheng Enterprise Management Co., Ltd.)	Haikou, Chinese mainland 2020	Registered and paid-in capital of USD10,000,000	—	100%	Other services
青島中升沃泰汽車銷售服務有限公司** (Qingdao Zhongsheng Wotai Automotive Sales & Service Co., Ltd.)	Qingdao, Chinese mainland 2020	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
天津中升匯迪汽車銷售有限公司** (Tianjin Zhongsheng Huidi Automotive Sales Co., Ltd.)	Tianjin, Chinese mainland 2007	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
成都中升匯迪汽車銷售服務有限公司** (Chengdu Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
杭州中升之星汽車銷售服務有限公司** (Hangzhou Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Hangzhou, Chinese mainland 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
南京中升奧通汽車銷售服務有限公司** (Nanjing Zhongsheng Aotong Automotive Sales & Service Co., Ltd.)	Nanjing, Chinese mainland 2012	Registered and paid-in capital of RMB15,000,000	—	100%	Other services
煙台中升裕迪汽車銷售服務有限公司* (Yantai Zhongsheng Yudi Automotive Sales & Service Co., Ltd.)	Yantai, Chinese mainland 2011	Registered and paid-in capital of USD7,500,000	—	100%	Sale and service of motor vehicles
龍華汽車有限公司 (LOONG WAH MOTORS LIMITED)	Hong Kong, China 1978	Registered and paid-in capital of HKD10,000,000	—	100%	Investment holding
深圳中升雷克薩斯汽車有限公司** (Shenzhen Zhongsheng Lexus Automobile Co., Ltd.)	Shenzhen, Chinese mainland 2003	Registered and paid-in capital of HKD30,000,000	—	100%	Sale and service of motor vehicles
雲南中昇華通汽車銷售服務有限公司** (Yunnan Zhongsheng Huitong Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 1999	Registered and paid-in capital of RMB10,000,000	—	100%	Other services
大連中升盛通汽車銷售服務有限公司* (Dalian Zhongsheng Shengtong Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2002	Registered and paid-in capital of RMB20,000,000	—	55%	Sale and service of motor vehicles
海南嘉華偉業投資有限公司** (Hainan Jiahua Weiyeh Investment Co., Ltd.)	Haikou, Chinese mainland 2009	Registered and paid-in capital of RMB28,571,428	—	65%	Investment holding
北京嘉華騰遠車業有限公司** (Beijing Jiahua Tengyuan Vehicle Industry Co., Ltd.)	Beijing, Chinese mainland 2010	Registered and paid-in capital of RMB5,000,000	—	65%	Investment holding
大連中升之寶汽車銷售服務有限公司** (Dalian Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2008	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
中升(大連)汽車維修服務有限公司** (Zhongsheng (Dalian) Automotive Repair Service Co., Ltd.)	Dalian, Chinese mainland 2011	Registered and paid-in capital of RMB20,000,000	—	100%	Other services

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
合肥中升之寶汽車銷售服務有限公司** (Hefei Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Hefei, Chinese mainland 2009	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
福建中升之寶汽車銷售服務有限公司** (Fujian Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Fuzhou, Chinese mainland 2010	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
大連中升匯寶汽車銷售服務有限公司** (Dalian Zhongsheng Huibao Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2014	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
廣州中升之寶汽車銷售服務有限公司** (Guangzhou Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Guangzhou, Chinese mainland 2021	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
大連易惠企業管理諮詢有限公司** (Dalian Yihui Enterprise Management Consulting Co., Ltd.)	Dalian, Chinese mainland 2020	Registered and paid-in capital of RMB2,000,000	—	100%	Other services
深圳中升睿之星汽車銷售服務有限公司** (Shenzhen Zhongsheng Ruixing Automobile Sales & Service Co., Ltd.)	Shenzhen, Chinese mainland 2020	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
仁孚(中國)有限公司 (Zung Fu (China) Limited)	Hong Kong, China 1974	Registered and paid-in capital of HKD1,192,950,118	100%	—	Investment holding
仁孚汽車(中國)有限公司* (Zung Fu Motors (China) Limited)	Guangzhou, Chinese mainland 1997	Registered and paid-in capital of HKD575,000,000	—	100%	Investment holding
深圳市仁孚特力汽車服務有限公司** (Shenzhen Zung Fu Tellus Vehicle Service Co., Ltd.)	Shenzhen, Chinese mainland 2005	Registered and paid-in capital of RMB30,000,000	—	65%	Sale and service of motor vehicles
廣東仁孚怡邦汽車銷售服務有限公司* (Guangdong Renfu Yibang Automotive Sales & Service Co., Ltd.)	Guangzhou, Chinese mainland 1994	Registered and paid-in capital of USD2,000,000	—	100%	Sale and service of motor vehicles
成都中升仁孚汽車銷售服務有限公司* (Chengdu Zung Fu Vehicle Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2001	Registered and paid-in capital of HKD14,000,000	—	100%	Sale and service of motor vehicles
湖南仁孚汽車銷售服務有限公司** (Hunan Renfu Automotive Sales & Service Co., Ltd.)	Hunan, Chinese mainland 2003	Registered and paid-in capital of RMB9,800,000	—	100%	Sale and service of motor vehicles
成都中升仁孚南星汽車服務有限公司** (Chengdu Zung Fu Nanxing Vehicle Service Co.,)	Chengdu, Chinese mainland 2010	Registered and paid-in capital of RMB88,000,000	—	100%	Sale and service of motor vehicles
惠州中升仁孚汽車服務有限公司** (Huizhou Zung Fu Vehicle Service Co., Ltd.)	Huizhou, Chinese mainland 2008	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
重慶中升仁孚汽車銷售服務有限公司** (Chongqing Zung Fu Vehicle Sales & Service Co., Ltd.)	Chongqing, Chinese mainland 2011	Registered and paid-in capital of RMB105,000,000	—	100%	Sale and service of motor vehicles
成都中升怡星仁孚汽車服務有限公司** (Chengdu Yixing Zung Fu Vehicle Service Co.,)	Chengdu, Chinese mainland 2009	Registered and paid-in capital of RMB88,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
自貢中升仁孚汽車服務有限公司** (Zigong Zhongsheng Renfu Automotive Service Co., Ltd.)	Zigong, Chinese mainland 2013	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
宜賓中升仁孚汽車服務有限公司** (Yibin Zung Fu Vehicle Service Co., Ltd.)	Yibin, Chinese mainland 2012	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
鵬星行汽車服務(深圳)有限公司* (Pengxinghang Automotive Service (Shenzhen) Co., Ltd.)	Shenzhen, Chinese mainland 2002	Registered and paid-in capital of HKD139,500,000	—	100%	Sale and service of motor vehicles
達州中升仁孚汽車服務有限公司** (Dazhou Zung Fu Vehicle Service Co., Ltd.)	Dazhou, Chinese mainland 2013	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
長沙中升之界汽車銷售服務有限公司* (Changsha Zhongsheng Zhijie Automotive Sales & Service Co., Ltd.)	Changsha, Chinese mainland 2018	Registered capital of RMB200,000,000 and paid in capital of RMB115,950,000	—	100%	Sale and service of motor vehicles
仁懷中升仁孚汽車銷售服務有限公司* (Renhuai Zung Fu Vehicle Sales & Service Co., Ltd.)	Renhuai, Chinese mainland 2018	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
成都中升仁孚東星汽車銷售服務有限公司** (Chengdu Zung Fu Dongxing Vehicle Sales & Service Co., Ltd.)	Chengdu, Chinese mainland 2018	Registered and paid-in capital of RMB90,000,000	—	100%	Sale and service of motor vehicles
佛山怡星信息技術有限公司** (Foshan Yixing Information Technology Co., Ltd.)	Foshan, Chinese mainland 2020	Registered capital of RMB60,000,000 and paid in capital of RMB10,750,000	—	100%	Other services
惠州中升仁孚怡星汽車銷售服務有限公司** (Huizhou Zhongsheng Renfu Yixing Automotive Sales & Service Co., Ltd.)	Huizhou, Chinese mainland 2020	Registered capital of RMB160,000,000 and paid in capital of RMB128,870,000	—	100%	Sale and service of motor vehicles
蘇州中升之星汽車銷售服務有限公司** (Suzhou Zhongsheng Zhi Xing Automotive Sales & Service Co., Ltd.)	Suzhou, Chinese mainland 2021	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
上海中升仕豪汽車銷售服務有限公司** (Shanghai Zhongsheng Shihao Automobile Sales & Service Co., Ltd.)	Shanghai, Chinese mainland 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
惠州中升雷克薩斯汽車服務有限公司** (Huizhou Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Huizhou, Chinese mainland 2008	Registered and paid-in capital of HKD30,000,000	—	100%	Sale and service of motor vehicles
寧波中升雷克薩斯汽車服務有限公司** (Ningbo Zhongsheng Lexus Automobile Services Co., Ltd.)	Ningbo, Chinese mainland 2006	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
無錫中升搏勒汽車銷售服務有限公司** (Wuxi Zhongsheng Bolai Automotive Sales & Service Co., Ltd.)	Dalian, Chinese mainland 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
武漢中升聚星汽車銷售服務有限公司** (Wuhan Zhongsheng Juxing Automobile Sales & Service Co., Ltd.)	Wuhan, Chinese mainland 2014	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
鄭州中升匯迪汽車銷售服務有限公司** (Zhengzhou Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Zhengzhou, Chinese mainland 2010	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
上海潤信汽車銷售服務有限公司** (Shanghai Runxin Automotive Sales & Service Co., Ltd.)	Shanghai, Chinese mainland 2015	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
青島中升沃盛汽車銷售服務有限公司** (Qingdao Zhongsheng Wosheng Automotive Sales & Service Co., Ltd.)	Qingdao, Chinese mainland 2022	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
東莞中升之寶汽車銷售服務有限公司** (Dongguan Zhongsheng Zhibao Automotive Sales & Service Co., Ltd.)	Dongguan, Chinese mainland 2022	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
青島龐大投資有限公司** (Qingdao Pangda Investment Co., Ltd.)	Qingdao, Chinese mainland 2012	Registered and paid-in capital of RMB100,000,000	—	100%	Other services
上海中升購企業管理有限公司* (Shanghai Zhongsheng Purchase Enterprise Management Co., Ltd.)	Shanghai, Chinese mainland 2021	Registered and paid-in capital of RMB20,000,000	—	100%	Other services
昆明中升裕豐汽車銷售服務有限公司** (Kunming Zhongsheng Yufeng Automotive Sales & Service Co., Ltd.)	Kunming, Chinese mainland 2019	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
北京中升之界汽車銷售服務有限公司** (Beijing Zhongsheng Zhijie Automotive Sales & Service Co., Ltd.)	Beijing, Chinese mainland 2024	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles

* These companies are registered as wholly-foreign-owned enterprises under PRC law.

** These companies are registered as limited liability companies under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other borrowings, finance leases, convertible bonds and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group has no significant interest-bearing assets other than pledged bank deposits (note 27) and cash and cash equivalents (note 29).

The Group's interest rate risk arises from its borrowings, details of which are set out in note 30. Borrowings at variable rates expose the Group to the risk of changes on market interest rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's (loss)/profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in (loss)/profit before tax RMB'000
2025		
RMB	15	(29,863)
RMB	(15)	29,863
2024		
RMB	15	(44,783)
RMB	(15)	44,783

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities were denominated in RMB, except for certain cash and cash equivalents, bank loans and other borrowings and the liability component of convertible bonds denominated in Hong Kong dollars, United States dollars and Japanese Yen as disclosed in note 29, note 30 and note 31, respectively.

The Group's assets and liabilities denominated in Hong Kong dollars, United States dollars and Japanese Yen were mainly held by certain subsidiaries incorporated outside The Chinese mainland who used the Hong Kong dollar as their functional currencies, and the Group did not have material foreign currency transactions in The Chinese mainland during the year. Therefore, the Group had immaterial foreign currency risk.

CREDIT RISK

On 31 December 2025, the Group had certain concentrations of credit risk as 25.22% of the Group's trade receivables were due from the Group's five largest customer. The carrying amounts of bank deposits, cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

MAXIMUM EXPOSURE AND YEAR-END STAGING AS AT 31 DECEMBER 2025

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025. The amounts presented are gross carrying amounts for financial assets.

31 DECEMBER 2025

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified Approach RMB'000	
Trade receivables	830,075	2,132,910	2,962,985
Financial assets included in prepayments, other receivables and other assets	13,022,066	—	13,022,066
Total	13,852,141	2,132,910	15,985,051

31 DECEMBER 2024

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified Approach RMB'000	
Trade receivables	632,828	4,020,741	4,653,569
Financial assets included in prepayments, other receivables and other assets	12,987,032	—	12,987,032
Total	13,619,860	4,020,741	17,640,601

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**CREDIT RISK (continued)****MAXIMUM EXPOSURE AND YEAR-END STAGING AS AT 31 DECEMBER 2025 (continued)**

For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix at 31 December 2025 and 2024 was set out below:

31 DECEMBER 2025

	Ageing		
	Within 3 months	3 months to 1 year	Over 1 year
Expected credit loss rate	0%	55%	62%
Gross carrying amount (RMB'000)	2,049,604	87,847	74,467
Expected credit losses (RMB'000)	4,841	48,585	46,335

31 DECEMBER 2024

	Ageing		
	Within 3 months	3 months to 1 year	Over 1 year
Expected credit loss rate	0%	34%	83%
Gross carrying amount (RMB'000)	2,538,626	25,026	76,738
Expected credit losses (RMB'000)	457	8,560	63,322

For the financial assets included in prepayments, other receivables and other assets to which the Group applies the general approach for impairment, there was no recent history of default. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. No loss allowance was provided because management estimated that the expected credit losses as at 31 December 2025 were not significant.

As at 31 December 2025, all pledged bank deposits and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**LIQUIDITY RISK**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

2025

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	—	2,942,313	13,915,795	14,164,757	—	31,022,865
Lease liabilities	—	315,168	672,313	3,343,907	2,068,782	6,400,170
Trade and bills payables	2,688,405	13,229,204	617,478	—	—	16,535,087
Other payables	—	784,440	311,732	—	—	1,096,172
Amounts due to related parties	2,877	—	—	—	—	2,877
Total	2,691,282	17,271,125	15,517,318	17,508,664	2,068,782	55,057,171

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	—	8,477,311	12,119,141	15,983,479	—	36,579,931
Lease liabilities	—	300,634	673,363	3,366,797	2,906,737	7,247,531
Trade and bills payables	2,907,697	8,971,523	728,580	—	—	12,607,800
Other payables	—	818,909	317,625	—	—	1,136,534
Amounts due to related parties	6,731	—	—	—	—	6,731
Convertible bonds	—	—	3,398,926	—	—	3,398,926
Total	2,914,428	18,568,377	17,237,635	19,350,276	2,906,737	60,977,453

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes bank loans and other borrowings, other liabilities, convertible bonds, amounts due to related parties, trade, bills and other payables and accruals, less cash and cash equivalents, cash in transit and term deposits and pledged bank deposits. The gearing ratios as at the reporting dates were as follows:

	2025 RMB'000	2024 RMB'000
Bank loans and other borrowings	29,538,170	32,039,169
Lease liabilities	5,120,257	5,419,973
Convertible bonds	—	3,356,212
Trade and bills payables	16,535,087	12,607,800
Other payables and accruals	3,883,165	4,238,461
Amounts due to related parties	2,877	6,731
Less: Cash and cash equivalents	(15,421,235)	(18,687,542)
Cash in transit	(79,873)	(60,039)
Term deposits and pledged bank deposits	(4,936,854)	(4,256,545)
Net debt	34,641,594	34,664,220
Total equity	43,529,565	46,917,817
Total equity and net debt	78,171,159	81,582,037
Gearing ratio	44.3%	42.5%

49. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 December 2025 and up to the date of approval of these financial statements.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	10,560,970	10,560,970
Total non-current assets	10,560,970	10,560,970
CURRENT ASSETS		
Prepayments	—	280
Cash and cash equivalents	571,136	4,280,350
Total current assets	571,136	4,280,630
CURRENT LIABILITIES		
Bank loans and other borrowings	—	196,444
Other payables and accruals	152,792	172,521
Convertible bonds	—	3,356,212
Amounts due to subsidiaries	3,207,045	1,806,396
Total current liabilities	3,359,837	5,531,573
NET CURRENT LIABILITIES	(2,788,701)	(1,250,943)
TOTAL ASSETS LESS CURRENT LIABILITIES	7,772,269	9,310,027
NON-CURRENT LIABILITIES		
Bank loans and other borrowings	11,570,948	11,217,334
Total non-current liabilities	11,570,948	11,217,334
NET LIABILITIES	(3,798,679)	(1,907,307)
EQUITY		
Share capital	207	207
Treasury shares	(193,649)	(193,649)
Reserves	(3,605,237)	(1,713,865)
Total equity	(3,798,679)	(1,907,307)

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Equity component of convertible bonds RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2024	4,827,943	20,884	49,391	(619,938)	(2,809,999)	(854,361)	613,920
Total comprehensive loss for the year	—	—	—	(240,190)	(352,930)	—	(593,120)
Final 2023 dividend declared	(1,734,665)	—	—	—	—	—	(1,734,665)
As at 31 December 2024	3,093,278	20,884	49,391	(860,128)	(3,162,929)	(854,361)	(1,713,865)
Total comprehensive loss for the year	—	—	—	325,215	(729,971)	—	(404,756)
Redemption of convertible bonds	—	(20,884)	—	—	—	—	(20,884)
Final 2024 dividend declared	(1,465,732)	—	—	—	—	—	(1,465,732)
At 31 December 2025	1,627,546	—	49,391	(534,913)	(3,892,900)	(854,361)	(3,605,237)

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000
RESULTS					
REVENUE	164,403,428	168,124,205	179,290,093	179,856,972	175,103,062
Cost of sales and services provided	(155,565,692)	(157,452,291)	(165,525,773)	(163,825,377)	(156,633,507)
Gross profit	8,837,736	10,671,914	13,764,320	16,031,595	18,469,555
Other income and gains, net	3,067,285	4,784,427	4,730,929	4,424,144	3,890,572
Selling and distribution expenses	(7,826,865)	(7,552,654)	(7,736,991)	(7,841,405)	(7,170,170)
Administrative expenses	(2,309,271)	(2,129,251)	(2,418,598)	(2,445,495)	(2,572,676)
Other expenses	(2,291,235)	(99,932)	—	—	—
(Loss)/Profit from operations	(522,350)	5,674,504	8,339,660	10,168,839	12,617,281
Finance costs	(1,527,639)	(1,572,886)	(1,507,393)	(1,218,636)	(1,120,121)
Share of (losses)/profits of joint ventures	(8,207)	(998)	(3,582)	240	7,909
Share of profits/(losses) of an associate	5	2,799	2,263	328	(1,487)
(Loss)/Profit before tax	(2,058,191)	4,103,419	6,830,948	8,950,771	11,503,582
Income tax credit/(expense)	158,527	(1,032,544)	(1,840,063)	(2,315,551)	(3,096,252)
(Loss)/Profit for the year	(1,899,664)	3,070,875	4,990,885	6,635,220	8,407,330
Attributable to:					
Owners of the parent	(1,673,288)	3,212,188	5,018,077	6,688,119	8,328,950
Non-controlling interests	(226,376)	(141,313)	(27,192)	(52,899)	78,380
	(1,899,664)	3,070,875	4,990,885	6,635,220	8,407,330

	31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	103,723,091	110,170,549	103,268,461	91,829,419	85,474,054
TOTAL LIABILITIES	(60,193,526)	(63,252,732)	(57,221,885)	(47,764,994)	(44,767,563)
NON-CONTROLLING INTERESTS	142,734	(88,376)	(249,280)	(303,020)	(462,700)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	43,672,299	46,829,441	45,797,296	43,761,405	40,243,791