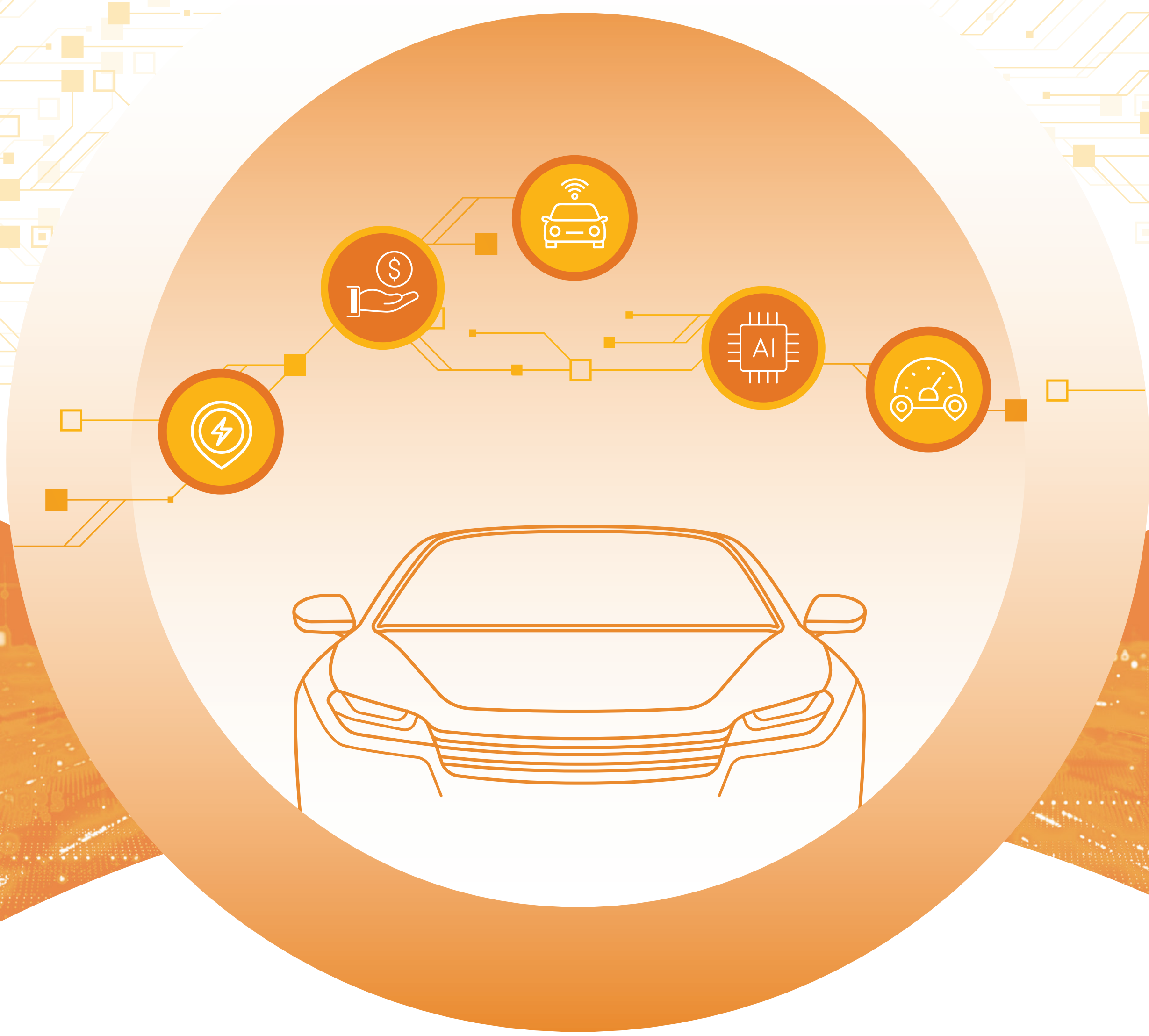
XXF Group Holdings Limited
喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2473



2025 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Director

Mr. LIU Wei

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

AUDIT COMMITTEE

Mr. FUNG Che Wai, Anthony *(Chairman)*
Mr. WU Fei
Mr. CHEN Shuo

REMUNERATION COMMITTEE

Mr. WU Fei *(Chairman)*
Mr. HUANG Wei
Mr. FUNG Che Wai, Anthony

NOMINATION COMMITTEE

Mr. HUANG Wei *(Chairman)*
Mr. WU Fei
Mr. CHEN Shuo
Ms. ZHANG Jinghua *(Appointed on 25 June 2025)*
Mr. FUNG Che Wai, Anthony
(Appointed on 25 June 2025)

AUTHORIZED REPRESENTATIVES

Mr. HUANG Wei *(Chairman and chief executive officer)*
Ms. ZHANG Jinghua
(Appointed on 30 April 2025)
Ms. PENG Liting (ACG, HKACG)
(Resigned on 30 April 2025)

HONG KONG SHARE REGISTRAR

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

HONG KONG LEGAL ADVISOR

Dentons Hong Kong LLP
Suite 3201, Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

COMPANY SECRETARY

Ms. Mak Po Man Cherie
(Appointed on 20 March 2026)
Ms. Sze Suet Ling
(Appointed on 30 April 2025 and resigned on 20 March 2026)
Ms. PENG Liting (ACG, HKACG)
(Resigned on 30 April 2025)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

Building 3
Fuxing Economic Development Zone
(Fuzhou Software Park Jin'an Branch)
No. 318 Fuguang Road
Jin'an District
Fuzhou, Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No.3503, 35/F, West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Central and Western
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL BANKS

Fujian Haixia Bank, Fuzhou Mindu Branch
Ancillary Building, Labour Building
128 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

China Construction Bank, Fuzhou Chengdong Branch
Mingliu Building
56 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

Industrial Bank Co. Ltd., Fuzhou Jiangbin Branch
Area G, Limin Garden
No. 7, Bayiqi South Road
Taijiang District
Fuzhou, Fujian Province
PRC

STOCK CODE

2473

COMPANY WEBSITE

www.xxfqc.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of XXF Group Holdings Limited and its subsidiaries (the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 December 2025 to our Shareholders.

In 2025, the global economic recovery remained weak, geopolitical tensions continued, and international trade rules underwent profound adjustments. In such a complex and volatile external environment, the Chinese economy demonstrated strong resilience, with the GDP exceeding RMB140 trillion for the first time, representing a year-on-year growth of 5.0%. As a pillar industry of the national economy, the automobile industry, driven by both policy support and technological revolution, reached new heights in total production and sales. New energy vehicles continued to serve as the core growth engine, and the overseas expansion of automobiles became an important driver of industry growth.

2025 was an extraordinary year for the Group. Facing increasingly fierce market competition and deep reshaping of the industry landscape, we always adhered to our core strategic direction, maintaining stability amid changes and seeking breakthroughs in challenges. During the Reporting Period, the Group achieved operating revenue of RMB1,862.5 million, representing a 27.2% increase from RMB1,464.1 million in the same period last year; gross profit reached RMB479.1 million, representing a 9.3% increase from RMB438.4 million in the same period last year; and profit amounted RMB45.8 million, representing a 15.3% increase from RMB39.7 million in the same period last year. These achievements would not have been possible without the hard work of all our employees, as well as the long-standing trust and support of our Shareholders and partners.

During the Reporting Period, we steadfastly promoted our strategy for lower-tier markets, deeply exploring the user demands and market potential in second-, third- and lower-tier cities. For the year ended 31 December 2025, our self-operated sales outlets had expanded from 89 to 112, including 25 multi-functional outlets. The increase in network density not only filled regional gaps but also significantly strengthened the capabilities for the customer flows and resource sharing across various business lines.

In terms of automobile retail and finance business, new energy vehicles have become the core growth engine. We successfully entered the 4S store in-store scenario, leveraging existing channels to acquire customers in reverse, and injecting fresh vitality into the revenue structure. During the Reporting Period, the automobile retail and finance business achieved sales of 16,603 units, representing a year-on-year increase of 12.5%.

In terms of automobile-related business, the Group closely follows market demand changes, proactively adjusting its structure, optimizing regions and strengthening operation. The new energy vehicle fleet achieved dual growth in rental rate and revenue per vehicle due to the precise deployment and deep platform integration; the western region keenly captured structural opportunities from "reverse tourism", with service networks deeply coupled with regional characteristics, and grew into a certain new growth point. The co-branded store model launched jointly with "Hello Car Rental" became a dual engine for brand premium and order conversion. During the Reporting Period, revenue from automobile-related business increased by 22.5% year-on-year.

In terms of after-sales service, there are more than 7,000 stores in the cooperative network with "Tuhu Car" (途虎養車), and at the same time, system-level integrations with "JD AutoService" (京東養車) and "CARE MORE"(車工坊) have been completed. While pursuing the scale of outlets, we also focus on improving the certainty of service response and the consistency of user experience.

In 2025, China's automobile exports surpassed the 6 million vehicle mark for the first time, with new energy vehicle exports achieving a doubling in growth. Globalization has shifted from an optional consideration to a mandatory requirement. The Group seized this opportunity of era, advancing the strategic layout of its overseas business with greater determination. In the domestic outright car sales business, the Group achieved annual automobile sales revenue of RMB135.0 million, representing a year-on-year increase of 252.3% compared to last year, with the ability to explore customers in existing channels continuing to improve. In the automobile export business, while consolidating trade-oriented overseas expansion, we also accelerated the shift toward service-oriented and localized models. Through deep integration with international trade distributors and regional dealers, both delivery efficiency and after-sales fulfillment capabilities were enhanced. Annual automobile export revenue reached RMB276.3 million, representing a year-on-year increase of 571.5% compared to last year, with business footprint expanding to Southeast Asia, the Middle East, Central Asia, Africa and South America. As the overseas teams are formed and business processes are gradually improved, the Group's role in the global automobile distribution landscape is quietly being reshaped.

Looking ahead, the Group will continue to focus on its core strategy and deepen its layout on the basis of existing businesses. In the domestic market, we will continue to cultivate lower-tier markets, expand and optimize our self-operated sales network, strengthen market penetration and customer service capabilities in second-, third- and lower-tier cities, and consolidate and expand our competitive advantages. For overseas business, we will seize opportunities in automobile exports, and based on existing layouts in Tashkent, Almaty and other locations, we will accelerate the construction of overseas integrated service network and localized operation to enhance the profitability and scale contribution of overseas business. In terms of technology empowerment, we will continue to increase technological investment, expand the deployment of digital employees in critical areas such as sales, risk management and operation, promote the shift of key tasks from "system development" to "value-driven operation and data insights", and refine intelligent risk management framework and data-driven capabilities. In innovative businesses, we will continue to explore cutting-edge scenarios such as smart mobility and unmanned vehicle, expand the breadth and depth of cooperation, optimize the collaborative mode of resource coordination and complementary capabilities, and strengthen the Group's first-mover advantage and systematic service capabilities in the field of smart mobility.

The waves of the era surge forward, with opportunities and challenges always coexisting. In the future, the Group will continue to uphold the principle of pragmatism, enterprising, openness and win-win cooperation, working hand in hand with all Shareholders, partners and employees to jointly write even more brilliant chapters. At last but not least, on behalf of the Group, I would like to extend my sincere gratitude to our customers and partners, and express heartfelt thanks to our diligent employees and management team for their contributions. I also appreciate the trust and support of our Shareholders and stakeholders.

Huang Wei
Chairman of the Board, Chief Executive Officer and Executive Director

Hong Kong, 20 March 2026

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2025	2024	**Year-on-year change**
	RMB'000	RMB'000	
Revenue	**1,862,467**	1,464,084	27.2%
Gross profit	**479,091**	438,351	9.3%
Profit before income tax	**58,453**	53,368	9.5%
Profit for the year	**45,805**	39,729	15.3%
Adjusted net profit (non-IFRS measures) *(note)*	**49,690**	48,002	3.5%

Note: Details of the calculation of adjusted net profit are provided in the paragraph "Non-IFRS measures" on pages 14 to 15 of this report

FIVE YEARS' FINANCIAL SUMMARY

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Operating results					
Revenue	**1,862,467**	1,464,084	1,304,341	1,141,526	1,171,262
Cost of revenue	**(1,383,376)**	(1,025,733)	(885,329)	(767,079)	(809,506)
Gross profit	**479,091**	438,351	419,012	374,447	361,756
Profit before income tax	**58,453**	53,368	129,850	91,773	43,010
Profit for the year attributable to owners of the Company	**45,855**	39,970	110,254	78,913	34,112
Non-IFRS measures					
Adjusted net profit	**49,690**	48,002	46,544	42,364	49,476
Profitability					
Gross profit margin[(1)]	**25.7%**	29.9%	32.1%	32.8%	30.9%
Net profit margin[(2)]	**2.5%**	2.7%	8.4%	6.8%	2.6%
Adjusted net profit margin (non-IFRS measures)[(3)]	**2.7%**	3.3%	3.6%	3.7%	4.2%
Financial position					
Total non-current assets	**1,844,019**	1,644,795	1,472,064	1,357,457	1,255,480
Total current assets	**1,982,813**	1,664,937	1,448,822	1,241,300	947,498
Total non-current liabilities	**1,332,679**	1,140,114	957,645	892,611	664,743
Total current liabilities	**1,616,212**	1,341,772	1,181,791	1,199,532	1,094,723
Net current assets/(liabilities)	**366,601**	323,165	267,031	41,768	(147,225)
Total equity	**877,941**	827,846	781,450	506,614	443,512

Notes:

(1) Gross profit margin represents gross profit for the respective year divided by revenue for the respective year and multiplied by 100%.

(2) Net profit margin represents profit for the respective year divided by revenue for the respective year and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measures) is calculated by dividing adjusted net profit for the respective year (non-IFRS measures) by revenue for the respective year and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

We are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC. The Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

ANALYSIS OF MACROECONOMIC ENVIRONMENT

In 2025, amidst a complex global landscape characterised by insufficient momentum in economic recovery, frequent geopolitical conflicts, profound adjustments to the international economic and trade rules system, and accelerated restructuring of global industrial and supply chains, China's economy demonstrated remarkable resilience and developmental potential. Economic operation exhibited an overall trend of "steady progress and steady improvement". According to data from the National Bureau of Statistics, in 2025, China's gross domestic product (GDP) surpassed the mark of RMB140 trillion for the first time, reaching RMB140,187.9 billion, representing an increase of 5.0% over the previous year at constant prices. On a quarter-on-quarter basis, seasonally adjusted GDP growth for each quarter in 2025 stood at 1.2%, 1.0%, 1.1% and 1.2% respectively, indicating stable economic performance. Concurrently, China's foreign trade structure continued to optimise in 2025, with stable growth in both imports and exports providing robust support to economic growth. Net exports of goods and services contributed 32.7% to economic growth.

ANALYSIS OF INDUSTRY ENVIRONMENT

In 2025, Chinese government departments at all levels continued to introduce and implement a series of efficient and pragmatic policy measures, striving to promote the automobile industry towards breakthroughs amid the complex convergence of technological revolution, market transformation and global competition. Building upon and refining existing policies such as "trade-in", the focus simultaneously extends to supporting the commercialisation of advanced intelligent driving systems, enhancing the supply chain ecosystem for new energy vehicles, and incentivising low-carbon technological innovation. These measures have injected robust policy momentum into the industry's transformation and upgrading, with the automobile industry demonstrating vigorous innovation and development vitality.

China's total automobile production and sales volumes have reached new heights. Data from the China Association of Automobile Manufacturers (CAAM) indicates that in 2025, China's passenger vehicles production and sales totaled 30.27 million units and 30.103 million units respectively, representing year-on-year growth of 10.2% and 9.2% respectively. The sector maintained robust momentum throughout the year, with the market scale continuing to expand.

China's automobile industry has entered a new phase in its electrification transformation. In 2025, new energy vehicles continued to serve as the core growth engine. According to data from CAAM, China's production and sales of new energy vehicles reached 16.626 million units and 16.49 million units respectively, achieving robust year-on-year growth of 29% and 28.2%.

Automobile exports have become a significant growth driver for China's automobile industry. According to CAAM data, China's total passenger vehicle exports reached 6.038 million units in 2025, representing a year-on-year increase of 21.9%. New energy vehicles exports totaled 2.615 million units, representing a 100% year-on-year increase. In the export structure, new energy vehicles constitute the primary source of growth, while export models are evolving from single-channel trade to diversified approaches. Chinese automobile brands are accelerating their transition from "product exports" to "technology exports" and "brand exports", actively adapting to shifts in the international trade landscape to tap into broader global markets.

The scale of China's automobiles rental industry continues to expand with significant structural optimization. According to data from the China Communications and Transportation Association (中國交通運輸協會), the domestic automobiles rental market transacted RMB186 billion in the first half of the year, representing a 27% year-on-year increase. Notably, orders for new energy vehicles exceeded 50% for the first time, while demand for long-term cross-city rentals grew by over 40%. The industry remains in a rapid development phase, accelerating its evolution from a single-purpose vehicle rental service to a comprehensive mobility solutions provider covering all scenarios. The short-term rental market is projected to maintain an average annual growth rate of approximately 15% in the future. Furthermore, Chinese government policy has explicitly outlined plans to establish convenient cross-city vehicle return networks anchored around transportation hubs such as high-speed rail stations and airports to optimize the industry ecosystem and strengthen supply guarantees during peak periods, presenting clear growth pathways and strategic opportunities for enterprises possessing nationwide network operation and vehicle asset management capabilities.

POLICY SUPPORT

During the Reporting Period, the Chinese government continued to introduce a series of supportive policies around the automobile consumption market.

On 14 January 2025, the Ministry of Commerce and seven other departments jointly issued the Notice on Implementing the 2025 Vehicle Trade-in Program (《關於做好 2025 年汽車以舊換新工作的通知》). Building upon the 2024 policy framework, this initiative focuses on "expanding coverage, stabilizing subsidies and streamlining procedures" to further drive automobile consumption upgrades and green transformation. The policy has effectively revitalized the existing consumer market, playing a pivotal role in stabilizing the overall annual automobile sales.

MANAGEMENT DISCUSSION AND ANALYSIS

On 20 January 2025, the Ministry of Commerce and seven other departments jointly issued the Notice on Launching Pilot Program for Reforming Automobile Circulation and Consumption 《關於開展汽車流通消費改革試點工作的通知》. The initiative plans to organize a nationwide pilot program for reforming automobile circulation and consumption between 2025 and 2027. This policy aims to explore the removal of institutional and systemic barriers hindering automobile circulation and consumption through local pilot initiatives. It signifies a shift in China's automobile market policy focus from solely stimulating new vehicle purchases towards comprehensively revitalizing circulation and consumption throughout the entire lifecycle.

On 16 March 2025, the General Office of the CPC Central Committee and the General Office of the State Council issued the Action Plan for Boosting Consumption 《提振消費專項行動方案》, launching pilot reforms in automobile circulation and consumption. This initiative aims to expand aftermarket automobile consumption in areas such as vehicle modification, leasing, motorsports and motorhome camping, thereby injecting fresh growth momentum into the short-term car rental market and fostering a more regulated trading environment.

On 24 March 2025, the Ministry of Commerce and seven other departments issued a notice on the Special Action Plan for Accelerating the Development of Digital and Intelligent Supply Chains 《加快數智供應鏈發展專項行動計劃》, promoting facilities and equipment such as intelligent three-dimensional warehouses, automated guided vehicles and unmanned delivery vehicles to achieve intelligent coordination of people, vehicles and goods.

On 7 May 2025, the heads of China's three major financial regulatory bodies – the People's Bank of China, National Financial Regulatory Administration (NFRA) and China Securities Regulatory Commission (CSRC) – jointly introduced a "comprehensive package of financial policies". This included a temporary reduction in the reserve requirement ratio for automobile finance companies and finance leasing companies from 5% to 0%, thereby injecting fresh aggregate capital support into the automobile sales and automobile finance sectors.

On 24 June 2025, six government departments – the People's Bank of China, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the NFRA and the CSRC – jointly issued the Guiding Opinions on Financial Support for Boosting and Expanding Consumption 《關於金融支持提振和擴大消費的指導意見》. This policy aims to collectively open up the automobile consumption channel and fully stimulate the vitality of the automobile consumption market through three major financial measures, i.e. invigorating the stock of assets, optimizing credit services and reducing car replacement costs.

On 21 August 2025, the State Council issued the Opinion on Deepening the Implementation of the "Artificial Intelligence Plus" Initiative 《關於深入實施"人工智能+"行動的意見》, which clearly outlines plans to accelerate the deep integration of artificial intelligence with all sectors of the economy and society through systematic deployment, leveraging advantages in data resources, industrial systems and application scenarios. This policy will accelerate the deep coupling of AI with the real economy, fostering new quality productivity and driving the automobile industry towards accelerated evolution towards intelligence and ecological sustainability.

On 11 November 2025, four departments including the Ministry of Commerce and the Ministry of Industry and Information Technology jointly issued the Notice on Further Strengthening the Management of Used Vehicle Exports 《關於進一步加強二手車出口管理工作的通知》. The new policy aligns with industry development needs, empowering enterprises through supporting services and market expansion initiatives to drive the sector's transition from "scale growth" to "value growth".

BUSINESS REVIEW

In 2025, the Company maintained its focus on core strategic directions, achieving steady business growth and structural optimization in intense market competition. During the Reporting Period, we recorded operating revenue of RMB1,862.5 million, representing a 27.2% increase from RMB1,464.1 million in the same period last year, gross profit reached RMB479.1 million, representing a 9.3% increase from RMB438.4 million in the same period last year, profit amounted to RMB45.8 million, a 15.3% increase from RMB39.7 million in the same period last year. The following outlines our overall business strategy and performance during the Reporting Period:

1. Focus on core business and consolidate key competitive strengths

In 2025, the Group steadfastly pursued its strategy of targeting lower-tier markets. Through refined regional analysis, we continued to cultivate user demand and market potential in China's second-tier, third-tier and lower-tier cities, actively filling regional market gaps while accelerating the penetration and expansion of our self-operated sales network. For the year ended 31 December 2025, our total number of self-operated sales outlets increased further from 89 in 2024 to 112, with 23 new outlets added. Among these, 25 were multi-functional self-operated sales outlets, substantially enhancing synergies across the Group's business lines, network reach capabilities and regional coverage density.

In the automobile retail and finance business, we have responded to market demand by establishing new energy vehicles as a new growth driver. We have formally expanded into new business scenarios within 4S dealerships, thereby diversifying our revenue streams. Regarding customer acquisition, we employed a dual-pronged online-offline approach. While expanding our physical sales network, we successfully established a dedicated live-streaming team and deepened channel partnerships with leading platforms such as Tencent and Alipay. This enabled us to build an intelligent customer acquisition matrix that converts traffic from public domains to private domains, fundamentally broadening our traffic entry points. During the Reporting Period, the automobile retail and finance business achieved sales of 16,603 units, representing a year-on-year increase of 12.5%.

In the automobile-related businesses, we focused on market trends to achieve high-quality growth through deep optimization of vehicle model structures, precise cultivation of regional markets and enhanced traffic operations. This included: for new energy vehicle models, both the rental rate and per-vehicle revenue increased thanks to precise targeting and platform synergy strategies; in the western region, by leveraging the "reverse tourism" trend and optimizing the service network, we successfully created a new growth engine; we also signed a strategic agreement with "Hello Car Rental" to jointly invest and create co-branded stores that combine the brand image of "Hello Car Rental" and "XXF Group", which significantly promoted our brand promotion and business growth. During the Reporting Period, we actively participated in tenders organized by governments at various levels and large enterprises, strengthening our B2B collaboration. This resulted in the successful bidding and signing of several substantial contracts, progressively enhancing our industry influence and recognition. In summary, during the Reporting Period, the revenue of the automobile-related businesses recorded a year-on-year growth of 22.5%.

In terms of after-sales service network coverage, we provide customers with a premium service experience throughout the entire vehicle lifecycle. During the Reporting Period, we continued to expand and deepen our strategic cooperation with Tuhu Car Inc. For the year ended 31 December 2025, the Group's collaborative service network with Tuhu Car Inc. exceeded 7,000 outlets. Additionally, we integrated systems with institutions including JD AutoService (京東養車) and CARE MORE (車工坊), further optimizing our repair outlet footprint to enhance service coverage and efficiency.

2. Rapid growth in outright car sales business, and accelerated expansion of overseas operations

During the Reporting Period, our outright car sales business (including domestic outright car sales business and automobile export business) experienced rapid expansion, generating sales revenue of RMB411.3 million, representing a 417.6% increase compared to the same period last year, establishing this segment as a stable growth driver alongside our core business.

In terms of domestic outright car sales business, during the Reporting Period, we leveraged our extensive self-operated sales network and the advantageous resources of automobile dealers to continuously enhance our customer cultivation capabilities on the sales side. Throughout the year, we achieved automobile sales revenue of RMB135.0 million, representing a 252.3% increase compared to the same period last year.

In terms of the automobile export business, during the Reporting Period, we accelerated overseas business expansion while continuously enhancing our integrated service capabilities, including deepening overseas market channel collaborations, optimizing our international trade service framework and developing our export service network. Regarding distribution channels, we strengthened in-depth cooperation with international trade distributors and dealers to further consolidate our market share. In response to the potential demand in the Central Asian market, in May 2025, we completed the upgrade of our wholly-owned subsidiary in Khorgos, effectively enhancing our service capacity and quality for the Central Asian market. Through these measures, our client base has steadily accumulated and expanded, sales capabilities have improved, and export business has demonstrated stable growth. Our business spans Southeast Asia, the Middle East, Central Asia, Africa, and South America, with particularly notable sales growth in Central Asia and the Middle East. Annual automobile export revenue reached RMB276.3 million, representing a 571.5% increase compared to the same period last year.

In terms of international market expansion, we have accelerated the establishment of overseas subsidiaries. In May 2025, our wholly-owned subsidiary in Tashkent was formally established and commenced operations in Tashkent, Uzbekistan. This marked the Group's direct entry into overseas markets officially, introducing China's comprehensive and diversified automobile service solutions to the local market, actively serving local customer needs and developing the regional market. In December 2025, the Group established a subsidiary in Almaty, Kazakhstan, completing the initial framework of our international business network across Central Asia. As each overseas subsidiary systematically implements localized operations, establishing local systems covering both sales and service, the Group's brand influence continues to strengthen.

3. Enhance technological empowerment to improve operational and service efficiency

In 2025, the Group steadfastly pursued its "Technology-Driven" strategy, leveraging dual drivers of digitalization and intelligence to comprehensively reshape the operation and service efficiency of the Company. During the Reporting Period, the Group deployed nearly 200 "digital employees" to automate processes, doubling the number of digital employees compared to the same period last year. This replacement of manual operation yielded significant efficiency gains. In risk management, the Company focused on building an intelligent risk control technology foundation. By developing precise models and automated early warning tools, it strengthened capabilities for early identification and real-time management of high-risk clients, establishing a robust technological defense for steady business development. In terms of the service network, integration with WeCom service robots and proprietary AI intelligent outbound call products enabled rapid response times, markedly improving service efficiency and user experience. Regarding business synergy, the Group successfully launched an integrated solution combining "software products + specialized implementation services from the IT Center". This initiative expanded its end customers, marking a substantive breakthrough in external business collaboration. It demonstrated the feasibility and commercial value of market expansion through ecosystem partnerships and complementary capabilities.

4. Implement cost reduction and efficiency enhancement to strengthen sustainable operational capabilities

In 2025, in the face of external uncertainties, the Group continued to advance comprehensive cost reduction and efficiency enhancement. In operation and management, we prioritized the efficiency of resource input and output, carefully controlling all costs and expenditures. This enabled effective management of operational costs and sustained improvement in resource utilization efficiency. Regarding financial costs, the Loan Prime Rate (LPR) in China was reduced during the Reporting Period, with both the one-year and five-year-plus LPRs cumulatively decreasing by 0.1 percentage points. Against this backdrop, the Group actively expanded diversified financing collaborations, establishing deep strategic partnerships with multiple automobile finance partners. This further enriched our financing resources, injected efficient capital vitality throughout the sales process, and effectively enhanced asset turnover efficiency. Concurrently, the Group flexibly utilized a combination of diversified funding instruments, including banks, finance leasing companies and supply chain finance platforms, achieving precise allocation of funds to meet business needs and optimizing costs. Building upon this foundation, the Group's weighted average financing cost for the full year decreased by over 1 percentage point, solidifying the capital base for sustained business expansion.

5. Expand new business horizons and foster new momentum for smart mobility

In 2025, in order to capitalize on transformative opportunities within the industry, the Group proactively expanded into the smart mobility sector. This move leveraged our nationwide self-operated sales network and extensive expertise in vehicle operation and management.

In October 2025, the Group established a subsidiary dedicated to smart mobility operation and progressively rolled out its services. In terms of business development, the Group has forged diversified strategic partnerships with industry-leading autonomous delivery solutions provider and cooperative partner specializing in last-mile logistics unmanned vehicles. Regarding intelligent technologies, we concurrently focused on technical dimensions related to intelligent driving, aiming to connect and integrate "scenario demands" with "technological supply". The Group is exploring a transition from being an automobile retailer centered on vehicles to becoming a future smart mobility ecosystem.

NON-IFRS ACCOUNTING STANDARD MEASURES

To supplement our consolidated results, which are prepared and presented in accordance with IFRS Accounting Standard, the Company uses adjusted net profit (non-IFRS Accounting Standard measures) as an additional financial measure, which is unaudited and not required by, or presented in accordance with, IFRS Accounting Standard. We believe that this measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of the Group's operating performance, such as certain non-cash items. The use of this non-IFRS Accounting Standard measure has limitations as an analytical tool, and shareholders and potential investors of the Company should not consider them in isolation from, as a substitute for, analysis of, or superior to, the Group's results of operations or financial condition as reported under IFRS Accounting Standard. In addition, this non-IFRS Accounting Standard financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of this non-IFRS Accounting Standard measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table reconciles adjusted net profit (non-IFRS Accounting Standard measures) presented to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standard. Share-based compensation expenses represent a non-cash expense that the Company recognizes in installments at fair value in profit or loss during the waiting period from the grant date to the vesting date under the Pre-IPO Share Option Scheme.

	2025 RMB'000	2024 RMB'000
Profit for the year	45,805	39,729
Add:		
Share-based compensation expenses	3,885	8,273
Adjusted net profit (non-IFRS Accounting Standard measures)	49,690	48,002

During the Reporting Period, the Group's adjusted net profit was RMB49.7 million, representing an increase of 3.5% from RMB48.0 million in the same period last year. The increase was mainly attributable to the increase in the Group's sales revenue during the Reporting Period.

REVENUE

	For the year ended 31 December			
	2025		2024	
	RMB'000	percentage	RMB'000	percentage
Automobile retail and finance				
Sales of automobiles under finance lease	906,496	48.7%	894,454	61.1%
Finance lease income	309,860	16.6%	298,462	20.4%
Sub-total	1,216,356	65.3%	1,192,916	81.5%
Automobile-related businesses				
Automobile operating lease income	218,600	11.7%	173,379	11.8%
Other automobile-related income	16,249	0.9%	18,336	1.3%
Sub-total	234,849	12.6%	191,715	13.1%
Outright car sales business	411,262	22.1%	79,453	5.4%
Total	1,862,467	100.0%	1,464,084	100.0%

During the Reporting Period, the Group's revenue increased by 27.2% from RMB1,464.1 million for the year ended 31 December 2024 to RMB1,862.5 million for the year ended 31 December 2025, primarily due to (1) the higher year-on-year growth of outright car sales business of the Group during the Reporting Period; and (2) the Group's increase in sales results during the Reporting Period as a result of the further expansion of our self-operated sales network and the enhancement of our sales capacity.

Most of our sales outlets are located in tier two, tier three, and below cities. As at 31 December 2025, the number of self-operated sales outlets of the Group was 112, with 43 sales outlets which only provided passenger vehicles, 44 sales outlets which only provided e-hailing vehicles, and 25 sales outlets which provided both passenger vehicles and e-hailing vehicles.

Automobile retail and finance

During the Reporting Period, the Group's revenue from automobile retail and finance business increased from RMB1,192.9 million for the year ended 31 December 2024 to RMB1,216.4 million for the year ended 31 December 2025. This was mainly due to the increase in vehicle sales under the automobile retail and finance business of the Group during the Reporting Period.

The operating data of the Group's automobile retail and finance business for the years indicated are as follows:

	For the year ended 31 December	
	2025	2024
Average principal amount of newly entered finance lease agreements (RMB'000)	**82.9**	88.3
Average effective interest rate charged for newly entered finance lease agreements *(Note 1)*	**17.3%**	17.4%
Average yield of finance lease receivables *(Note 2)*	**16.8%**	17.2%

Notes:

1. Calculated by dividing sum of effective interest rate of newly entered finance lease agreements by the total number of newly entered finance lease agreements entered for the relevant year.

2. Calculated by dividing finance lease income for the relevant year by the average balance of finance lease receivables.

During the Reporting Period, the average effective interest rate charged by the Group for newly entered finance lease agreements and the average yield of finance lease receivables were basically consistent with those for the same period last year.

The customers of our automobile retail and finance business are mainly individuals in the PRC's tier two, and tier three and below cities looking for non-luxury automobile models. The Group does not have any major customers in terms of revenue contribution to the automobile retail and finance business and the total revenue of the Group. For the years ended 31 December 2025 and 2024, the revenue of the automobile retail and finance business of the Group attributable to the five largest customers of that business represented 0.11% and 0.17%, respectively.

The following table sets forth the breakdown of our revenue generated from our automobile retail and finance business by geographical location for the years indicated:

	For the year ended 31 December			
Geographical location of customers	**2025**		2024	
	RMB'000	**percentage**	RMB'000	percentage
Eastern PRC	**421,127**	**34.6%**	389,398	32.6%
Southern PRC	**186,739**	**15.4%**	173,161	14.5%
Southwestern PRC	**135,378**	**11.1%**	139,717	11.7%
Central PRC	**111,634**	**9.2%**	122,469	10.3%
Northern PRC	**143,830**	**11.8%**	155,908	13.1%
Northwestern PRC	**143,454**	**11.8%**	142,535	11.9%
Northeastern PRC	**74,194**	**6.1%**	69,728	5.9%
Sub-total	**1,216,356**	**100.0%**	1,192,916	100.0%

During the Reporting Period, the Group's revenue from Eastern PRC, Southern PRC, Northwestern PRC and Northeastern PRC increased slightly compared with the year ended 31 December 2024, mainly due to the strengthening of the Group's sales network in the corresponding regions during the Reporting Period.

Automobile-related businesses

During the Reporting Period, the Group's revenue from automobile-related businesses amounted to RMB234.8 million for the year ended 31 December 2025, representing an increase of 22.5% from RMB191.7 million for the year ended 31 December 2024, mainly attributable to the increase in Group's revenue from automobile operating lease during the Reporting Period.

Outright car sales business

During the Reporting Period, the revenue of the Group's outright car sales business increased from RMB79.5 million for the year ended 31 December 2024 to RMB411.3 million for the year ended 31 December 2025, mainly due to the increase in the performance of the Group's domestic outright car sales business and automobile export business during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF REVENUE

During the Reporting Period, the Group's cost of revenue was RMB1,383.4 million for the year ended 31 December 2025, representing an increase of 34.9% from RMB1,025.7 million for the year ended 31 December 2024, mainly due to the increase in sales volume of the Group during the Reporting Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

	For the year ended 31 December			
	2025		2024	
	RMB'000	Gross profit margin	RMB'000	Gross profit margin
Automobile retail and finance	**401,437**	**33.0%**	390,815	32.8%
Automobile-related businesses	**59,587**	**25.4%**	44,801	23.4%
Outright car sales business	**18,067**	**4.4%**	2,735	3.4%
Sub-total	**479,091**	**25.7%**	438,351	29.9%

During the Reporting Period, the Group's gross profit increased by 9.3% from RMB438.4 million for the year ended 31 December 2024 to RMB479.1 million for the year ended 31 December 2025, primarily due to the increase in gross profit resulting from the overall performance growth of the Group during the Reporting Period.

During the Reporting Period and the same period in 2024, the Group's consolidated gross profit margin was 25.7% and 29.9% respectively. The consolidated gross profit margin decreased, mainly due to the rapid growth of the revenue of the outright car sales business of the Group during the Reporting Period, and the lower gross profit margin compared with other businesses, which lowered the Group's consolidated gross profit margin.

SELLING AND MARKETING EXPENSES

During the Reporting Period, the Group's selling and marketing expenses increased by 12.9% from RMB109.8 million for the year ended 31 December 2024 to RMB123.9 million for the year ended 31 December 2025, primarily due to, during the Reporting Period, (1) the increase in our employee benefit expenses as a result of the Group's further expansion of sales efforts and the increase in the number of employees for sales network expansion; and (2) the increased marketing expenditure as a result of the further expansion of sales efforts.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the administrative expenses of the Group increased by 0.2% from RMB122.9 million for the year ended 31 December 2024 to RMB123.1 million.

RESEARCH AND DEVELOPMENT EXPENSES

During the Reporting Period, the Group's research and development expenses amounted to RMB0.5 million, which was basically consistent with RMB0.5 million for the year ended 31 December 2024.

OTHER INCOME/LOSSES, NET

During the Reporting Period, the Group's other income/losses, net decreased by 58.3% from RMB10.1 million for the year ended 31 December 2024 to RMB4.2 million for the year ended 31 December 2025, primarily due to the decrease in the Group's value-added tax refund income during the Reporting Period.

FINANCE COST, NET

During the Reporting Period, the Group's finance cost, net increased by 7.6% from RMB158.8 million for the year ended 31 December 2024 to RMB170.9 million for the year ended 31 December 2025, primarily due to the increase in scale of the Group's borrowing and financing activities during the Reporting Period.

INCOME TAX EXPENSES

During the Reporting Period, the Group recorded income tax expense of RMB12.6 million for the year ended 31 December 2025, representing a decrease from RMB13.6 million for the year ended 31 December 2024, mainly due to the decrease in the Group's income tax expense during the Reporting Period as a result of the compliance with the relevant national preferential tax policies and the applicable lower corporate income tax rate.

PROFIT FOR THE YEAR

During the Reporting Period, the Group recorded a profit of RMB45.8 million for the year ended 31 December 2025, representing an increase of 15.3% from RMB39.7 million for the year ended 31 December 2024, mainly due to the increase in the Group's sales revenue during the Reporting Period, which increased the Group's profit in the Reporting Period.

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the profit attributable to owners of the Company increased by 14.7% from RMB40.0 million for the year ended 31 December 2024 to RMB45.9 million for the year ended 31 December 2025.

INVENTORY MANAGEMENT

The Group's inventories consist of new and repossessed automobiles and vehicle telematics equipment. As at 31 December 2025, the Group's net inventories amounted to approximately RMB255.0 million, representing an increase of RMB82.9 million from RMB172.1 million as at 31 December 2024, mainly due to the increase in the Group's inventory amount for the procurement of new automobiles.

The Group monitors our inventories from time to time and strives to maintain an optimal inventory level of automobiles. The Group keeps moving record of its inventory levels with the aid of its IT systems and physical records. We conduct daily inspection of the physical condition of our inventories and monthly physical inventory stocktake to ensure the accuracy of our inventory record.

FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

Our finance lease receivables mainly include receivables from the automotive finance leasing business. The gross finance lease receivables include the interest and principal that we expect to receive from our customers under the finance lease contract. Finance lease receivables, net represent the gross amount of finance lease receivables minus unearned finance income to be recognized during the lease term.

The overall position of the Group's finance lease receivables as at the dates indicated is as follows:

Period	**As at 31 December 2025** **Finance lease receivables, net** **RMB'000**	**percentage**	As at 31 December 2024 Finance lease receivables, net RMB'000	percentage
Within one year	**796,680**	**41.8%**	767,998	42.1%
Between one and two years	**557,361**	**29.3%**	527,552	28.9%
Between two and five years	**550,476**	**28.9%**	527,671	29.0%
Sub-total	**1,904,517**	**100.0%**	1,823,221	100.0%

As at 31 December 2025, the Group's net finance lease receivables amounted to RMB1,904.5 million, representing a slight increase as compared with that as at 31 December 2024. The Group's finance lease receivables involved 30,769 contracts (involving 30,466 borrowers). The net finance lease receivables due within one year represents the net finance lease receivables to be received by the Group within one year from the date indicated. As at 31 December 2025, our net finance lease receivables due within one year accounted for 41.8% of the Group's net finance lease receivables, basically the same as that as at 31 December 2024.

The following table sets forth the breakdown of net finance lease receivables by geographical location as at the dates indicated:

Geographical location of customers	As at 31 December 2025 Finance lease receivables, net		As at 31 December 2024 Finance lease receivables, net	
	RMB'000	percentage	RMB'000	percentage
Eastern PRC	905,803	47.6%	778,979	42.7%
Southern PRC	239,108	12.6%	258,715	14.2%
Southwestern PRC	173,887	9.1%	194,104	10.6%
Central PRC	143,295	7.5%	165,717	9.1%
Northern PRC	182,557	9.6%	187,645	10.3%
Northwestern PRC	173,287	9.1%	164,885	9.0%
Northeastern PRC	86,580	4.5%	73,176	4.1%
Sub-total	1,904,517	100.0%	1,823,221	100.0%

The following table sets forth the details of the finance lease receivables, net, the past due net finance lease receivables and the corresponding past due ratios, provision for credit loss and corresponding coverage ratios as at the dates indicated:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Finance lease receivables, net	**1,904,517**	1,823,221
Allowance for impairment of finance lease receivables	**18,208**	16,625
Allowance to net finance lease receivables ratio *(Note 1)*	**1.0%**	0.9%
Past due net finance lease receivables		
Over one month	**35,349**	34,425
Over three months	**15,938**	13,451
Over six months	**6,757**	5,873
Over one year	**3,014**	2,563
Past due ratio *(Note 2)*		
Over one month	**1.9%**	1.9%
Over three months	**0.8%**	0.7%
Over six months	**0.4%**	0.3%
Over one year	**0.2%**	0.1%
Past due coverage ratio *(Note 3)*		
Over one month	**51.5%**	48.3%
Over three months	**114.2%**	123.6%
Over six months	**269.5%**	283.1%
Over one year	**604.1%**	648.7%

Notes:

1. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year divided by net finance lease receivables as at the end of that corresponding year.

2. Represents past due net finance lease receivables as at the end of that corresponding year divided by total net finance lease receivables as at the end of the corresponding year.

3. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year divided by past due net finance lease receivables as at the end of that corresponding year.

We actively monitor historical past due ratio and continuously improve our data analytics capabilities, as well as execute post-lease management and loss recovery measures through our automobile monitoring platform and our patent protected GPS tracking devices installed on all the automobiles leased by us. Therefore, our past due ratios remained at a relatively low level. As at 31 December 2025, our over three months past due ratio, over six months past due ratio and over one year past due ratio were all below 1%.

We recognise the impairment of finance lease receivables by applying the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment losses provided for finance lease receivables are determined based on historically observed default rates over the expected life of finance lease receivables with similar credit risk characteristics and are adjusted for forward-looking estimates.

As at 31 December 2025, the provision ratio of the Group's net finance lease receivables was 1%, and was relatively stable compared to the same period last year. Our past due coverage ratios of over three months, over six months and over one year as at 31 December 2025 decreased slightly compared to 31 December 2024, primarily due to our active monitoring on and continuous improvement in loss recovery measures.

INTERNAL CONTROLS

We have developed risk management and internal monitoring systems to address the risks we are exposed to. In particular, we have developed corresponding risk management policies based on the management characteristics of automobile finance leasing business.

RISK MANAGEMENT POLICY

The credit risk management system of the Group is divided into pre-lease and post-lease credit risk management.

Pre-lease credit assessment and approval process:

During our credit assessment and approval process for our automobile retail and finance business, we generally consider both (i) qualitative factors, which may include age, location, driving penalty records, credit history and litigation records; and (ii) quantitative factors, which may include the proposed principal amount of the lease transaction, value of the personal assets and personal income level.

We generally require potential finance lease customers to fulfil our preliminary requirements, including (i) holding a valid PRC identity card; (ii) holding a valid PRC driving license (with less than 12 points deducted); and (iii) aged between 18 and 60 years old (inclusive). The Group may also require them to produce (i) property ownership certificate; (ii) business registration certificate (for corporate customers); and/or (iii) proof of employment and salary records of the last six months.

If the potential customers have satisfied the above preliminary requirements, the Group will perform credit assessment based on their information such as checking their name, identity card number and mobile phone number against the Group's self-maintained database as well as the third party databases. Our risk management system allows a bilateral flow of statistics and data between our management systems for pre-credit risk and post-credit risk, which is conducive to the improvement of our future credit risk analysis model. Leveraging our data analytics capabilities, we are able to complete the credit assessment and approval within a relatively short period of time to maintain the Group's competitiveness.

During the above process, the Group's sales staff maintains close communication with the customer in order to complete the necessary manual evaluation process.

After the assessments, we will notify our customers of the assessment results. Before execution of the agreements, we will conduct face-to-face interviews with our customers in order to verify their identity and to ensure that our customers understand the terms and conditions of the agreements. Our customers are then required to settle the initial payment and execute the agreements and other necessary documents. The customers' information will be recorded into our ERP system at the same time.

Before the automobile handover, we will ensure that our GPS tracking devices preinstalled on the leased automobiles function properly. After completion of the standard procedures, we will hand over the leased automobiles to our customers.

Post-lease credit risk management:

After the automobile handover, the Group will monitor customer's periodic payments and automobile activities. We monitor the status of the leased automobiles through the GPS tracking devices preinstalled and/or our automobile monitoring platform from time to time. Our customer service department usually sends payment reminders through our management system three to five days before the due date of the respective payment, mainly by sending text messages to our customers.

Our finance department checks and monitors the collection of payments from our customers on a daily basis and inputs the payment records into our ERP system. If any default or delinquency on payment arises, our customer service department will continue to send out reminders to these customers.

Generally, if (i) any payment is overdue for over 35 days despite our repeated reminders; or (ii) any irregular activity (such as abnormal trajectory or vanishing GPS signal) is observed for at least three days on our automobile monitoring platform, we may exercise our right to repossess the automobile directly.

After the repossession, our technical department will check and remove any GPS tracking devices not installed by us to avoid any potential tracking and stealing of the automobiles by the customers in breach. Our legal department will also implement other necessary legal measures permitted by law. In the case where our customers are unable to continue with the due performance of the contracts or we cannot get in touch with our customers by all reasonable means, we will terminate the relevant contracts.

If the repossessed automobiles do not meet the normal safety requirements or driving conditions, they will be sent to third party automobile service workshop for repair, in order to be sold under finance lease or operated as operating lease vehicles. Automobiles with severe accidents histories, the repair cost of which is significantly higher than one-off selling price, will be disposed directly through one-off sales.

CAPITAL MANAGEMENT

The Group regularly reviews and manages our capital structure to maintain a balance between debt financing and equity financing and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors our capital on the basis of the gearing ratio.

The Group manages our capital to ensure that its group companies can repay or refinance debts when they fall due and comply with the PRC laws and regulations while maximising the return to Shareholders through balancing our debt financing and equity financing. The Group strives to balance the objectives of matching the cash inflow of our customers' automobile finance lease with the cash outflow of our borrowings and growing our business.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Borrowings	**2,787,412**	2,281,558
Lease liabilities	**12,457**	11,195
Less: cash and cash equivalents	**(371,839)**	(340,598)
Net debt	**2,428,030**	1,952,155
Total equity	**877,941**	827,846
Total capital	**3,305,971**	2,780,001
Gearing ratio	**73.4%**	70.2%

Note: Gearing ratio is calculated as net debt divided by total capital

The Group's gearing ratio increased to 73.4% as at 31 December 2025 from 70.2% as at 31 December 2024, mainly due to the increase in the Group's net debt.

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets		
Inventories	**254,955**	172,137
Finance lease receivables	**782,548**	755,884
Trade receivables	**75,723**	14,768
Prepayments, deposits and other receivables	**493,848**	381,550
Restricted cash	**3,900**	–
Cash and cash equivalents	**371,839**	340,598
Total current assets	**1,982,813**	1,664,937
Current liabilities		
Borrowings	**1,464,388**	1,151,920
Trade payables	**42,693**	80,584
Other payables and accruals	**83,935**	89,486
Lease liabilities	**6,674**	5,720
Current income tax payables	**18,522**	14,062
Total current liabilities	**1,616,212**	1,341,772
Net current assets	**366,601**	323,165

As at 31 December 2025, the Group's net current assets increased to RMB366.6 million from RMB323.2 million as at 31 December 2024, mainly due to the increase in inventories, trade receivables, prepayments, deposits and other receivables of the Group during the Reporting Period.

FOREIGN EXCHANGE EXPOSURE

The Group's subsidiaries primarily operate in the PRC and the majority of the Group's revenue and expenditures are denominated in RMB. For the year ended 31 December 2025, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

TREASURY POLICY

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

CAPITAL EXPENDITURES

During the Reporting Period, the Group's capital expenditure increased by 40.6% year-on-year from RMB335.3 million for the year ended 31 December 2024 to RMB471.5 million for the year ended 31 December 2025, mainly due to the increase in expenditures for the Group's purchase of property and equipment and additions of intangible assets during the Reporting Period.

CHARGES ON ASSETS

The Group's borrowings are secured by certain assets as collateral for our borrowings. As at 31 December 2025, the secured assets involved in the Group's borrowings increased to RMB2,419.5 million from RMB2,249.2 million as at 31 December 2024. Of which, (1) as at 31 December 2025, the secured property and equipment increased to RMB504.4 million from RMB376.8 million as at 31 December 2024; (2) secured borrowings deposit decreased to RMB39.7 million from RMB57.5 million as at 31 December 2024; (3) secured inventory decreased to RMB93.1 million from RMB103.0 million as at 31 December 2024; and (4) secured finance lease receivables increased to RMB1,782.3 million from RMB1,711.9 million as at 31 December 2024.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments or future plans for material investments or capital assets as at 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

There were no material acquisitions or disposals of subsidiaries, joint ventures and associates during the Reporting Period.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2025.

FINANCIAL INSTRUMENTS

The Group did not have any outstanding hedge contracts or financial derivative instruments as at 31 December 2025.

DISTRIBUTION MAP OF THE GROUP'S SALES NETWORK

The Group has continued to build an extensive sales network, with sales outlets mainly located in tier two, and tier three and below cities throughout the PRC. For the year ended 31 December 2025, the Group has operated a total of 112 sales outlets across 26 provinces and municipalities in the PRC, covering East China, North China, South China, Central China, Southwest China, Northwest China and Northeast China.

26 Provinces and Municipalities

112 Sales Outlets

DIRECTORS

Executive Directors

Mr. Huang Wei (黃偉), aged 44, was appointed as our Director on 29 March 2019 and was re-designated as our executive Director on 28 November 2019. Mr. Huang is also the chairman and chief executive officer of our Group and is primarily responsible for the overall management, strategic planning and major operational decisions of our Group. He also holds directorship in a number of subsidiaries of our Group. Mr. Huang founded XXF Group in September 2007 where he has been serving as the chairman of the board and the general manager since its inception and has been primarily responsible for its overall management and decision-making in its day-to-day business operations.

Prior to founding our Group, from April 2001 to April 2007, Mr. Huang worked at CPTF Optronics Co., Ltd.* (華映光電股份有限公司), a manufacturer of cathode ray monochrome and colour display tubes, where he was in charge of manufacturing.

Mr. Huang was elected as the vice president of the 15th Executive Committee (Third Session) of the Fuzhou Federation of Industry and Commerce (General Chamber of Commerce) in January 2025. Since January 2023, Mr. Huang has been serving as the legal representative of Fuzhou Jin'an Non-party Intellectuals Fellowship* (福州市晉安區黨外知識分子聯誼會). Mr. Huang was appointed as a representative of the Sixteenth Fuzhou People's Congress (福州市第十六屆人民代表大會) in January 2022. In November 2020, Mr. Huang was awarded the Advanced Individual in Fighting the New Coronary Pneumonia Epidemic (福建省抗擊新冠肺炎疫情先進個人) by Fujian Provincial Committee of the Communist Party of China and People's Government of Fujian Province. In September 2020, Mr. Huang was awarded the 18th Outstanding Entrepreneurs of Fujian Province (第十八屆福建省優秀企業家) by Fujian Enterprise and Enterpriser Federation* (福建省企業與企業家聯合會). In November 2019, he was awarded the 2019 National Commerce Outstanding Entrepreneur by the Association at China Commercial Enterprise Management* (中國商業企業管理協會). Mr. Huang served as a vice president of Fuzhou Jin'an Federation of Industry and Commerce* (福州市晉安區工商業聯合會) in December 2017.

Mr. Huang was enrolled in the executive master of business administration programme jointly organised by Tsinghua University (清華大學) in the PRC, E' cole des Ponts ParisTech in France and E' cole nationale de l'aviation civile in France in 2019.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ye Fuwei (葉富偉), aged 38, was appointed as our executive Director on 28 November 2019. Mr. Ye joined our Group in 2012 and has been serving as executive vice president since December 2015. He is primarily responsible for overseeing the automobile retail and finance, the automobile-related services business (e-hailing vehicles and operating lease business) and other automobile-related business of our Group. Mr. Ye is also a director of XXF Group.

Prior to joining our Group, from July 2007 to October 2011, Mr. Ye served as a director at the sales department of Shanghai Didu Agent Co., Ltd.* (上海帝都房地產經紀有限公司), a real estate agent.

Mr. Ye received his associate degree in human resources management and self-study undergraduate certificate in business administration from Jimei University (集美大學) in the PRC in June 2015 and December 2019, respectively. Mr. Ye was enrolled in the Advanced Financial Management Course, a distance learning programme jointly delivered by Shanghai Advanced Institute of Finance* (上海高級金融學院), an institute affiliated with Shanghai Jiao Tong University (上海交通大學) in the PRC, Shanghai National Accounting Institute* (上海國家會計學院) in the PRC and the Arizona State University in the United States in 2021, and received his master's degree in business administration from the Arizona State University in the United States in August 2024.

Mr. Ye was appointed as a member of the 10th Jin'an District of Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十屆福州市晉安區委員會) in December 2021.

Ms. Zhang Jinghua (張景花), aged 44, was appointed as our executive Director on 28 November 2019. Ms. Zhang joined our Group in 2015 and has been serving as our senior vice president and financial controller since May 2017. She is primarily responsible for the financial management and internal control of our Group. Ms. Zhang is also a director of XXF Group and has been appointed as a member of the Nomination Committee since 25 June 2025.

Ms. Zhang has over 19 years of experience in financial management. Prior to joining our Group, from September 2011 to April 2015, Ms. Zhang served as an accounting supervisor at Fujian Sunnada Communication Co., Ltd.* (福建三元達通訊股份有限公司) (now known as Suna Co., Ltd* (深南金科股份有限公司)), a service provider of mobile devices and mobile TV network previously listed on the Shenzhen Stock Exchange (stock code: 002417), where she was primarily responsible for its financial management. From December 2007 to August 2011, Ms. Zhang worked at Fuzhou Shenzhou Digital Co., Ltd.* (福州神州數碼有限公司), a company principally engaged in the wholesales of computer hardware and accessories, where she was primarily responsible for its financial matters. From June 2004 to January 2006, Ms. Zhang worked at CPTF Optronics Co., Ltd.* (華映光電股份有限公司), a manufacturer of cathode ray monochrome and colour display tubes, where she was primarily responsible for its financial and accounting matters.

Ms. Zhang received her bachelor's degree of management in accounting from Northeast Forestry University (東北林業大學) in the PRC in July 2003.

Non-executive Director

Mr. Liu Wei (劉偉), aged 38, was appointed as our non-executive Director on 28 November 2019. Mr. Liu has been serving as a director of XXF Group since July 2015. Mr. Liu has also been serving as a vice president at Shenghui Logistic Group Co. Ltd.* (盛輝物流集團有限公司) since March 2013 and has been primarily in charge of its information technology department and human resources department.

Mr. Liu received his bachelor's degree in process equipment and control engineering from Fuzhou University (福州大學) in the PRC in June 2009 and his master's degree of science in management and entrepreneurship from University of Sussex in the United Kingdom in January 2013.

Mr. Liu was appointed as a member of the 13th Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十三屆福州市委員會) in December 2016.

Independent Non-executive Directors

Mr. Wu Fei (吳飛), aged 54, was appointed as our independent non-executive Director on 9 October 2023. Since May 2023, Mr. Wu has been serving as an independent non-executive director of New Hope Dairy Co., Ltd.* (新希望乳業股份有限公司), a dairy products manufacturer and seller listed on the Shenzhen Stock Exchange (stock code: 002946), where he was primarily responsible for supervising and providing independent advice to the board. Mr. Wu has also been serving as the legal representative of Shanghai Gaojin Education Technology Co., Ltd.* (上海高金教育科技有限公司) since February 2023.

From January 2020 to April 2023, Mr. Wu served as an independent non-executive director of Anhui Anfu Battery Technology Co., Ltd. (安徽安孚電池科技股份有限公司), formerly known as Anhui Andeli Department Store Co., Ltd. (安徽安德利百貨股份有限公司), a batteries manufacturer and seller listed on the Shanghai Stock Exchange (stock code: 603031), where he was primarily responsible for supervising and providing independent advice to the board. From November 2020 to March 2022, Mr. Wu served as an independent non-executive director of Shanghai Lily & Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司), an e-commerce retail company listed on the Shanghai Stock Exchange (stock code: 605136), where he was primarily responsible for supervising and providing independent advice to the board.

Mr. Wu has served as the legal representative, chairman and dean of Shanghai Advanced Institute for Financial Research since April 2019. From February 2018 to January 2021, Mr. Wu served as an independent non-executive director of CEFC Hong Kong Financial Investment Company Limited (香港華信金融投資有限公司) (now known as Virtual Mind Holding Company Limited (天機控股有限公司)), an apparel manufacturer and seller listed on the Main Board of the Stock Exchange (stock code: 1520), where he was primarily responsible for supervising and providing independent advice to the board. From December 2016 to December 2019, Mr. Wu served as an independent non-executive director of Fujian Raynen Technology Co., Ltd.* (福建睿能科技股份有限公司), a high-tech company listed on the Shanghai Stock Exchange (stock code: 603933), where he has been primarily responsible for supervising and providing independent advice to the board. Since June 2013, Mr. Wu has been serving as a professor at Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University* (上海交通大學上海高級金融學院). He served as a professor at Jiangxi University of Finance and Economics* (江西財經大學) from November 2010 to October 2013, a member of its Academic Committee* (學術委員會) from October 2009 to September 2013 and an associate dean of its International Academy of Financial Management* (金融管理國際研究院) from March 2012 to June 2013. From June 2004 to March 2010, Mr. Wu served as a senior lecturer presenting finance related lectures at Massey University in New Zealand.

Mr. Wu received his bachelor's degree in industrial economics from South China University of Technology* (華南理工大學) in the PRC in July 1994, his master's degree in financial investment from University of Aberdeen in the United Kingdom in November 2000, and his doctor's degree of philosophy in banking and finance from University College Dublin in the Republic of Ireland in March 2005.

Mr. Fung Che Wai, Anthony (馮志偉), aged 57, was appointed as our independent non-executive Director on 9 October 2023. Since 4 January 2024, Mr. Fung has been serving as an independent non-executive director of Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司), a clinical-stage biotech company listed on the Main Board of the Stock Exchange (stock code: 2509), where he is mainly responsible for providing independent advice to the board. Since 7 October 2024, Mr. Fung has been serving as an independent non-executive director of Zhejiang Taimei Medical Technology Co., Ltd.* (浙江太美醫療科技股份有限公司), a PRC medical technology company listed on the Main Board of the Stock Exchange (stock code: 2576), where he is primarily responsible for supervising and providing independent advice to the board. From 6 December 2023 to 11 February 2026, Mr. Fung has been serving as an independent non-executive director of Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司), a livestock and poultry breeding and farming enterprise in China listed on the Main Board of the Stock Exchange (stock code: 2419), where he is mainly responsible for supervising and providing independent advice to the board. Since November 2021, Mr. Fung has been serving as an independent non-executive director of Zhong An Group Limited (眾安集團有限公司), a Chinese property developer listed on the Main Board of the Stock Exchange (stock code: 0672), where he is primarily responsible for supervising and providing independent advice to the board of directors. Since 9 October 2020, Mr. Fung has been serving as an independent non-executive director of KWG Living Group Holdings Limited (合景悠活集團控股有限公司), a comprehensive property management service provider listed on the Main Board of the Stock Exchange (stock code: 3913). From April 2017 to August 2023, Mr. Fung has been serving as an independent non-executive director of FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a financial services company listed on the GEM of the Stock Exchange (stock code: 8452), where he has been primarily responsible for supervising and providing independent advice to the board of directors. From May 2017 to December 2022 and from March 2019 to December 2022, Mr. Fung served as the chief financial officer and company secretary, respectively, of Beijing Enterprises Urban Resources Group Limited (北控城市資源集團有限公司), an integrated waste management solution provider listed on the Main Board of the Stock Exchange (stock code: 3718), where he was primarily responsible for the overall financial and investor relations matters. From June 2017 to October 2021, Mr. Fung served as an independent non-executive director of S&P International Holding Limited (椰豐集團有限公司), a coconut food manufacturer and seller listed on the Main Board of the Stock Exchange (stock code: 1695), where he was primarily responsible for supervising and providing independent advice to the board.

From September 2014 to April 2017, Mr. Fung served as an external supervisor of Chery HuiYin Motor Finance Service Co., Ltd.* (奇瑞徽銀汽車金融股份有限公司), an automobile finance joint venture, where he was primarily responsible for monitoring the company's operations as a member of the board of supervisors. From July 2014 to April 2017, Mr. Fung served as the chief financial officer and company secretary of Kong Sun Holdings Limited (江山控股有限公司), a solar power plants investor and operator listed on the Main Board of the Stock Exchange (stock code: 0295), where he was primarily responsible for overall financial operation, company secretarial matters and investor relations. From January 2011 to July 2014, Mr. Fung served as the chief financial officer and company secretary of Zall Development (Cayman) Holding Co., Ltd. (卓爾發展(開曼)控股有限公司) (now known as Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司)), a property developer listed on the Main Board of the Stock Exchange (stock code: 2098), where he was primarily responsible for financial and compliance matters. From January 2008 to August 2010, Mr. Fung served as the vice president of NagaCorp Ltd.(金界控股有限公司), a licensed casino listed on the Main Board of the Stock Exchange (stock code: 3918), where he was primarily responsible for development of investor relations procedures, policies and strategies for the company and liaison with existing and potential investors as well as analysts. From October 1999 to August 2007, Mr. Fung served as a director of Winsmart Consultants Limited (弘陞投資顧問有限公司), a financial consulting company, where he was primarily responsible for advising the client on corporate finance and investor relations related matters. From August 1992 to September 1999, he successively served as a staff accountant, semi senior accountant, senior accountant and manager in Deloitte Touche Tohmatsu, where he was primarily responsible for audit planning and control.

Mr. Fung received his bachelor's degree of arts in accountancy from Hong Kong Polytechnic University in October 1992. Mr. Fung was admitted as a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in October 2001 and September 2005, respectively.

Mr. Chen Shuo (陳碩), aged 59, was appointed as our independent non-executive Director on 9 October 2023. From November 2020 to January 2025, he served as the vice president of Histron Technology (Fujian) Group Co., Ltd* (中海創科技(福建)集團有限公司), an automation and information technology provider in the PRC, where he was primarily responsible for investment development and technological co-operation. From January 2009 to July 2014, Mr. Chen served as the legal representative of Fuzhou Chengjian Construction Drawing Review Firm* (福州成建施工圖審查事務所). From January 2009 to April 2013, Mr. Chen served as the legal representative of Fuzhou Guowei Construction Design Co., Ltd* (福州國偉建設設計有限公司). From October 2006 to October 2009, Mr. Chen served as a deputy director of Digital City Research Centre of Wuhan University* (武漢大學數字城市研究中心). From July 1989 to September 2020, Mr. Chen worked at Fuzhou Planning and Design Institute* (福州市規劃設計研究院), a survey, planning and design research institute, where he had held a professional title of professor level senior engineer and had served as the vice president and was in charge of the operations and scientific research activities.

Mr. Chen was appointed as a member of the 12th and 13th of the Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十二屆及第十三屆福州市委員會), and as a vice president at Fujian Green Construction Innovation Alliance* (福建省綠色建築創新聯盟) in December 2014. In January 2000, Mr. Chen was appointed as the supervisor of master's student at the College of Electrical Engineering of Fuzhou University (福州大學).

Mr. Chen received his bachelor's degree in computer science from Fuzhou University (福州大學) in the PRC in July 1989, and attended postgraduate training in international economics at Xiamen University (廈門大學) in the PRC from March 1996 to May 1998. From February 2002 to August 2002, Mr. Chen was a visiting scholar of the Imperial College of Science, Technology and Medicine in the United Kingdom. From December 2006 to January 2008, Mr. Chen was a visiting scholar at the Department of Engineering Science at the University of Oxford in the United Kingdom. Mr. Chen was admitted as a registered automation system engineer of Chinese Association of Automation in June 2005 and a professor grade senior engineer (with the treatment of professors and researchers) of Fuzhou Planning and Design Institute* (福州市規劃設計研究院) in June 2006.

As at the date of this annual report, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this annual report. There is no other information relating to the relationship of any of our Directors with other Directors and member of the senior management that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to our Directors that needed to be brought to the attention of our Shareholders and there was no information relating to our Directors that was required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the date of this annual report.

SENIOR MANAGEMENT

Our executive Directors are our senior management who are responsible for the day-to-day operations and management of the business of our Group. Please refer to the paragraph titled "Board of Directors-Executive Directors" in this section for the biographical details of our executive Directors, Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua.

COMPANY SECRETARY

Ms. Peng Liting (彭麗婷) served as the company secretary from 1 March 2024 to 30 April 2025.

Ms. Peng holds a bachelor's degree in law from the South China Normal University in China, a master's degree in law from the University of Glasgow in the United Kingdom, as well as a master's degree in corporate governance from the Hong Kong Metropolitan University. Prior to joining the Company, Ms. Peng has extensive experience in corporate compliance, the relationship management of investors, investment and financing, and has worked for various listed companies in Hong Kong for approximately 5 years. Ms. Peng is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom, and has been awarded with the dual designations of Chartered Secretary and Chartered Governance Professional.

Ms. Sze Suet Ling（施雪玲）served as the company secretary and the Companies Ordinance Authorized Representative of the Company from 30 April 2025 to 20 March 2026.

Ms. Sze is the assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. She is a Chartered Secretary, a Chartered Governance Professional, and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has over 15 years of experience in corporate governance and company secretarial practice in listed companies on the Main Board of the Stock Exchange. She is also a full member of Hong Kong Investor Relations Association. Ms. Sze holds a Master's Degree in Corporate Governance from The Open University of Hong Kong (now known as "Hong Kong Metropolitan University") and a Bachelor's Degree in Business Administration and Management from the University of Huddersfield, the United Kingdom.

Ms. Mak Po Man Cherie（麥寶文）was appointed as the company secretary and the Companies Ordinance Authorized Representative of the Company, with effect from 20 March 2026.

Ms. Mak is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 20 years of experience in the fields of audit, accounting, corporate finance, compliance and company secretarial matters. Ms. Mak obtained a master of corporate governance degree from The Hong Kong Polytechnic University in 2017. She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

DIRECTORS' REPORT

The Board is pleased to present this annual report to the Shareholders together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding and the activities of its subsidiaries are set out in Note 35 to the consolidated financial statements. There is no significant change in the nature of Group's activities during the year ended 31 December 2025.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2025 and the financial position of the Group as of 31 December 2025 are set out in the consolidated financial statements on pages 129 to 135 of this annual report.

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years' Financial Summary" of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2025, which includes a discussion and analysis of the Group's performance using financial and operational key performance indicators and future business development are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights" of this annual report. The financial risk management objectives and policies of the Group are set out in Note 3 to the consolidated financial statements.

DIRECTORS

Directors during the year ended 31 December 2025 and up to the date of this annual report were:

Executive Directors

Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Director

Mr. LIU Wei

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) 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.

Accordingly, Mr. Huang Wei, an Executive Director, Mr. Ye Fuwei, an Executive Director, and Mr. Chen Shuo, an Independent Non-executive Director, shall retire from office by rotation as Directors at the AGM and, being eligible, will offer themselves for re-election as Directors at the AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACT

Each of our Executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. Each of our Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. The term of these service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered, or has proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent as at the date of this annual report.

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Changes in the information of the Directors are set out below:

Mr. Huang Wei was elected as the vice president of the 15th Executive Committee (Third Session) of the Fuzhou Federation of Industry and Commerce (General Chamber of Commerce) in January 2025.

In January 2025, Mr. Chen Shuo resigned as the vice president of Histron Technology (Fujian) Group Co., Ltd (中海創科技(福建)集團有限公司).

With effect from 25 June 2025, Ms. Zhang Jinghua and Mr. Fung Che Wai, Anthony were appointed as members of the Nomination Committee of the Company.

With effect from 11 February 2026, Mr. Fung Che Wai, Anthony resigned as an independent non-executive director of Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司), a livestock and poultry breeding and farming enterprise in China listed on the Main Board of the Stock Exchange (stock code: 2419), where he was mainly responsible for supervising and providing independent advice to the board.

Save as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules from 31 December 2024.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Notes 33 and 9(a) to the consolidated financial statements.

EMOLUMENT POLICY

The Remuneration Committee is responsible for (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the remuneration packages of individual Directors and senior management; (iii) reviewing and approving the performance-based remuneration in accordance with the Group's operating results, individual performance and comparable market practices, with reference to the corporate goals and objectives as resolved by the Board from time to time; (iv) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (v) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vi) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and that are otherwise reasonable and appropriate; (vii) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and (viii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2025.

The Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme as an incentive for Directors and eligible employees. Details of the schemes are set out in the section headed "Share Incentive Schemes" in this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in "Related Party Transactions" in Note 32 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended 31 December 2025 or as of 31 December 2025.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended 31 December 2025 are set out in Note 32 to the consolidated financial statements. None of the related party transactions constitute non-exempt connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

During the Reporting Period, the Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and did not enter into any transactions which need to be disclosed as connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

We are subject to a variety of risks in our daily business operations, including credit risk, operational risk and legal and compliance risk, as well as the risks posed by climate change and extreme weather, among which we believe credit risk is our principal exposure. The credit risk management function of the Group is primarily coordinated by our credit risk management function working with the other three departments of the Group, namely legal department, fieldwork department and technical department, to manage the risk management operation.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 1,273 employees, among which 1,270 employees were based in the PRC and 3 employees were based in Hong Kong.

The employee benefit expenses, including Directors' remuneration, was approximately RMB156.5 million for the year ended 31 December 2025, as compared to approximately RMB156.4 million for the year ended 31 December 2024. The remuneration package of employees generally includes salary and year-end bonus, as well as share incentive for our key management personnel. The Group also offers performance bonus subject to regular performance appraisals. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund and housing provident fund as applicable.

The Group has developed a systematic training system comprising an e-learning platform, internal seminars and management trainings to improve the essential work-related skills of our employees. We also cooperate with other external institutions to host trainings and facilitate industry exchange. We have established an internal training programme which serves to improve and standardize the training activities and system for our employees. We have also implemented a set of security training policy in respect of personal data protection, which stipulates that regular training on a quarterly basis should be provided for all employees as a reminder and update on personal data protection and mandatory acknowledgement of the collection of personal data protection policy by all new employees should be required.

In addition, the Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the section headed "Share Incentive Schemes" in this annual report for further details.

RETIREMENT AND EMPLOYEE BENEFIT SCHEME

Details of the retirement and employee benefit scheme of the Company are set out in Note 37.13 to consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, sales to the Group's five largest customers, in aggregate, represented approximately 13.9% (2024: 3.3%) of the Group's total revenue, whereas sales to the single largest customer amounted to approximately 8.7% (2024: 1.0%) of the Group's total revenue.

For the year ended 31 December 2025, purchases from the Group's five largest suppliers accounted for approximately 33.9% (2024: 47.0%) of the Group's total purchases, whereas purchases from the single largest supplier amounted to approximately 9.4% (2024: 14.2%) of the Group's total purchases.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that employees, customers and suppliers are key to the Group's success. The Group actively maintains a good relationship with employees, customers and suppliers. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2025, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been 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 were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	Number of Shares[1]	Number of Underlying Shares	Approximate Percentage of Shareholding Interest[7]
Mr. Huang Wei	Interest of controlled corporation	385,831,065 (L)[2]	–	24.94%
	Beneficial owner	–	11,459,700 (L)[3]	0.74%
Mr. Ye Fuwei	Interest of controlled corporation	2,863,587 (L)[4]	–	0.19%
	Beneficial owner	–	11,427,300 (L)[5]	0.74%
Ms. Zhang Jinghua	Beneficial owner	–	3,000,000 (L)[6]	0.19%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. Each of Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited, Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.

(3) Mr. Huang Wei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(4) Billion Aspire Holdings Limited is beneficially and wholly owned by Mr. Ye Fuwei. By virtue of the SFO, Mr. Ye Fuwei is deemed to be interested in the Shares held by Billion Aspire Holdings Limited.

(5) Mr. Ye Fuwei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(6) Ms. Zhang Jinghua is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(7) The approximate percentages were calculated based on 1,546,875,000 ordinary shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as of 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2025, so far as is known to the Board, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

Name of Substantial Shareholder	Capacity	Number of Shares(1)	Approximate Percentage of Shareholding Interest(8)
Mr. Huang Wei	Interest of controlled corporation	385,831,065 (L)(2)(3)(4)	24.94%
	Beneficial owner	11,459,700 (L)(5)	0.74%
Glorypearl Capital Resources Company Limited	Beneficial owner	190,629,882 (L)(2)	12.32%
Prosperous Splendor Investment Holding Limited	Beneficial owner	143,190,090 (L)(6)	9.26%
Mr. Liu Yonghui	Interest of controlled corporation	143,190,090 (L)(6)	9.26%
Charming Tulip Holdings Limited	Beneficial owner	124,486,491 (L)(7)	8.05%
Shanghai Xuante Enterprise Management Co. Ltd.	Interest of controlled corporation	124,486,491 (L)(7)	8.05%
Mr. Lin Dachun	Interest of controlled corporation	124,486,491 (L)(7)	8.05%
Ms. Qiu Hui	Interest of controlled corporation	124,486,491 (L)(7)	8.05%
Precious Luck Developments Management Limited	Beneficial owner	105,475,455 (L)(3)	6.82%
Shanghai Boyu Enterprise Management Partnership (Limited Partnership)	Interest of controlled corporation	105,475,455 (L)(3)	6.82%
Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)	Interest of controlled corporation	105,475,455 (L)(3)	6.82%
Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.	Interest of controlled corporation	105,475,455 (L)(3)	6.82%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited.

(3) Precious Luck Developments Management Limited is wholly owned by Shanghai Boyu Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd. as the executive partner and general partner, which is owned as to 99% by Mr. Huang Wei and 1% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership). Shanghai Boyu Enterprise Management Partnership (Limited Partnership) is controlled as to 76.9% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership) as limited partner. Mr. Huang Wei is also the executive partner and general partner of Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership), therefore Shanghai Boyu Enterprise Management Partnership (Limited Partnership) is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, each of Mr. Huang Wei, Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd., Shanghai Boyu Enterprise Management Partnership (Limited Partnership) and Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership) is deemed to be interested in the Shares held by Precious Luck Developments Management Limited.

(4) Each of Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited directly held 57,271,740 Shares and 32,453,985 Shares. Happy Gain Business Developments Limited is wholly owned by Shanghai Boyu Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fuzhou Weichuang Xingsheng Enterprise Management Co., Ltd. as the executive partner and general partner which is wholly owned by Mr. Huang Wei. Southern Fortune Enterprises Management Limited is wholly owned by Shanghai Boyun Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fujian Free Trade Zone Pingtan Area Fuyuan Investment Partnership Enterprise (Limited Partnership) as the executive partner and general partner which is in turn controlled by Mr. Huang Wei as the executive partner and general partner. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.

(5) Mr. Huang Wei is interested in such underlying Shares by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(6) Prosperous Splendor Investment Holding Limited is owned as to 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei (our non-executive Director). By virtue of the SFO, Mr. Liu Yonghui is deemed to be interested in the Shares held by Prosperous Splendor Investment Holding Limited.

(7) Charming Tulip Holdings Limited is wholly owned by Shanghai Xuante Enterprise Management Co. Ltd., which is owned as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun. By virtue of the SFO, each of Ms. Qiu Hui, Mr. Lin Dachun and Shanghai Xuante Enterprise Management Co. Ltd. is deemed to be interested in the Shares held by Charming Tulip Holdings Limited.

(8) The approximate percentages were calculated based on 1,546,875,000 ordinary shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as of 31 December 2025, the Directors were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

MANAGEMENT CONTRACT

During the Reporting Period, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has maintained directors' liability insurance throughout the Reporting Period which provides appropriate cover for the Directors to perform their duties.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 9 November 2023. The net proceeds from the Global Offering which the Company received, after deducting the underwriting commissions and expenses in relation to the Global Offering payable by the Company, was approximately HK$28.8 million.

As at 31 December 2025, the utilization of proceeds raised was as follows:

Item	Net proceeds from the Global Offering		Amounts unutilized as at 1 January 2025		Amounts utilized during the Reporting Period		Amounts utilized as at 31 December 2025		Amounts unutilized as at 31 December 2025	
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000
Purchase of automobiles	17,449	16,484	–	–	–	–	17,449	16,484	–	–
Expansion of sales network	11,326	10,700	8,065	7,688	8,065	7,688	11,326	10,700	–	–
Total	**28,775**	**27,184**	**8,065**	**7,688**	**8,065**	**7,688**	**28,775**	**27,184**	**–**	**–**

As at the date of this annual report, the Company has fully utilized the proceeds from the Global Offering in accordance with the plan for the use of proceeds as set out in the Prospectus.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the Company on 9 October 2023. The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to (i) any full-time employee, administrative personnel, and senior staff of the Group; (ii) any director (including non-executive director and independent non-executive director) of the Group; and any other eligible person who, in the discretion of the Board, has made contributions or will make contributions to the Group, as incentives or rewards for their contribution or potential contribution to any member of the Group. For more details of the Pre-IPO Share Option Scheme, please refer to "Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The maximum number of Shares in respect of which options or awards may be granted under the Pre-IPO Share Option Scheme is 116,015,625 Shares, representing approximately 6.8% of the issued Shares of the Company (excluding treasury shares) as at the date of this annual report. No option shall be granted under the Pre-IPO Share Option Scheme on or after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme prior to the Listing Date, and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

The table below shows details of the movements during the Reporting Period in the number of share options granted under the Pre-IPO Share Option Scheme:

Grantees	Date of Grant	Exercise price	Outstanding as of 1 January 2025 [3]	Exercised	Cancelled	Lapsed	Outstanding as of 31 December 2025
Directors							
Mr. Huang Wei	18 October 2023	HK$0.183[3]	11,459,700[1]	–	–	–	11,459,700
Mr. Ye Fuwei	18 October 2023	HK$0.183[3]	11,427,300[1]	–	–	–	11,427,300
Ms. Zhang Jinghua	18 October 2023	HK$0.183[3]	3,000,000[1]	–	–	–	3,000,000
Sub-total			**25,887,000**				**25,887,000**
Connected persons							
Ms. Ye Ying	18 October 2023	HK$0.183[3]	5,400,000[1]	–	–	–	5,400,000
Mr. Qiu Guohu	18 October 2023	HK$0.183[3]	2,400,000[1]	–	–	–	2,400,000
Mr. Ye Song	18 October 2023	HK$0.183[3]	1,800,000[1]	–	–	–	1,800,000
Mr. He Xiaowu	18 October 2023	HK$0.183[3]	450,000[1]	–	–	–	450,000
Mr. Yang Jiabin	18 October 2023	HK$0.183[3]	600,000[1]	–	–	–	600,000
Sub-total			**10,650,000**				**10,650,000**
Employees in aggregate							
166 employees	18 October 2023	HK$0.183[3]	66,060,000[1]	–	–	2,370,000[2]	63,690,000
Sub-total			**66,060,000**				**63,690,000**
Total			**102,597,000**				**100,227,000**

Notes:

(1) The exercise period of the options granted to the grantees shall be five years from the respective vesting date of the relevant options. The options granted to the grantees will be vested in the grantee in the following manners and in accordance with the following vesting schedule provided that the vesting conditions determined by the Board are satisfied in the relevant financial year: (i) 20% of the total number of the share options granted will be vested in the financial year of the Listing Date; (ii) 20% of the total number of the share options granted will be vested in the financial year immediately following the Listing Date; (iii) 20% of the total number of the share options granted will be vested in the second financial year after the Listing Date; (iv) 20% of the total number of the share options granted will be vested in the third financial year after the Listing Date; and (v) 20% of the total number of the share options granted will be vested in the fourth financial year after the Listing Date.

(2) These options lapsed automatically and became unexercisable in accordance with the rules of the Pre-IPO Share Option Scheme due to the cessation of employment of the relevant employees during the Reporting Period.

(3) The Company's Share subdivision became effective on 5 December 2024 and since the Share subdivision became effective, the exercise price of such outstanding share options and the number of Shares to be allotted and issued at the time of exercise of the share options have been adjusted accordingly as a result of the Share subdivision.

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

2. Share Option Scheme

The Company conditionally approved and adopted the Share Option Scheme on 9 October 2023, which became effective upon the Listing Date. From the Listing Date to 31 December 2025, no options have been granted or agreed to be granted under the Share Option Scheme. The principal terms of the Share Option Scheme are set out as follows:

(a) Purpose

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with the rules of the Share Option Scheme:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, distributors and such other persons who provide services to the Company and/or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long term growth of the Group as determined by the Board, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers who provide assurance or are required to perform their services with impartiality and objectivity ("**Service Providers**").

(c) Maximum of Shares

The maximum number of Shares in respect of which all options which may be granted under the Share Option Scheme and all share options and share awards under any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering ("**Scheme Mandate Limit**"). As the Company's Share subdivision took effect on 5 December 2024, the Scheme Mandate Limit of the Shares was adjusted to 10% of the total number of Shares in issue immediately following completion of the Share subdivision, being 154,687,500 Shares, representing approximately 9.1% of the total number of Shares in issue as of the date of this annual report. The number of options and awards available for grant under the Scheme Mandate Limit was 154,687,500 as at 1 January 2025 and 154,687,500 as at 31 December 2025. Subject to the foregoing, the total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and under any other share option schemes of the Company to the Service Providers shall be within the Scheme Mandate Limit and must not in aggregate exceed 1% of Shares in issue immediately after completion of the Global Offering ("**Service Provider Sublimit**"). As the Company's Share subdivision took effect on 5 December 2024, the Service Provider Sublimit of the Shares was adjusted to 1% of the total number of Shares in issue immediately following completion of the Share subdivision, being 15,468,750 Shares, representing approximately 0.9% of the total number of Shares in issue as of the date of this annual report. The number of options and awards available for grant under the Service Provider Sublimit was 15,468,750 as at 1 January 2025 and 31 December 2025.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of all options granted under the Share Option Scheme and all share options and share awards granted under any other share schemes of the Company (including both exercised and outstanding share options and share awards) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the relevant requirements pursuant to the Listing Rules.

(e) Acceptance of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of RMB1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date, which shall be not later than 14 days after the offer Date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(g) Vesting period

The vesting period of an option shall be determined by the Board and in any case, shall not be less than 12 months. A shorter vesting period may be granted to directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) at the discretion of the Board in certain circumstances as provided under the rules of the Share Option Scheme.

(h) Exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(i) Period and remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. the Listing Date). No option may be granted under the Share Option Scheme after the tenth anniversary of the Listing Date.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 23 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Notes 24 and 36, respectively, to the consolidated financial statements in this annual report. Details of the Company's reserves available for distribution to the Shareholders as of 31 December 2025 are set out in Note 36 to the consolidated financial statements in this annual report.

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 14 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2025, bank loans and other borrowings amounted to RMB2,787.4 million.

GEARING RATIO

As at 31 December 2025, the Group's gearing ratio was 73.4%, representing an increase from that of 70.2% as at 31 December 2024, mainly due to the increase in the Group's net debt.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

DIVIDEND POLICY

The Board may recommend a payment of dividends in the future after taking into account, among others, our operation and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declaration of dividends and will be at the absolute discretion of the Board. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

The Company was not aware of any Shareholders who had waived or agreed to waive any dividend arrangement for the year ended 31 December 2025.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed "Share Incentive Schemes" in this annual report, the Company had no outstanding convertible securities, options, warrants and similar rights during the year ended 31 December 2025 and there was no issue or grant of any convertible securities, options, warrants and similar rights during the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, including any sale of treasury shares, during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the Share Incentive Schemes, at no time during the year ended 31 December 2025 and up to the date of this annual report, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the 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.

EQUITY-LINKED AGREEMENTS

Save for the Share Incentive Schemes as disclosed in the section headed "Share Incentive Schemes" in this annual report, no equity-linked agreements were entered into by the Company during the year ended 31 December 2025, or subsisted at the end of 31 December 2025.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Board is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's Shares.

DONATION

During the year ended 31 December 2025, the Group made a total charitable donation of RMB94,250.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as of the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE

A report on the principles of corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, to the best knowledge of the Board, there was no material breach or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the Group.

MATERIAL LEGAL PROCEEDINGS

For the year ended 31 December 2025, to the best knowledge of the Board, there was no actual or pending legal, arbitration or administrative proceedings that would have a material adverse effect on the Group's business, results of operations, financial condition or reputation, and compliance with applicable laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

In view of the increasing risk from climate change, environmental protection is regarded as an integral corporate responsibility at the Group, and the Group is dedicated to lowering the environmental impact of all aspects of our business operations. Environmental stewardship and corporate social responsibility are key parts of the Group's core growth philosophy, which, along with our focus on sustainability, diversity, and public interests, shall generate value for our Shareholders. Accordingly, the Board has adopted an extensive policy on ESG responsibilities (the "**ESG Policy**") in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations.

The Board has set up and established an ESG task force team in April 2023, consisting of a representative from the human resources department as the team head, representatives from the risk management department and finance leasing services department of the Group as team members, and representatives from subsidiaries of the Group as supporting staff and coordinators. The ESG task force team shall be handling all ESG issues that arise in the Group's operations and report to the Board directly. The ESG task force team shall also be responsible for ESG climate risk discussions and ensuring that effective climate risk management is in place. The ESG task force team shall set ESG and climate goals for the Board's consideration at the beginning of each financial year, during which it shall also review the Group's progress in achieving the goals of the preceding financial year.

The Board, as supported by the ESG task force team, has reviewed and is satisfied with the Company's ESG Policy as well as ESG performance and reporting, including environmental compliance, environmental policies and performance, employment practices, product quality, corporate governance, and business conduct, during the Reporting Period. For further details, please refer to the ESG Report in this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As at the date of this annual report, there were no subsequent events for the Company after the Reporting Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2025) of the Group. The Audit Committee considered that the audited consolidated financial statements of the Group are in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommended the Board to approve the audited consolidated financial statements of the Group for the year ended 31 December 2025.

AUDITOR

PricewaterhouseCoopers, which has audited the consolidated financial statements of the Company for the year ended 31 December 2025, will retire as the auditor of the Company at the AGM, and being eligible, offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Thursday, 18 June 2026. The notice of AGM and all other relevant documents will be published in April 2026.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's 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 not later than 4:30 p.m. on Friday, 12 June 2026 (Hong Kong Time), being the last registration date.

On behalf of the Board

Mr. HUANG Wei
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 20 March 2026

CORPORATE GOVERNANCE REPORT

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

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. The Company adopts the principles set out in the Corporate Governance Code and embedding best governance practices throughout the organization.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Wei is the chairman and chief executive officer of the Group. In view of the fact that Mr. Huang has been assuming day-to-day responsibilities in operating and managing the Group since September 2007, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from CG Code provision C.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

THE BOARD

Roles and Responsibilities

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

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times. The Board should regularly review the contribution required of a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

Board Composition

The Board structure is governed by the Articles of Association. All Directors, including the Non-executive Directors and 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 Board of the Company comprises the following Directors for the year ended 31 December 2025:

Executive Directors
Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Director
Mr. LIU Wei

Independent Non-executive Directors
Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

During the Reporting Period, the Board has met the requirements of the Listing Rules that the number of Independent Non-executive Directors must represent at least one-third of the Board members, and that at least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent as at the date of this annual report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

Each of our executive Directors and Non-executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. Each of our Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. The term of these service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

In accordance with the Articles of Association, all of the Directors are subject to retirement by rotation at least once every three years and the Board has power from time to time and at any time to appoint any new Director to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the first general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

Each newly appointed Director has received formal and comprehensive 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 directors' 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. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the Corporate Governance Code:

Name of Director	Type of Training (Notes)
Mr. HUANG Wei	A & B
Mr. YE Fuwei	A & B
Ms. ZHANG Jinghua	A & B
Mr. LIU Wei	A & B
Mr. FUNG Che Wai, Anthony	A & B
Mr. CHEN Shuo	A & B
Mr. WU Fei	A & B

Notes:

A: Attending trainings and/or seminars and/or conferences and/or forums and/or briefings.

B: Reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORD

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

For the year ended 31 December 2025, the records of the attendance of the Directors of the Company at the Board meetings, the Audit Committee meetings, the Remuneration Committee meetings, the Nomination Committee meetings and the general meetings held during the Reporting Period are set out below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Executive directors					
Mr. HUANG Wei	6/6	N/A	1/1	2/2	1/1
Mr. YE Fuwei	6/6	N/A	N/A	N/A	1/1
Ms. ZHANG Jinghua	6/6	N/A	N/A	N/A	1/1
Non-executive director					
Mr. LIU Wei	6/6	N/A	N/A	N/A	0/1
Independent non-executive directors					
Mr. FUNG Che Wai, Anthony	6/6	3/3	1/1	N/A	1/1
Mr. WU Fei	6/6	3/3	1/1	2/2	1/1
Mr. CHEN Shuo	6/6	3/3	N/A	2/2	1/1

In addition, the Chairman and independent non-executive Directors have held a meeting without the presence of other directors.

BOARD PRACTICES AND CONDUCT OF MEETINGS

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

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, a reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to enable them to make informed decisions.

The Board has reviewed and is satisfied with the implementation and effectiveness of the mechanism to ensure independent views and input are available to the Board. All Directors have full and timely access to all relevant information and the advice/services of the company secretary, with a view to ensure that Board procedures and all applicable laws and regulations are properly followed. The Board and each Director also have separate and independent access to the senior management where necessary. Each Director can seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The relevant members of the senior management team attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates is materially interested, subject to the exceptions therein.

CORPORATE GOVERNANCE FUNCTIONS

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions include: (a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements; (b) review and monitor the training and continuous professional development of the Directors and senior management; (c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; (d) develop and review the Company's corporate governance and practices, make recommendations and report on related issues to the Board; (e) review the Company's compliance with the corporate governance and disclosures in the Corporate Governance Report; and (f) review and monitor the Company's compliance with its whistleblowing policy.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference which are available on the websites of the Stock Exchange and the Company. All or the majority of the members of the Audit Committee, the Remuneration Committee, and the Nomination Committee are Independent Non-executive Directors.

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

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Mr. Fung Che Wai, Anthony, Mr. Wu Fei and Mr. Chen Shuo, with Mr. Fung Che Wai, Anthony serving as the chairman. Mr. Fung Che Wai, Anthony holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. All members are Independent Non-executive Directors.

The primary duties of the Audit Committee include, but are not limited to, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The scope of the review also covered the adequacy of the issuer's resources, staff qualifications and experience, training courses and budgets for the accounting and financial reporting functions.

The Audit Committee held three meetings during the Reporting Period. It reviewed the annual results of the Group for the year ended 31 December 2024 and the interim results of the Group for the six months ended 30 June 2025, as well as the reports prepared by the external auditors relating to their major findings in the course of audit. In addition, it reviewed the Company's compliance with the CG Code, and the disclosure in this corporate governance report. The Audit Committee has also reviewed the Group's financial reporting process, risk management and internal control systems, whistleblowing policy, accounting principles and practices, and selection and appointment of the external auditors.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of two Independent Non-executive Directors and one Executive Director, namely, Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Huang Wei with Mr. Wu Fei serving as the chairman.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining, or making recommendations to the Board on, the remuneration packages of individual Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iv) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (v) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vi) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and that are otherwise reasonable and appropriate; (vii) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and (viii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Details of the aggregate remuneration (the remuneration package generally includes salary and year-end bonus, as well as share incentive for our key management personnel) of the senior management by bands for the year ended 31 December 2025 is as follows:

Remuneration band (RMB'000)	**Number of employees**
0-1,000	1
1,000-2,000	2

The Remuneration Committee held one meeting during the Reporting Period. It reviewed the remuneration policy and structure of the Group, and reviewed and recommended the remuneration packages of the Directors and senior management to the Board.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Independent Non-executive Directors and two Executive Directors, namely, Mr. Wu Fei, Mr. Chen Shuo, Mr. Fung Che Wai, Anthony, Mr. Huang Wei and Ms. Zhang Jinghua, with Mr. Huang Wei serving as the chairman.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) formulating a policy of selection and nomination of directors and the procedures for the sourcing of suitably qualified director for consideration of the Board and implement such plan and procedures approved; (iii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive directors of the Company; (v) reviewing and implementing, as appropriate, the nomination policy setting out the criteria and procedures for the selection and nomination of candidates for appointment or re appointment as directors; (vi) making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer of the Company; (vii) reviewing the board diversity policy, as appropriate, to ensure its effectiveness; and review the measurable objectives that the Board has set for implementing the board diversity policy and the progress on achieving these objectives; and (viii) conforming to and abide by any requirement, direction and regulation that may be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or applicable laws.

The Nomination Committee held two meetings during the Reporting Period. It reviewed the structure, size and composition of the Board, reviewed the effectiveness of the Board Diversity Policy (as defined below) and its implementation, reviewed the effectiveness of the Director Nomination Policy (as defined below) and its implementation, reviewed the succession planning for directors, assessed the independence of the Independent Non-executive Directors, and made recommendations to the Board on the re-appointment of retiring Directors.

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the Corporate Governance Code. The Director Nomination Policy sets out the selection criteria and procedure, and the review of such policy in relation to nomination, appointment and election of Directors. The Director Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The Director Nomination Policy sets out the conditions in making nomination, including but not limited to:

- Qualifications: skills, knowledge and experience of the candidate in relation to the operations and corporate strategies of the Group;

- Diversity: due regard to (i) the diversity perspectives set out in the Board Diversity Policy, (ii) any numerical targets and timelines as required under the Listing Rules, and (iii) the balance of skills and experience in board composition, in addition to the candidate's merit and the objective criteria applied against the candidate;

- Commitment: devotion of sufficient time to attend board meeting and to participate in induction trainings and other board associated activities;
- Character: character, experience and integrity, and the ability to demonstrate a standard of competence commensurate with the relevant position as a director of the Company; and
- Independence: satisfaction of the independence criteria set out in Rule 3.13 of the Listing Rules if the candidate is to be nominated as an independent non-executive director. The Board also takes into consideration the benefits of a diversified Board when it selects candidates for the Board.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- the Nomination Committee will take appropriate measures to identify and evaluate a candidate if it determines that an additional director or replacement director is required;
- the Nomination Committee may propose a candidate that is recommended or offered for nomination by a Shareholder as a nominee for election to the Board; and
- the Nomination Committee may provide the Board with the candidate's personal profile for its consideration when making recommendation.

The Director Nomination Policy also sets out the procedures for the selection and appointment of Directors to fill a casual vacancy(ies) and new Directors, and re-election of Directors at general meetings. The Nomination Committee will review the Director Nomination Policy as appropriate from time to time, to ensure its effectiveness.

DIVERSITY

Board Diversity

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of the Company. We will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account our Board Diversity Policy and other factors. The Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

During the Reporting Period, the Company has achieved the following measurable objectives:

(1) at least half of the Board are holders of a Bachelor's degree or above;

(2) at least one Director is a qualified accountant;

(3) at least one Director has relevant experience in automobile retail and operation industry; and

(4) at least one Director has relevant experience in finance.

Therefore, the Board is of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Board, as supported by the Nomination Committee, has reviewed and is satisfied with the implementation and effectiveness of the Board Diversity Policy.

As at the date of this annual report, the Board's composition under diversified perspectives was summarized as follows:

Educational Background	Bachelor (3)	Master (2)	PhD (1)
Designation	ED (3)	NED (1)	INED (3)
Gender	Male (6)		Female (1)
Age Group	35-44(4)	45-54(1)	55-65(2)
Length of Working Experience	10-19(2)	20-29(3)	30-40(2)

Workforce Diversity

As at 31 December 2025, we had 1,273 employees and the gender ratio of male and female in the workforce (including senior management) is 925:348, which demonstrated gender diversity in our workforce. The Group will continue to maintain gender diversity in the workforce in the future, and will not emphasis in employing personnel of a particular gender. Gender is neutral in our recruitment consideration as no position of any kind in the Group requires any capability or skill that is regarded as performed better by one gender than another.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

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

The Board is responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the Reporting Period.

RISK MANAGEMENT

We are exposed to various risks, including operational risks and financial risks, for our operations, so risk management is important for our business. We have designed and adopted a consolidated set of risk management policies in compliance with Rule 3.21 of the Listing Rules, and the Corporate Governance Code which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee, and ultimately the Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by the Company and reported to the Board.

Our senior management implements the risk management policies, strategies and plans set by the Board. Our senior management is responsible for (i) formulating our risk management policy and reviewing major risk management issues of the Company; (ii) providing guidance on our risk management approach to the relevant teams in the Company and supervising the implementation of our risk management policy by the relevant departments; and (iii) reporting to the Audit Committee on our material risks.

Each functional team in the Company, including the finance teams, monitors and evaluates the implementation of risk management and internal control policies and procedures on a day-to-day basis. In order to formalize risk management across the Company and set a common level of transparency and risk management performance, the relevant teams will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report bi-annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

With respect to urgent matters which arise between scheduled Board meetings, the company secretary may also seek Board approval via telephone conference call or written Board consent. Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management and other vice presidents. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The company secretary attends all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issue and report their findings at the next Board meeting. The Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

The Audit Committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most significant risks associated with our business operation and our management's handling of such risks, reviews our corporate risk in light of our corporate risk tolerance, and monitors and ensures the appropriate application of our risk management framework across the Company.

INTERNAL CONTROL AND RISK MANAGEMENT

As a finance lease service provider, we are exposed to a variety of risks, namely credit risk, operational risk, legal and compliance risk, as well as the risks posed by climate change and extreme weather. We have developed a risk management and internal control systems to address the risks we are subject to.

The Group has referred to the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework, and incorporated the Company's business management characteristics in the design of its internal control system. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, as the main body responsible for risk management and internal control of the Company, have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. To maintain a high standard of corporate governance of the Group, the Company engaged an external internal control adviser (the "**Adviser**") to perform certain assessment procedures for the Group's internal control and risk management systems primarily to assist the Board and the management to assess the adequacy and effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2025. The scope of the review included the Group's major internal control and risk management functions, such as financial control, operations control and compliance control. The Adviser has reported to the Audit Committee and management the findings and areas for improvement, which the same were then reported to the Board. The Company will continue to follow up on the improvement measures suggested by the Adviser to ensure effective implementation of the measures. The Board and Audit Committee are of the view that there were no material defects noted.

The Group regularly provides training to our Directors, senior management and employees with respect to our internal control policies and the duties and responsibilities of directors and management of listed companies under the Listing Rules and other applicable laws and regulations.

The Audit Committee is responsible for supervising our internal audit function. The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate during the Reporting Period. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee will continue to review the effectiveness of the Group's risk management and internal control systems on an on-going basis and reports to the Board on, at least, an annual basis.

The Company adopts internal controls and reporting systems on handling and dissemination of inside information in accordance with "Guidelines on Disclosure of Inside Information" issued by the SFC, which set out procedures in handling inside information in a secure and proper manner as well as those aimed to avoid mishandling of inside information of the Group.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICY

The Group believes that an integrity-driven corporate culture is the key to our continued success. We implement a bribery prevention policy, prohibiting Directors, employees and agents from accepting benefits and providing benefits to business partners. The policy also includes procedures for handling conflicts of interest and reporting. Whistleblowers who prevent economic losses will be financially rewarded based on the potential economic loss had the incident gone undetected. The Group also implements an anti-corruption policy, which further details all benefits that Directors, employees and agents should not obtain from business partners, including pecuniary benefits, entertainment-related benefits, discounts. The Group actively promotes the importance of anti-corruption awareness to all employees and encourages them to report any incidents involving corruption or fraud. We will immediately investigate and take necessary and appropriate actions. At the same time, we are committed to protecting the identity of whistleblowers to eliminate all acts that may harm the interests of the Group and relevant stakeholders. The Group regularly monitors the effectiveness of the reporting mechanism to ensure its smooth operation. For further details, please refer to the ESG Report in this annual report.

During the Reporting Period, the Group did not find any material violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any corruption cases concluded.

AUDITOR'S REMUNERATION

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

Service Category	**Fees Paid/Payable** (RMB'000)
Audit Services-audit fee for 2025 *(Note a)*	1,830
Non-audit Services *(Note b)*	50
Total	**1,880**

Note a: The fees in respect of audit services paid or payable to PricewaterhouseCoopers was RMB1,830,000 for the year.

Note b: Non-audit service is related to preliminary results announcement for the year ended 31 December 2025.

COMPANY SECRETARY

With effect from 30 April 2025, Ms. PENG Liting retired as Company Secretary, and Ms. Sze Suet Ling was appointed as the Company Secretary of the Company and has met the qualification requirements of a company secretary under Rule 3.28 of the Listing Rules. With effect from 20 March 2026, Ms. Sze Suet Ling retired as Company Secretary, and Ms. Mak Po Man Cherie was appointed as the Company Secretary of the Company and has met the qualification requirements of a company secretary under Rule 3.28 of the Listing Rules. For the biography of Ms. PENG Liting, Ms. Sze Suet Ling and Ms. Mak Po Man Cherie, please refer to the section headed "Directors and Senior Management – Company Secretary" in this annual report.

For the year ended 31 December 2025, Ms. Sze Suet Ling had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed, which will be reviewed on a regular basis to ensure its effectiveness. The Shareholders Communication Policy is available on the Company's website for public access. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered that the Policy has been effective during the Reporting Period and up to the date of this annual report after taking into consideration factors such as the timeliness of information disclosure, number of information and meeting requests received and responsiveness to enquiries from the Shareholders and investment community.

The general meetings of the Company provide a forum and an important channel for communication between the Board and Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, and or, in their absence, other members of the respective committees are available to answer questions at the general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.

To promote effective communication, the Company maintains a website at www.xxfqc.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

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

Putting Forward Enquiries to the Board

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

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, an extraordinary general meeting shall be convened upon any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition.

Putting Forward Proposals at General Meeting

There is no single provision in the Articles of Association or the Cayman Islands Companies Law for Shareholders to put forward proposals at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Contact Details

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

Address: Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin 'an Branch) No. 318 Fuguang Road Jin'an District Fuzhou, Fujian Province, PRC

Email: sc@xxfqc.com

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

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, no change has been made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xxfqc.com).

On behalf of the Board

Mr. HUANG Wei
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 20 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

XXF Group Holdings Limited (the "Company") and its subsidiaries (the "Group" or "we") are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC.

Our Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "ESG Report") summarises the practices, plans and performance of the Group in environmental, social and governance ("ESG") aspects and demonstrates its commitment to sustainable development.

Reporting period

Unless otherwise specified, the ESG Report covers the ESG-related activities, challenges and initiatives taken by the Group for the year ended 31 December 2025 (the "Reporting Period" or "2025").

Reporting scope

The reporting scope is consistent with the annual report and mainly covers the overall operational performance of the Group in the People's Republic of China (the "Chinese mainland" or "China"). ESG key performance indicators ("KPIs") data are obtained from these operations. The ESG Report discloses the overall performance of the Group in terms of policies, measures, performance, risks and commitment in five areas, namely, corporate governance, environmental protection, employment practice, operating practice and community investment. Given that the ESG data collection system of the Group is more refined and the sustainable development work is enhanced, we will continue to expand the scope of disclosure in the future.

Reporting framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance structure and other relevant information can be found in the Corporate Governance Report of the annual report.

The Group has applied the reporting principles in the ESG Reporting Code as follow:

Materiality: The Group communicated with stakeholders, and the materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "Board") and ESG task force team ("ESG Task Force Team"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the relevant information set out in the annual report for comparison. If there are any changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

Balance: Both positive and negative performance are disclosed simultaneously, striving to present sustainability performance in a fair, reasonable and balanced manner.

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of the Group, which demonstrates our growing commitment to improving our ESG performance in five aspects, including corporate governance, environmental protection, employment practice, operating practice and community investment.

The Group believes that sustainable development is vital to the earth and contributes to the long-term prosperity and development of the Group's business. Therefore, the Group continuously improves its governance structure to effectively manage matters relating to the environmental, social and governance ("ESG"). The Board must assess the potential impact of ESG issues on the overall strategy of the Group, set out corresponding ESG management approach and strategy, and supervise the Group's performance on ESG issues. Detailed information about the Group's ESG governance structure is available in the section headed "ESG Governance Structure".

In order to identify and give priority to ESG issues that have significant impact on the Group's operation and stakeholders, we actively interact and collaborate with internal and external interested parties. The Board has set up an ESG Task Force Team and engaged an independent third party to conduct materiality assessment. Details of the channels for interested parties' participation and materiality assessments performed are set out in the "Stakeholder Engagement" and "Materiality Assessment" sections, respectively. For better understanding the expectations of stakeholders regarding the Group's sustainable development, the Group will further communicate with interested parties and formulate relevant policies and measures with reference to their opinions, in order to enhance the Group' s ESG performance.

As a corporate upholding its social responsibility, the Group recognizes the importance of reducing environmental impact. The Group has established quantifiable environmental targets, with a view to fulfil its commitment to the society and to provide the interested parties with a better understanding of the Group's continuous improvement in ESG. Such targets including energy conservation, emission reduction and waste management are designed to enhance corporate reputation in response to the state's vision of carbon neutrality. To achieve these targets, the Group actively applies the principles of sustainable development to its operation and takes corresponding measures. In order to ensure the effectiveness of these measures, the Board has delegated an ESG Task Force Team to gather statistics related to ESG, follow up and review the Group's performance as well as assess the Group's progress towards achieving its targets. An extracted summary of the progress is set out in the "Environmental Targets" section.

At last, on behalf of the Board and management of the Group, I would like to express my sincere gratitude to our valued stakeholders for their consistent support, and thank our staff for their valuable contribution to the development of the Group. Looking forward, the Group will continue to incorporate the philosophy of ESG into its business strategies and management systems, and operate with a sense of responsibility and sustainability to create sustainable value for its shareholders and promote sustainable development in the future.

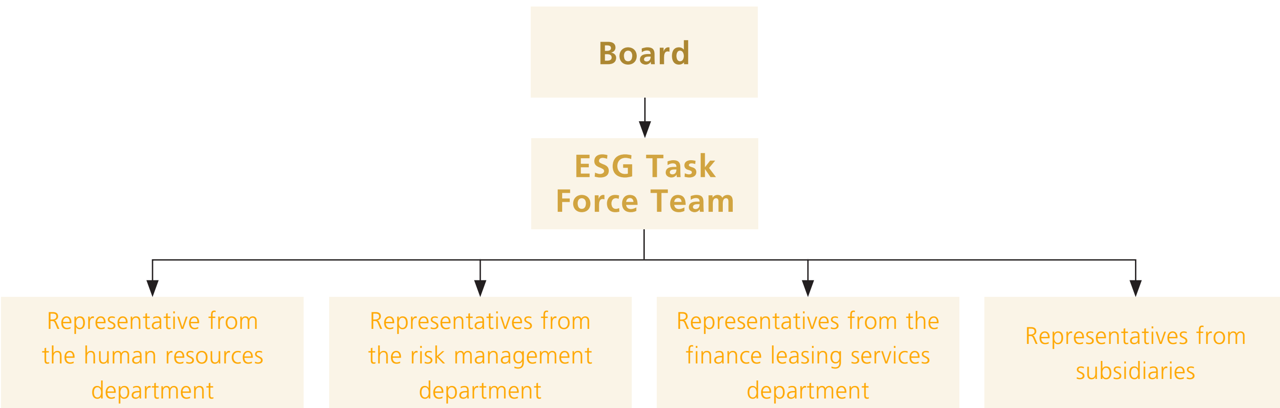
Huang Wei
Chairman of the Board, Chief Executive Officer and Executive Director

ESG GOVERNANCE STRUCTURE

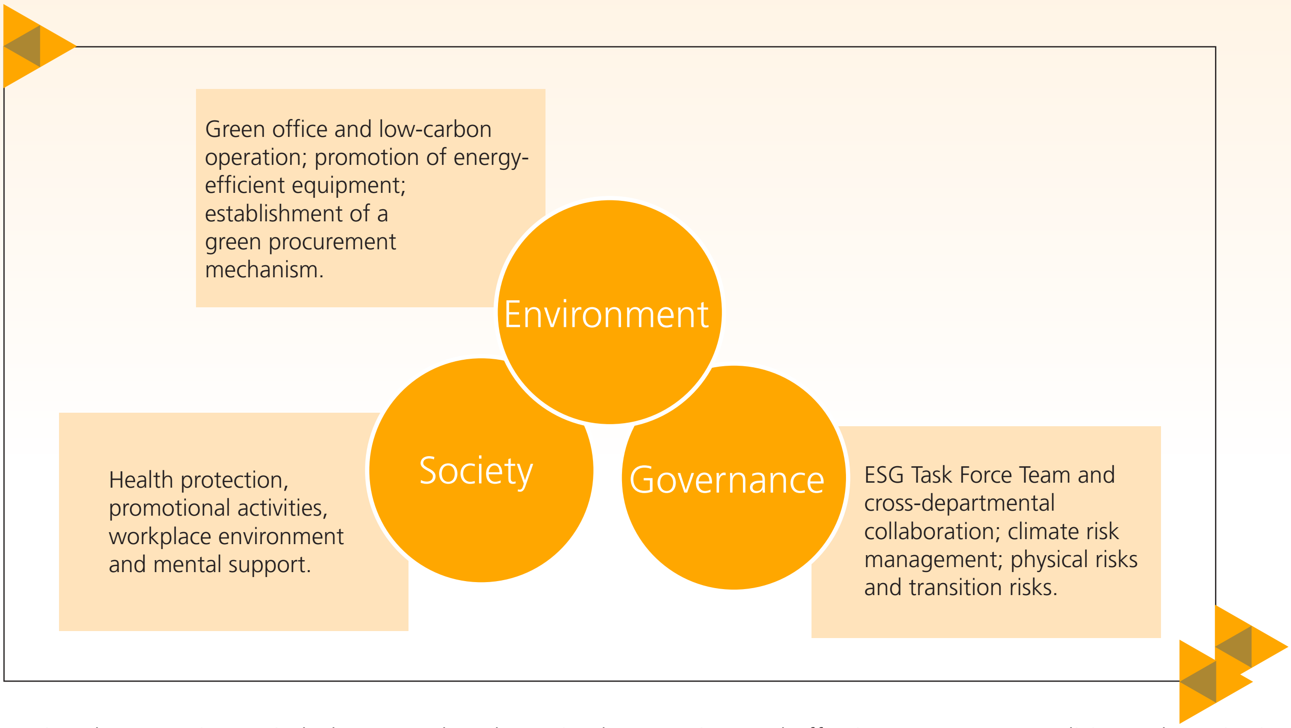
The Group has put in place ESG governance structure to ensure that ESG governance aligns with our business strategies in terms of sustainable development and integrated ESG management into business operations and decision-making process.

Our Board has overall responsibility for our Group's sustainability strategy and reporting, and we oversee sustainability issues related to our Group's operations, which include legal compliance, anti-corruption measures, supply chain, product quality assurance, human resources, and employee development. Our Board has engaged an Independent Third Party to assess our Group's performance regarding environmental protection, climate change, as well as social and governance issues to give independent advice. However, our Board of Directors will also closely follow and monitors the latest requirements regarding ESG disclosure and regulatory compliance.

With respect to the management of ESG issues, our Group has adopted the Environmental, Social and Governance Management Procedure to manage ESG risks and to establish an internal control system, which adopts ISO14001 to manage, monitor and improve its environmental performance. Furthermore, the internal control system also gives guidance on remedial actions which could be taken by the Group in response to ESG incidents with reference to relevant laws and regulations.



In order to systematically manage ESG issues under the authority of the Board, our Group has set up an ESG Task Force Team, consisting of a representative from the human resources department as the team head, representatives from the risk management department and finance leasing services department as team members, and representatives from subsidiaries of our Group as supporting staff and coordinators. The ESG Task Force Team shall be handling all ESG issues that arise in our Group's operations and report to our Board directly. In addition to the above-mentioned ESG aspects, the ESG Task Force Team shall also be responsible for ESG climate risk discussions and ensuring that effective climate risk management is in place. The ESG Task Force Team shall set ESG and climate goals for our Board's consideration at the beginning of each financial year, during which it shall also review our Group's progress in achieving the goals of the preceding financial year. Additionally, the ESG Task Force Team shall convene meetings twice a year to bring ESG concerns to our Board's attention, as well as offer to our Board recommendations and solutions that can be applied in our Group. Since its establishment, the ESG Task Force Team had convened regular meetings to discuss, among others, strategies in relation to reducing various kinds of resource consumption and climate-related risks.



During the Reporting Period, the Group has determined appropriate and effective management policies and monitoring systems in response to environmental, social and corporate governance (ESG) matters and confirmed that the disclosures were in compliance with the ESG Reporting Code.

STAKEHOLDER ENGAGEMENT

As a corporate with full sense of responsibility, the Group attaches great importance to exchanges with stakeholders and their feedback on our business and ESG matters in the course of developing business and enhancing profitability. We seek to balance the interests of all parties and facilitate the sustainable development. Thus, stakeholder engagement is critical to our continuous improvement of sustainable development performance.

In order to fully understand, respond to and address core concerns of various stakeholders, we maintain continuous and systematic communication with our major stakeholders, including but not limited to investors and shareholders, customers, partners and suppliers, employees, society and the public, governments and regulators. We expect to continuously improve our Group's overall ESG performance and to continuously bring greater value for more communities through working with respective stakeholder.

The Group integrates effectively the stakeholder expectations and opinions into our daily operations and ESG strategies formulation by applying diversified approaches of collaboration and communication channels as described in the table below.

Stakeholders	Communication Channels	Expectations
Investors and shareholders	• Annual general meeting and other shareholders' meetings • Annual and interim reports • Investor relations activities • Announcements and circulars	• Corporate transparency • Financial results • Improvement of risk management and internal control • Environmental, social and governance issues
Customers	• Customer service hotline and email • Company Weibo, WeChat and QQ public account • Company website • In-webpage online customer service system	• Quality after-sales service • Customer privacy protection • Safe and convenient driving experience
Suppliers	• Teleconference • Email • WeChat, QQ and other communication tools	• Responsible supply chain management • Business ethics and reputation • Fair and open competition
Employees	• Training and seminars • Regular performance assessment • Employee suggestion box • Malpractice reporting email • Internal announcements and communications	• Career development • Competitive remuneration and benefits • Equal promotion opportunities • Healthy and sound working environment
Social and public	• Company website – news center • Environmental, social and governance report • Company Weibo and WeChat public account	• Green operation • Providing employment opportunities • Supporting public welfare undertakings • Open and transparent information
Governments and regulators	• Email • Teleconference • Interview • Training and seminars	• Compliance with laws and regulations • Corporate governance

MATERIALITY ASSESSMENT

We conduct annual materiality assessment with systematic approaches so as to better understand the views and expectations of the stakeholders towards our Group's ESG performance. With reference to the Group's business development strategies and industry practices, we have identified and determined a list of significant ESG topics covering five major aspects: corporate governance, environmental protection, employment practice, operational norms and community investment. On this basis, the Group has prepared a questionnaire and invited relevant stakeholders to rate based on the importance of ESG issues and their impact on the economy, environment and society. Upon statistically analyzing the collected results of the questionnaire, we have compiled a materiality matrix. The materiality matrix and identified significant issues will be subject to review and confirmation by the Board as well as the ESG work force team and disclosed in this ESG Report. The materiality matrix of the Group for the Reporting Period is as follows:

CONTACT US

The Group welcomes its stakeholders to offer their advice and recommendation. You may express your valuable suggestion with respect to this ESG Report and the Group's performance on sustainable development through following methods:

Address: Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin'an Branch), No. 318 Fuguang Road, Jin'an District, Fuzhou, Fujian Province, PRC
Telephone: (86) 0591-22680000

A. ENVIRONMENT

Environmental Targets

In order to ensure the effective implementation of sustainability business model, the Group has set multiple environmental targets based on its development direction and strategic approach, and closely monitored and regularly reviewed the progress in achieving the targets. The statistics are set out in the following sections. The Group intends to achieve the following targets:

Level	Target	Progress
Direct emission (including greenhouse gas emission from vehicles)	In marking 2024 as the base year, the intensity of greenhouse gas emission shall be decreased by 10% as compared to 2024 by the year ended 31 December 2034 ("2034").	Ongoing
Indirect emission (including greenhouse gas emission arising from the consumption of purchased electricity)	In marking 2024 as the base year, the intensity of greenhouse gas emission shall be decreased by 10% as compared to 2024 by 2034.	Ongoing
Purchased electricity	We shall formulate management system for energy conservation and environmental protection, and advocate for green office.	Ongoing
	In marking 2024 as the base year, the volume of purchased electricity shall be decreased by 10% as compared to 2024 by 2034.	
Fresh water consumption	From 2025 onwards, we shall conduct at least one water conservation campaign each year to enhance our employees' awareness of water conservation.	Ongoing
	In marking 2024 as the base year, the volume of fresh water consumption shall be decreased by 10% as compared to 2024 by 2034.	
Waste reduction	The implementation of waste classification throughout the office buildings and self-operated sales outlets shall reach 50% by 2026.	Ongoing
	In marking 2024 as the base year, the volume of waste paper shall be decreased by 10% as compared to 2024 by 2034.	
	We shall achieve a "paperless meeting" coverage rate of ≥ 30% by 2026.	

The above targets are applicable to all business operation of the Group in Chinese mainland, with an applicable period from 2024 to 2034 and taking 2024 as the baseline. The Group will review the progress of the targets annually in the ESG report and assess the appropriateness of the targets in the ESG Task Force Team meetings. The above targets have not yet been verified by a third party. When formulating greenhouse gas emission targets, the Group referred to the policy direction of China's "dual carbon" goals and paid attention to the target requirements of international climate change agreements such as the Paris Agreement. Given that the current targets are focused on greenhouse gas emission intensity, the Group has not yet set net greenhouse gas emission target, nor does it plan to use carbon credit to offset emissions.

A1. Emissions

The Group is aware of the going concern among public and investors regarding environmental protection and corporate social commitment, therefore, we have always attached great importance to environmental management and are committed to environmental protection in order to duly fulfill the social obligations.

The Group's principal businesses comprise: (i) automobile retail and finance business, where we primarily sell non luxury automobiles on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

Although our Group's business does not involve the management of fuel used by our customers, nor does it operate any staff canteens, it still places great importance on controlling environmental impacts in daily operations. Non-hazardous waste generated by our Group primarily comes from the daily operations of offices and sales outlets, with a relatively small amount that is not separately recorded. Further, even though there is no large amount of hazardous waste generated, our Group has nonetheless formulated specific internal policies to regulate the disposal of hazardous waste.

In terms of the Group's commercial operations in Chinese mainland, we have formulated relevant environmental protection management systems and procedures to regulate waste gas emission, greenhouse gas and non-hazardous waste, so as to contribute to environmental protection and realize sustainable development.

The Group regularly keeps track of the latest national and regional laws and regulations on environmental protection and, based on these, focusing on enhancement of environmental protection measures in order to comply with the relevant laws and regulations of the local government and to implement environmental policies. The regulations that the Group strictly complies with include the Environmental Protection Law of the People's Republic of China in Chinese mainland and other laws and regulations relating to environmental protection in Chinese mainland.

During the Reporting Period, the Group did not have any material events that violates relevant local environmental laws and regulations due to the waste gas emission, greenhouse gas emission and discharge of wastewater, hazardous and non-hazardous waste.

Waste Gas Emissions

The Group's waste gas emissions are mainly derived from the gasoline consumed by the Group's motor vehicles from transportation. During the Reporting Period, automobile usage increased due to business expansion. In line with our commitment to sustainable development, the Group initiated a fleet electrification transformation plan in 2025, replacing a significant number of conventional fuel vehicles with new energy vehicles to reduce emissions at source. Against this backdrop, our waste gas emission performance is as follows: nitrogen oxide (NOx) emission decreased further from 1.09kg in 2024 to 1.07kg in 2025; particulate matter (PM) emission remained stable at 0.08kg; sulfur oxide (SOx) emission maintained at 0.02kg for two consecutive years. Meanwhile, the Group actively adopts the following emission reduction measures:

- regular maintenance and repair of vehicles to prevent them from emitting excessive emissions due to reasons such as broken parts; and
- phasing out substandard cargo vehicles in accordance with the requirements of the regional emission policies.

The performance of the Group's waste gas emission is summarized as follows:

Type of waste gas[2]	**Unit**	**2025**	2024
NO_x	Kg	**1.07**	1.09
SO_x	Kg	**0.02**	0.02
PM	Kg	**0.08**	0.08

Notes:

1. As of 31 December 2025, the total revenue of the Group amounted to RMB1,862.5 million. This information will also be used to calculate other density information.
2. The waste gas emission is calculated with reference to How to prepare an Environmental, Social and Governance Report – Appendix II: Guidance on Reporting of Environmental Key Performance Indicators issued by the Stock Exchange.

Sewage Discharge

Given its business nature, the Group does not generate any industrial wastewater in the business operation, and only generates domestic sewage. The Group's water supply and discharge are controlled by the management body of the office building. The Group is currently unable to obtain independent water discharge data, therefore does not disclose it separately.

Waste Management

The Group fulfills the "**3R**" (i.e. Reduce, Reuse and Recycle) environmental protection principles in the use of resources.

- Implement a number of electronic or automated internal administrative procedures, such as replacing paper-based approval process by office automation system to reduce paper consumption; Publish notices or brochures in electronic version and upload the files to the Group's intranet or the internet for public view;

- Print corporate publications, including the annual report, interim report and quarterly report only when necessary;

- Encourage our shareholders to access the Group's corporate communications via electronic means, which not only saves paper but also provides the most timely, convenient and effective means of communicating with shareholders;

- Encourage employees to print draft in narrow spacing and small font, which not only saves ink and electricity, but also achieves the effect of saving paper;

- Encourage the practice of printing or copying on both sides and setting the default output of the office copier as black and white and duplex; and

- Place recycling bins next to the copiers to collect used paper on one side for reuse, such as being used for copying or cutting into sticky note paper.

The Group strictly adheres to the principles of waste management and is committed to properly regulating and disposing of waste generated from business activities. The Group maintains high standards in waste reduction, educates employees on the necessity of sustainable development, and provides relevant support to enhance their skills and knowledge in the field of sustainable development.

Hazardous Wastes

Given its business nature, the Group does not generate any significant amount of hazardous wastes during daily operation, and has adopted internal policies with respect to handling hazardous waste. Nevertheless, we are devoted to waste reduction. If any hazardous waste is generated in the future, the Group is committed to appointing a qualified chemical waste collector to handle such waste to comply with relevant environmental laws and regulations.

Non-hazardous Wastes

Non-hazardous waste generated by the Group primarily consists of daily waste and office paper from the Group's offices and sales outlets operations. The Group requires employees to properly dispose of them and encourages employees to classify and place them before disposal. Relevant daily waste is collected and disposed of by designated personnel in a unified manner. Given the small amount and limited environmental impact, we do not currently maintain separate statistical records for these items. With regard to paper consumption in the office, we have implemented the following measures:

- Avoid printing and copying documents;
- Encourage to recycle used paper;
- Encourage to print or copy on both sides; and
- Actively adopt electronic documents and establish electronic workflow.

With the aforementioned measures, the Group strives to continuously reduce paper consumption in daily work. The Group's performance of non-hazardous waste discharge for the year is summarized as follows:

Type of wastes	**Unit**	**2025**	2024
Total non-hazardous wastes			
• Paper	kg	**8,012.40**	8,384.51
Total non-hazardous wastes intensity	kg per million RMB revenue	**4.30**	5.73

A2. Use of Resources

The Group actively promotes resource conservation and efficient utilization in its daily operation, focusing on the management of energy consumption, water usage and resources such as paper. We strive to maintain resource consumption at reasonable and controllable levels while supporting the sustainable development of our business. By adopting various energy-saving, water-saving and waste-reduction measures, we encourage employees to cultivate good habits in their work, such as conserving electricity and water, and reducing paper and plastic usage. This approach enables us to lower overall resource consumption intensity.

During the Reporting Period, the Group established appropriate and effective management policies and control system concerning ESG matters related to resource consumption. It recorded and tracked the consumption of energy, water resources and related materials, and regularly reviewed implementation effectiveness to ensure that the disclosures in this annual report comply with the requirements of the ESG Reporting Code.

At the same time, the Group firmly believes that, in addition to requiring employees to adhere to internally established environmental measures, enhancing employees' environmental awareness is equally crucial to enhancing overall environmental standards. For this purpose, the Group regularly reviews and updates internal codes of conduct, distributes environmental guidelines and reminders to employees, and shares environmental information concerning green offices and related topics. This helps employees gain a more comprehensive understanding of the importance of environmental and natural resource conservation. We shall also actively consider participating in more feasible and appropriate environmental initiatives to further heighten employees' concerns and involvement in environmental issues.

Energy Management

In daily operation, the major sources of the Group's energy consumption are electricity consumed in office and petrol consumed by vehicles. To uphold the Group's commitment to energy conservation and consumption reduction, the Group has formulated a system to promote the green office culture aiming to save electricity and use electricity effectively. Relevant measures are listed below:

- Use energy-efficient lights and electrical appliances in office workplace;
- Light up the corridor at intervals instead of fully on;
- Cut off the power supply of electrical equipment and electrical appliances that are not in use;
- Timely shut down computers that are idle or not in use within two hours, so as to ensure that "computers are shut down and powered off when left";
- Turn off some lights and air conditioners during lunch hours and non-office hours;
- Maintain and clean the computers frequently, and pay attention to dust and moisture prevention to reduce power consumption;
- Purchase energy-efficient office equipment;
- Turn off water dispensers, computers, printers, air conditioners and other electrical equipment after work, and unplug and disconnect the power supply; and
- Enable the Standby or Sleep mode of personal computers.

The Group reviews the effectiveness of the above measures on a regular basis and makes necessary adjustments according to our operation to improve the efficiency of resource utilization.

The Group's performance of energy consumption is summarized below:

Types of energy	Unit	2025	2024
Direct energy consumption[3]			
• Petrol	MWh	**12.60**	15.68
Indirect energy consumption			
• Purchased electricity	MWh	**2,209.78**	2,040.67
Total energy consumption	MWh	**2,222.38**	2,056.35
Total energy consumption intensity	MWh per million RMB revenue	**1.19**	1.40

Note:

3. The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.

Water Management

The Group's water usage mainly comes from domestic water for office areas and self-operated sales outlets. In view of the well-developed water supply infrastructure and stable provision in the regions where the Group operates, the Group currently has no significant difficulties or risks in obtaining suitable water sources.

The Group attaches utmost importance to the protection of water resources, follows the principle of water conservation, and continuously strengthens water management to avoid waste of water resources. The water conservation measures include:

- Purchase energy-efficient office equipment and extend the air-conditioner drainage pipe into a bucket, which can receive a liter of water in 2 hours. The collected water can be used to water flowers and mop floors;
- Flush toilets with high or low water flow rate depending on the amount of water needed to flush sewage; and
- Replace faucets that are dripping and leaking in time to reduce waste.

In order to reduce water consumption and enhance employees' water-saving awareness, the Group posts posters or promotional materials at prominent places in the offices to advocate for the conscious conservation of water in daily work.

The Group's water consumption is summarized below:

Water consumption	Unit	2025	2024
Total water consumption	m^3	**23,783**	16,460
Total water consumption intensity	m^3 per million RMB revenue	**12.77**	11.24

The total water consumption for the year increased compared to the previous year, mainly due to the increase in water consumption caused by the expansion of business scale. The Group has noticed the gap between this increase and the set environmental targets and will strengthen water monitoring and water-saving promotion in 2026.

Use of Packaging Materials

Owing to its business nature, the Group's business does not involve the use of packaging materials. Whilst the direct environmental and natural resource impacts of the Group's principal businesses are not significant, we, as a responsible enterprise, remain committed to minimizing any potential adverse environmental effects arising from our business operation.

A3. Climate Change

Climate change represents a significant challenge facing humanity this century, profoundly impacting corporate long-term development strategies, asset security and financial stability. To systematically assess and manage associated risks while capitalising on opportunities arising from the low-carbon transition, the Group conducts comprehensive climate scenario analysis and related management activities with reference to the requirements in Part D of the ESG Reporting Code of Stock Exchange and the application guidance set out in IFRS S2 climate-related disclosures. This aims to test the resilience of the Group's businesses under various climate scenarios, systematically integrating the resulting insights into corporate governance, strategic planning, risk management and the setting of metrics and targets. This approach enables the Group to continuously create long-term, sustainable value for all stakeholders. Based on the identification of climate risks and opportunities, the Group is gradually establishing a climate-related quantitative management system. During the Reporting Period, we adopted a phased implementation approach, applying specific implementation reliefs to certain quantitative indicators to ensure that the ultimately disclosed data is accurate and meaningful. The relevant explanation is as follows:

- Financial Effects Relief: Climate impacts are assessed qualitatively. Since the internal data collection framework is not yet able to separate climate-related financial expenditures with sufficient accuracy, quantitative financial data is not disclosed for this year. The Group currently has not set an internal carbon price; regarding quantitative financial data on assets or business activities affected by climate-related risks, the Group currently invokes a financial effects relief and assesses them qualitatively for the time being.

- Capability Relief: The Group's climate resilience is assessed through qualitative scenario analysis rather than complex financial models, which matches with the Group's current level of resource allocation.

- Reasonable Information Relief: Some value chain data (such as certain Scope 3 emission categories) are currently unavailable without incurring excessive costs and are not disclosed this year. The Scope 3 emission data we have disclosed this year mainly consist of greenhouse gas emissions generated from business travel.

At present, the Group is committed to ensuring the accuracy of Scope 1 and Scope 2 emissions data, and will gradually expand to more Scope 3 emission categories and quantify financial projections in the future. At the same time, we have also formulated a roadmap for related disclosures in the future:

Short-term: Continuously monitor the development of industry carbon accounting standards, improve internal data collection processes, and gradually expand the scope of Scope 3 emission statistics;

Medium-term: Assess the feasibility of integrating climate-related data into the financial system, and explore collaboration with key suppliers on carbon footprint data;

Long-term implementation: Regularly assess technological capabilities and resource requirements, and determine the appropriate timing for transitioning to quantitative financial disclosure.

I. Governance

The Group adheres to a top-down ESG governance principle in managing climate-related risks and opportunities:

Indoor Air Quality

The Board has ultimate supervisory responsibility for climate-related issues and regularly reviews the Group's overall direction and execution effectiveness in climate risk management, emission reduction progress and related investment decisions. The Board regularly assesses the skills and knowledge levels of its members on climate-related issues, and arranges training or hires external consultants to provide professional advice when necessary. The Board is responsible for:

- considering and approving climate-related policies, targets and action plans;
- examining the results of climate scenario analysis and their potential impact on the Group's business model and financial performance;
- providing strategic guidance on major climate-related risks and opportunities.

At the management and ESG Task Force Team Level

Under the authorization of the Board, the Group establishes an ESG Task Force Team, responsible for coordinating daily climate management tasks, including:

- organizing and conducting climate scenario analysis to identify and evaluate climate-related risks and opportunities;
- formulating and implementing emission reduction targets and response measures;
- incorporating climate factors into the Environmental, Social, and Governance Management Procedures as well as internal controls and operational management processes;
- regularly reporting to the Board on climate management progress, key performance and improvement recommendations.

The ESG Task Force Team coordinates the execution of climate-related work across various functional departments through regular meetings, ensuring that climate issues are extended from strategic decision-making to the concrete implementation in frontline operation.

II. Strategy

To facilitate the understanding of the timeframes used in the Group's climate-related disclosures, the Group defines "short-term" as 1 to 3 years, "medium-term" as 3 to 10 years, and "long-term" as over 10 years. The above definitions are consistent with the Group's business strategic planning cycles and have been used as the reference timeframes for assessing climate risks and opportunities.

1. *Climate Scenario Analysis*

We select two contrasting Shared Socioeconomic Pathway (SSP) scenarios proposed by the Intergovernmental Panel on Climate Change (IPCC) to assess the different risk patterns and strategic resilience the Group faces in the future of orderly transition and high emission.

Climate scenario	**Low-risk scenario** **SSP 1-1.9**	**High-risk scenario** **SSP 5-8.5**
Scenario description	• Rapid global phase-out of fossil fuels. Global net zero carbon dioxide emission will be achieved around 2050. Renewable energy becomes mainstream, and electrification is widely promoted. • Large-scale tree planting and afforestation. • Accelerated research and development and the application of low-carbon technologies, including energy storage, hydrogen energy, and carbon capture and storage technologies. • Establishing a broad global cooperation mechanism, implementing strict and effective climate policies, and guiding consumer behavior towards low-carbon alternatives.	• Relying on abundant and globally interconnected fossil fuel resources. • Actively promoting technological innovation, but mainly focusing on energy extraction and consumption efficiency, rather than low-carbon alternatives. • Lack of an effective global carbon pricing mechanism or strict international climate agreements. • Narrowing of the global income gap and the increasing investment in human capital.
Estimated temperature increase	By 2100, the temperature increase will be less than 2°C	By 2100, temperatures will rise by 4.4℃

In the aforementioned two scenarios, we focus on examining the Group's exposure and resilience in the following aspects: physical assets (such as outlets, parking lots, vehicles and IT facilities); the business model (particularly fuel vehicle leasing and new energy vehicle businesses) in terms of sensitivity to policy and market transitions, and potential competitive advantages and strategic positioning in the fields of green mobility and low-carbon transportation.

2. *Identified key risks and opportunities*

Based on the SSP1-1.9 and SSP5-8.5 scenarios, the Group has established a climate risk and opportunity analysis framework, transforming macro scenarios into specific issues highly relevant to the principal businesses, and identifying physical and transition risks that need to be prioritized for management, as well as corresponding opportunities.

(1) Physical risks

Physical risks mainly arise from acute extreme weather events triggered by climate change and long-term gradual changes in climate patterns, posing direct threats to the Group's physical assets, operational continuity and employee safety.

Risk type	Risk factors	Risk description (excerpt)	Main response measures
Physical risks	Extreme weather such as typhoons and heavy rain (short-term)	• The increase in storm intensity and frequency may cause stores and open-air parking lots in low-lying areas of key coastal business cities to be at risk of flooding • Threatening the personal safety of employees • Damaging the Group's property and equipment resulting in direct financial loss • Damaging regional power, communication and transportation infrastructure, resulting in outlets being unable to operate and customer services paralyzed • Causing a decline in the battery performance and safety of vehicles (especially new energy vehicles), increasing operational risks and potential claims	• Strictly comply with local laws and regulations related to extreme weather response • Carry out a nationwide assessment and renovation of flood control and drainage capabilities at outlets, giving priority to outlets along the coast and rivers • Establish an extreme weather warning and vehicle emergency dispatch mechanism • Purchase full property insurance and vehicle damage insurance • Communicate response measures to employees in advance to ensure personnel safety and reduce losses • Establish backup power and communication plans • Establish a vehicle battery health monitoring system and regularly check the battery status

Risk type	Risk factors	Risk description (excerpt)	Main response measures
	Average temperature rise, sea level rise (mid-term to long-term)	• Rising sea levels or long-term changes in precipitation patterns may threaten stores and warehouses in coastal or low-lying areas, forcing future capital expenditures for relocation or reinforcement • The rise in average temperature will increase the vehicle's cooling demand and energy consumption, and accelerate the aging of vehicle components, leading to higher operating and maintenance costs • Extreme high-temperature environments threaten the health and efficiency of outdoor workers • Climate change may alter travel patterns and preferences in different regions, affecting the effectiveness of fleet procurement and deployment strategies	• Conduct climate vulnerability assessments to identify a list of high-risk outlets, and include "elevation and flood prevention standards" as evaluation indicators when selecting new outlet locations • Select high-temperature resistant materials and components to extend the lifespan of vehicle parts • Provide cooling equipment for outdoor and high-temperature work positions, and conduct high-temperature health knowledge training and establish emergency handling procedures • Establish a "Climate – Vehicle Type Demand" analysis model to guide regional procurement strategies

(2) Transition risks

Transition risks mainly arise from factors such as policies and regulations, technological changes, market preferences and changes in reputation expectations, putting pressure on the Group's business structure and financial condition.

Risk type	Risk factors	Risk description (excerpt)	Main response measures
Transition risks	Policies and regulations	• Restrictions on fuel vehicles in key cities and stricter elimination policies; if the proportion of fuel vehicles is too high, there will be risks of restricted operations and increased compliance costs • EU CBAM and other regulations increase the carbon cost of automotive raw materials, leading to higher procurement costs	• Actively participate in the carbon emissions trading market research • Establish a policy tracking mechanism and adjust business layout in a timely manner • Prioritize purchasing low-carbon vehicle models or cooperate with automakers with low-carbon supply chain • Conduct supply chain carbon footprint assessment
	Technological Innovation	• Rapid upgrades in battery technology may cause existing fleets to become quickly outdated within the residual value cycle, leading to accelerated asset depreciation	• Sign a "residual value guarantee" agreement with OEM to lock in the future disposal price • Establish a vehicle model technology iteration evaluation model to guide procurement decisions

Risk type	Risk factors	Risk description (excerpt)	Main response measures
		• Existing charging facilities may face compatibility challenges and the risk of obsolescence in the coming years • The Company's core business platform system experiences a cyberattack or malfunction, resulting in a complete platform business shutdown, customer information leakage, and significant financial and reputational losses	• Implement a system disaster recovery architecture • Track technological standards developments and formulate upgrade plans for charging facilities • Purchase network security insurance
	Market changes	• Corporate customers incorporating supplier ESG performance (such as the proportion of new energy vehicles) into procurement standards may lose orders from large corporate customers, resulting in a decline in revenue	• Launch the "Corporate ESG Travel Solution" • Launch joint marketing with green car companies • Expand green credit and loans linked to sustainable development

Risk type	Risk factors	Risk description (excerpt)	Main response measures
		• The capital market's willingness to finance high-carbon assets has decreased. If the proportion of fuel vehicles is high, it may face rising loan interest rates or reduced loan limits • Competitors achieving full electrification earlier or launching low-carbon products may seize market opportunities, leading to a loss of market share for the Group	• Optimize asset structure and increase the proportion of green assets • Accelerate the electrification of fleets in key cities • Strengthen the brand's green narrative
	Reputation	• Being regarded as a high-carbon mobility service provider dependent on fuel vehicles will damage the brand image and lead to customer loss • If the ESG rating is lower than that of peers, it may trigger institutional investors to reduce their holdings	• Proactively publish ESG reports and emission reduction roadmaps • Launch initiatives with environmental organizations • Strengthen communication with rating agencies • Incorporate ESG into management performance evaluation

(3) Climate opportunities

While actively responding to risks, the Group identifies and seizes the strategic opportunities brought by the low-carbon transition:

- Market opportunities:
  Driven by the "dual carbon" goals and consumption upgrading, the demand for new energy vehicle financing leases and green travel services is growing rapidly. The Group formulates and executes aggressive new energy vehicle procurement and deployment plans, prioritizes deep development in regional markets with strong policy support and high demand, and focuses on developing high-potential customer groups such as corporate customers and e-hailing vehicles platforms, with the aim of achieving revenue growth and market share expansion, thereby consolidating its leading position in market segments.

- Policies and financial opportunities:
  The Group fully utilizes new energy vehicle purchase subsidies, tax incentives and charging facility construction subsidies to reduce transition costs. By increasing the proportion of green assets, it seeks low-cost funding sources such as green credit, green bonds and sustainability-linked loans. It explores investing in distributed photovoltaic, energy storage and other projects at its outlets to reduce long-term electricity costs and create conditions for participating in the carbon market and developing emission reduction revenues in the future.

- Reputation and brand opportunities:
  Through proactive climate action and transparent disclosure, the Group is committed to shaping the brand image of a "green mobility service provider" and a "responsible enterprise", enhancing customer loyalty and investor trust, and increasing attractiveness to top talent. For this purpose, we will systematically strengthen internal and external communication of ESG achievements and participate timely in climate and environmental initiatives launched by industry and public welfare organizations.

III. Risk management

The Group has incorporated climate-related risks into the Enterprise Risk Management (ERM) framework and established a systematic management process, as follows:

Risk identification
- Systematically identify potential climate-related risks through regular climate scenario analysis, policy tracking and operational reviews

Risk assessment
- Discuss the types of climate risks with management and their potential impact on the Group, and prioritize them accordingly

Risk response
- Formulate specific mitigation measures and action plans based on identified risks and assessment results, continuously carry out monitoring and effectiveness evaluation, and continuously improve the risk management mechanism

Monitoring and reporting
- Based on regularly monitoring the status of risks and the effectiveness of response measures, and incorporating relevant information into the Group's routine risk reporting system, ensure closed-loop management and continuous optimization

During the Reporting Period, climate-related risks and opportunities had a relatively limited direct impact on the Group's financial position. The Group has increased its investment in the procurement of new energy vehicles during the fleet electrification transition. In addition, the Group's premiums for property insurance and vehicle loss insurance covering extreme weather risks have been included in operating costs. During the Reporting Period, the Group did not suffer significant property losses due to extreme weather events.

Given that the Group's current data collection and analysis capabilities are still being improved, and there is considerable uncertainty in the quantitative assessment of climate-related financial impacts, the Group is temporarily unable to provide complete quantitative data on expected financial impacts. The Group will continue to refine the assessment methods for climate-related financial impacts and provide further quantitative information in future reports.

IV. Indicators and goals

The Group's greenhouse gas (GHG) emissions are mainly from direct GHG emissions from vehicles (Scope 1), energy indirect GHG emissions from purchased electricity consumption (Scope 2) and other indirect upstream and downstream emissions that occur outside the Group, including methane gas generation at landfills due to disposal of paper waste, greenhouse gas emissions due to electricity used for processing fresh water and sewage by third party handlers, and other indirect greenhouse gas emissions from employees' business travel (Scope 3).

In order to align with the national GHG emissions reduction and the "dual carbon" goals, the Group actively enhances its image and climate resilience by reducing energy consumption to minimize GHG emissions. For the above emission sources, we actively take the following emission reduction measures:

- Adopting emission reduction measures on vehicles. The relevant measures are described in the section headed "Waste Gas Emission" in this Aspect;

- Implementing energy saving control. The relevant measures are described in the section headed "Energy Management" in Aspect A2;
- Reducing the frequency of business trips by using electronic communication methods such as video conferencing and WeChat meetings; and
- Posting notices and posters with environmental information at prominent places in the office to promote the best practice of environmental management, and raise employees' awareness of environmental protection.

The Group's performance of GHG emissions is summarized as below:

Indicator[4]	**Unit**	**2025**	2024
Scope 1 – Direct GHG emissions			
• Fuel consumption of vehicles	tCO_2e	**3.47**	4.32
Scope 2 – Energy indirect GHG emissions			
• Purchased electricity	tCO_2e	**1,172.51**	1,229.50
Scope 3 – Other indirect GHG emissions			
• Business travel	tCO_2e	**185.31**	143.52
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	**1,361.29**	1,377.34
Total GHG emissions intensity	tCO_2e/per million RMB revenue	**0.73**	0.94

Note:

4. GHG emissions data is presented in terms of carbon dioxide equivalent and and calculated on a geographic basis, with reference to, but not limited to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, the Circular on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Sector for the Period 2023-2025 issued by Ministry of Ecology and Environment of the People's Republic of China, the Global Warming Potential Values from the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change, How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental Key Performance Indicators issued by the Hong Kong Stock Exchange and the Sustainability Report 2021 released by HK Electric Investments Limited.

5. The Group's current Scope 3 greenhouse gas emissions measurement mainly includes business travel. In view of the Group's current data collection capabilities, emissions data from other Scope 3 categories have not yet been included. The Group will gradually expand the coverage of Scope 3 measurement, focusing on categories that are highly relevant to its main business.

We are committed to continuously improving data governance, actively promoting value chain collaboration, and seeking close cooperation from suppliers to enhance the accuracy and transparency of measurement and disclosure, as well as regularly reviewing and updating our targets to ensure that our climate action path is solid, ambitious, and aligned with the global scientific consensus on addressing climate change.

B. SOCIETY

B1. Employment

The Group firmly believes that human resources are the Group's most valuable assets and the core of competitive advantages, and also the foundation for the Company's sustainable development. Therefore, we are committed to improving the employment system to attract, train and retain employees, adhere to the people-oriented governance principle, and formulate employee manuals to standardize employment policies and codes, so as to ensure employees to clearly understand their rights and responsibilities, and respect and protect the legitimate rights and interests of each employee. By building a harmonious and warm working atmosphere, the Group makes every employee feel our care and attention.

The Group has complied with all laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits, including but not limited to the Employment Ordinance in Hong Kong, the Labor Law of the PRC and the Labor Contract Law of the PRC. During the Reporting Period, the Group did not find any material violation of relevant local employment laws and regulations.

As at 31 December 2025, the Group employed a total of 1,273 employees. The overall workforce composition remained largely consistent with the previous year in terms of gender, age and job grade distribution, with only minor proportional shifts: the proportion of male employees increased slightly while that of female employees decreased marginally; employees aged under 31 remained the predominant group, maintaining a youthful overall age profile; the ratio between management and frontline employees of the Group remained broadly stable. Regarding employment category, full-time employees continued to form the core workforce, with the proportion of part-time employees decreasing marginally, reflecting the Group's stable overall employment pattern during the Reporting Period, which are categorized as follows:

	2025		2024	
Indicators	**Number of employees**	**%**	Number of employees	%
By Gender				
Male	**925**	**72.7**	852	71.4
Female	**348**	**27.3**	342	28.6
By Age				
<31	**840**	**66.0**	815	68.3
31-39	**338**	**26.6**	301	25.2
40-49	**78**	**6.1**	68	5.7
50-59	**17**	**1.3**	7	0.6
>59	**0**	**0.0**	3	0.2

Indicators	2025 Number of employees	2025 %	2024 Number of employees	2024 %
By Employee Category				
Senior management	**12**	**0.9**	13	1.09
Middle management	**229**	**18.0**	224	18.76
Grassroots employee	**1,032**	**81.1**	957	80.15
By Employment Category				
Full-time	**1,272**	**99.9**	1,188	99.5
Part-time	**1**	**0.1**	6	0.5
By region				
Chinese mainland	**1,270**	**99.8**	1,189	99.6
Hong Kong	**3**	**0.2**	5	0.4

Recruitment, promotion, compensation and dismissal

We attach great importance to talents and regard employees as the most precious and core asset. We always adhere to the fair, just and open principle in equal employment, recruit outstanding talents, provide sufficient talent reserves for various businesses, and enhance business competitiveness. According to employees' work scope, qualifications, behavior, performance and market conditions, we conduct employee evaluation to determine their salary, benefits and promotion opportunities. We ensure that employees are treated fairly, and prevent discrimination due to gender, ethnic background, religion, age, marital and family status, disability or any other reasons.

According to relevant laws and regulations, we clearly list the salary and benefits enjoyed by employees in the Employee Handbook. In addition to the basic salary, we also provide employee benefits and rights, including but not limited to mandatory provident fund, social insurance, directors and senior management liability insurance, medical benefits, statutory annual leave and extra annual leave, sick leave, parental leave, various allowances and severance pay. For employees in Chinese mainland, we provide five social insurances and one housing fund according to law, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, so as to ensure employees enjoy social insurance benefits. In addition, we abide by the relevant employment regulations and guidelines. When it is necessary to dismiss employees, we will follow the procedures and provide the dismissed employees reasonable compensation. The terms related to dismissal have been clearly listed in the employment contract.

During the Reporting Period, the Group had an employee turnover rate[6] of about 69.0%, which is categorized as follows:

Indicator	Turnover rate[7] 2025	Turnover rate[7] 2024
By Gender		
Male	**76.0%**	73.9%
Female	**65.5%**	55.5%
By Age		
<31	**96.4%**	88.9%
31-39	**28.5%**	26.6%
40-49	**12.3%**	6.4%
50-59	**0.0%**	11.8%
>59	**200.0%**	–
By region		
Chinese mainland	**73.1%**	68.5%
Hong Kong	**50.0%**	–

Notes:

6. The total employee turnover rate is calculated by dividing the total number of employees who left the Company during the year by the average number of employees at the beginning and end of the year, and then multiplying by 100%.

7. The employee turnover rate of various categories is calculated by dividing the number of employees leaving the Company in the category during the year by the average number of employees in the category at the beginning and end of the year, and then multiplying by 100%.

Equal opportunity, diversity, anti-discrimination

The Group promotes diversity through continuous implementation of equal opportunity management practices and fair treatment of all employees, regardless of their backgrounds. The Group also plans to implement a comprehensive diversity policy in the near future. In addition, we incorporate equal opportunities and anti-discrimination practices into the promotion management system, recruitment and labor relations management system, to ensure that employees are not discriminated against, physically or verbally harassed due to gender, race, religion, age, marital and family status, physical disability, etc. in the working environment. In order to ensure that all employees enjoy fair and equal protection, the Group will never tolerate any form of sexual harassment or bullying in the workplace.

Communication channels

The Group attaches great importance to communication with employees, so we have established diversified communication channels, encouraged employees to put forward opinions, and promoted exchanges between management and employees, so as to improve the Company's operation and management policies and improve business efficiency. In addition, we regularly organize group activities such as staff dinners to strengthen the communication between employees and enhance their sense of belonging to the Group.

B2. Health and safety

The Group strives to provide and maintain a safe and healthy working environment for all employees. In order to ensure compliance with applicable laws and regulations, the Group adjusts its human resources policies from time to time after consulting legal counsel to adapt to major changes in relevant labor and safety laws and regulations. The Group's ESG Task Force Team will also regularly review relevant policies.

The Group has established various measures, including publishing guidelines on workplace safety and fire protection, inspecting office premises to identify emergencies and potential safety hazards, minimizing related risks, and keeping health records for all employees and conducting health checks during their employment.

During the Reporting Period, the Group did not have any major incidents or incidents related to worker safety. It has not been subject to any significant claims (whether personal or property damage) or penalties related to health, work safety, social and environmental protection, nor has it been involved in any accident or fatality, and has complied with applicable laws and regulations in all material respects.

We strictly abide by relevant laws and regulations, including but not limited to the Labor Law of the PRC, the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, the Fire Protection Law of the People's Republic of China and Occupational Safety and Health Ordinance of Hong Kong. In the past three years (including the Reporting Period), the Group did not have any major incidents or accidents related to workers' safety, and the work-related death rate was 0%. During the Reporting Period, the Group did not record any working days lost due to work-related injuries, and was not subjected to any major claims (whether personal or property losses) or penalties related to health, work safety, social and environmental protection. The Group has not been involved in any accident or death, and has complied with applicable laws and regulations in all major aspects.

Enhance safety awareness

The Group will always teach and remind employees of the importance of occupational health and safety according to relevant work safety guidelines. Through training, various forms of publicity, emergency drills and regular safety inspections, the Group provides employees with information on crime prevention and safety emergency. We also cooperate with other organizations and property management companies in office buildings, and regularly participate in fire drills to enhance employees' safety and fire prevention awareness. In addition, our Employee Handbook clearly lists the work safety guidelines that meet the statutory requirements. If any violation of the guidelines mentioned in the handbook or serious misconduct, we will take appropriate disciplinary action to improve employees' health and safety awareness during work.

Mental health

We value employees' well-being, care about their mental health and encourage them to strike a balance between work and life. We organize social activities to enhance team cohesion, reduce work pressure and create a good working atmosphere. In addition, we provide employees with life health and safety information to enhance their health awareness.

Case: "Joyful Dragon Boat Festival, Gathering for Making Zongzi" Event

Case: A variety of knowledge competitions

Finance Department Knowledge Competition

Department Knowledge Competition of Business Support Center

Case: Employee Care for International Women's Day on 8 March

Case: Rope Skipping Competition for International Women's Day

B3. Development and training

The Group firmly believes that employees play an important role in the Group's sustainable development, core values and competitiveness. Therefore, the Group is committed to promoting employees' personal growth and development, and has clearly stipulated the continuous training requirements in the operation manual. We adopt a variety of training modes, such as induction training and management training, to meet the needs of different levels and types of employees, so that they can provide continuous high-quality services. In addition, we provide employees with comprehensive and diversified on-the-job training projects and professional training, aiming at improving their quality, qualifications and skills and stimulating their potential. Meanwhile, we encourage employees to discuss their career promotion and development goals with managers and participate in business-related training activities.

Training course

Professional training and development programs provided by the Group include financial services professional knowledge, information technology professional knowledge, customer service and product knowledge training, lectures and guidance on relevant regulations, anti-corruption professional training and other related training courses. The Group provides systematic induction training and on-the-job training since the employees join us, ensuring new employees fully comprehend the Group's businesses, compliance requirements and corporate culture while adapting to their roles. Beyond professional skills training directly relevant to job responsibilities, we also offer personal development programs covering general management competencies, communication techniques, career planning and physical and mental wellbeing, supporting employees in multidimensional knowledge expansion and self-improvement.

We also actively encourage directors and senior management to participate in trainings relating to the Listing Rules of the Stock Exchange and corporate governance, with a view to continuously enhancing the Group's internal control and corporate governance. Concurrently, we encourage professionals, including accountants and secretaries, to regularly engage in continuing professional development to update their relevant expertise and keep abreast of the latest regulatory requirements and industry development. During the Reporting Period, all members of the Group participated in training, with 100% of trained employees[8] and approximately 29.4 hours of the average number of training hours[9] completed by each employee.

Notes:

8. The percentage of trained employees is calculated by dividing the total number of trained employees in the year by the total number of employees at the end of the year and multiplying by 100%.

9. The average number of training hours per employee is calculated by dividing the total number of training hours during the year by the number of trained employees in that category.

Case: Diverse Employee Trainings

Boot Camp for Management Team

Efficiency Enhancement Training for E-hailing Vehicles Division

Training of Finance Leasing Division

Internal Newcomer Training for New Retailing

Knowledge Expansion Training for User Operation Management

Training Camp for Finance Leasing Division

Field Work Summary and Security Meeting

Monthly Training for Supervisors of Finance Leasing Division

A breakdown of the average training hours of employees by gender and employee category is as follows:

Indicators	Average training hours[10] 2025	Average training hours[10] 2024
By Gender		
Male	28.9	30
Female	30.8	34
By Employee Category		
Senior management	15.5	13.3
Middle management	40.4	41.3
Grassroots employee	27.1	27.4

Note:

10. The average training hours of each category of employees are calculated by dividing the training hours of that category of employees during the year by the number of employees in that category at the end of the year.

B4. Labor standards

Prevention of child labor and forced labor

The Group has formulated internal code guidelines and labour system in strict compliance with the Labour Security Supervision Regulations《勞動保障監察條例》, the Labour Law of the People's Republic of China《中華人民共和國勞動法》 and the Labour Contract Law of the People's Republic of China《中華人民共和國勞動合同法》 in Chinese mainland, and with reference to international labour standards. During the Reporting Period, the Group did not find any major violations of laws and regulations related to the prevention of child labor and forced labor, nor did it have any discrimination related to race, religion, age, disability, etc.

The Group has established a well-developed recruitment process to check the background of candidates and a formal reporting procedure for handling any exceptions. The Group requires new employees to provide true and accurate personal information upon joining, which is rigorously vetted by our recruitment staff, including identification cards and household registration information. In addition, the Group conducts regular self-reviews and inspections to prevent any child labour and illegal forced labour in its operations.

In addition, the overtime work of the Group's employees is based on the voluntary principle, so as to avoid violating the labor standards and earnestly safeguard the rights and interests of employees. The Group also prohibits punitive measures, management methods and behaviors such as abuse, corporal punishment, violence, mental oppression and sexual harassment (including inappropriate language, posture and physical contact) against employees for any reason. Meanwhile, the Group refrains from entrusting suppliers known to employ child or forced labour.

Recruitment and personnel procedures are strictly monitored in accordance with the Group's human resource management system to prevent any employment of child or forced labour and any form of discrimination involving race, religion, age or disability, etc. If any irregularities are found, the Group will immediately investigate, deal with or dismiss the employees concerned. If necessary, the Group will further improve the labour mechanism to deal with irregularities.

B5. Supply chain management

As the Group is an automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in Chinese mainland, our major suppliers are the automobile dealers who provide new cars to us. We have entered into framework supply agreements with some automobile dealers to maintain a stable relationship to ensure a stable automobile supply and enjoy purchase discounts resulting from the large-scale purchase. In addition, we also cooperate with other suppliers, such as GPS component manufacturers, to provide us with GPS components and other relevant supporting products and services.

The Group expects suppliers to meet our standards in environmental, social, corporate governance, business ethics and other aspects. Before establishing any long-term business relationship with potential suppliers, we will assess the operational and business environmental and social risks of suppliers, and communicate with suppliers to ensure that suppliers comply with trade laws, relevant environmental and social regulations and other standards, and understand suppliers' awareness in these aspects. We pay close attention to the integrity of our suppliers and partners, choosing only those with a good track record in past business dealings and no serious violations or breaches of business ethics.

In addition, we prioritize suppliers using environmentally friendly products and services in the supplier selection process, and strive to minimize potential environmental and social risks in the supply chain. We continuously track the improvements of key suppliers in environmental performance and social responsibility, and when necessary, communicate to them the Group's expectations regarding green development and the promotion of new energy vehicles, encouraging suppliers to work with us to enhance the sustainability performance of the supply chain. We will regularly review the performance of suppliers and environmental and social standards in the supply chain. If any serious violations of laws and regulations are found, we will terminate the contractual relationship with the supplier.

During the Reporting Period, the Group had 262 suppliers. The number of suppliers by region is as follows:

Indicators (by region)	**Number of suppliers 2025**	Number of suppliers 2024
Chinese mainland	**262**	70
Hong Kong/Macau/Taiwan	**–**	–
Other overseas regions	**–**	–

The number of suppliers during the Reporting Period increased significantly compared to the previous year, mainly due to the addition of a number of urban cooperative suppliers for business expansion.

Procurement mechanism

In order to manage the potential environmental and social risks in the supply chain, the Group has established a strict and standardized procurement system and supplier selection process, and has applied standard practices for engaging suppliers during the Reporting Period, evaluating the performance of suppliers every year, and considering the qualifications, service quality, price, delivery time and environmental awareness of suppliers before renewing any agreements with suppliers. Given that new energy vehicle finance leasing constitutes one of the Group's key development priorities, we have proactively increased the proportion of new energy vehicles procured from the sourcing stage. By expanding the procurement and promotion of new energy vehicle models, we guide customers towards prioritizing new energy vehicles, thereby fostering greener modes of transport at source and reducing overall carbon emissions.

We advocate fair and open competition and aim to develop long-term relationships based on mutual trust, while the Group's subsidiaries strictly refer to the relevant regulations such as the Tendering and Bidding Law of the People's Republic of China《中華人民共和國招標投標法》in the procurement process. Our suppliers shall act responsibly and abide by all laws, international conventions and contractual obligations.

We have developed a procurement process system and code of conduct to standardize the formulation and implementation of procurement plans, and prohibit relevant responsible personnel from engaging in any behavior that violates business ethics. At the same time, we maintain close communication with our subsidiaries, requiring them to properly handle their relations with suppliers and partners, and avoid profit transfer or exploitation of suppliers.

Case: Driving the use of new energy vehicles from procurement

B6. Product liability

In order to establish a good reputation, we are well aware of the importance of high-quality products and services. Therefore, we actively use internal control to ensure that we always maintain a high level of service and product quality. We maintain continuous communication with our customers to ensure that we understand and meet their needs and expectations. We are also committed to understanding customer satisfaction and constantly improving our service quality based on feedback.

We strictly abide by relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Protection of Rights and Interests of Consumers《(中華人民共和國消費者權益保護法》) and other relevant laws and regulations on consumer protection in Chinese mainland. During the Reporting Period, the Group did not find any material violations of laws and regulations related to product and service quality, nor did it receive any material complaints about products and services, and customer satisfaction reached the expected target. It is our Group's practice to relay product recall and product return requests from customers to the relevant automobile manufacturers, and the Group does not assume any liability arising from product recall and product return. Due to the nature of the Group's business, it is not required to recall products for health and safety reasons, nor is it applicable to the disclosure of product recall procedures.

In case of customer default or delayed payments, we are entitled to repossess the vehicle directly. Leveraging our patented GPS tracking device and vehicle monitoring platform, we can track related vehicles and initiate repossession actions. The Group has formulated a series of policies, including (i) operational standards for vehicle repossession by the risk control execution team; (ii) used car transaction procedures; (iii) vehicle handling standards for the technical maintenance team; and (iv) detailed procedures for dealing with defaulting customers (post-repossession) by legal personnel, which outline the disposition process for repossessed vehicles, ensuring quality assurance for vehicles either sold outright or transferred to the Financing Lease Division of the Group.

Customer communication

Through standardized service quality, humanized service process and standardized service management, the Group is committed to providing competitive products and services to customers. The Group maintains a dedicated customer service team responsible for daily communications and issue resolution with customers. An evaluation mechanism has been established to assess response times and service quality, ensuring prompt and professional handling of customer needs.

We attach importance to customer needs and maintain multi-channel communication with customers. Feedback and complaints regarding the quality of leased vehicles or other related matters are categorized and summarized, with relevant issues forwarded to the respective vehicle manufacturers for follow-up where applicable. Concurrently, the Group has established a customer complaint handling procedure, including complaint registration, investigation, feedback response and record archiving. Customers may submit complaints via email, telephone or in person. The complaint process is strictly confidential to safeguard the legitimate rights and interests of all parties, ensuring fair, transparent, and traceable complaint resolution.

During the Reporting Period, the Group has not received any complaints from customers that have a material adverse effect on our business operations.

Customer privacy protection

Due to the nature of the business, the Group will be exposed to a large amount of personal or corporate information of customers. The Group has always attached importance to data security and personal information protection, and in view of the regulatory updates on data security and personal information protection, the Group has formulated a series of internal control policies, including:

(i) Develop operating procedures for handling reports and complaints about personal information disclosure of customers and employees, emergency plans for information security emergencies, develop information security management systems and set up relevant operating procedures;

(ii) Modify the user agreement and personal information protection and privacy policy of the application to provide users with higher access rights to personal information;

(iii) Update the user agreement of the GPS tracking device application installed on the rental car, and set the default data collection mode to "no data collection", unless all application users irrevocably consent and authorize the Group to query GPS tracking data for internal use only;

(iv) The user's consent shall be obtained if the agreement with the customer includes sensitive matters on the day, such as biometric identification and whereabouts;

(v) Update the security management procedures of personal privacy data, including setting access rights and password control according to employees' positions and work departments; and

(vi) A security training policy on personal information protection has been implemented, which stipulates that regular training should be provided to all employees every quarter to remind and update personal information protection and to make all new employees aware of the protection policy for personal data collection.

Intellectual property rights

Due to the nature of the Group's business, trademarks, software copyrights and other intellectual property rights and proprietary information are essential to the Group's business. With reference to applicable laws, such as the Trademark Law of PRC《(中華人民共和國商標法》), the Patent Law of the PRC《(中華人民共和國專利法》), the Measures for the Registration of Copyright in Computer Software《(計算機軟件著作權登記辦法》) and the Law of the People's Republic of China Against Unfair Competition《(中華人民共和國反不正當競爭法》), the Group has formulated the intellectual property rights management system, which clarifies the management process of intellectual property rights registration and renewal, approval process, evaluation system, novelty search and retrieval system, work filing, and the attribution determination system of intellectual property rights achievements, etc., in order to protect the Group's intellectual property rights. The Group has registered 9 design patents related to GPS tracking devices for risk management and 96 computer software copyrights, and will closely monitor and prevent infringement in the market to ensure that its intellectual property rights are not infringed.

In addition, the Group has implemented a software management policy whereby only IT staff are licensed to install computer software on our computers, recording and maintaining our software licenses and their respective user lists. It is also required to check the computer at least every year to verify whether any unauthorized software is installed.

Advertisements and labels

Due to the nature of the business, the Group carries out limited advertising activities and therefore the advertising-related risks involved are not significant. Nevertheless, in the marketing of products and services, all publicity is strictly regulated and inspected to ensure compliance with applicable publicity and labeling laws and regulations. These promotions shall accurately reflect the quality and effectiveness of the Group's products and the content of its services, so that what customers see is what they get.

B7. Anti-corruption and anti-money laundering

The Group believes that an integrity-driven corporate culture is the key to our continued success. Therefore, we attach great importance to anti-corruption work and system building, and resolutely put an end to any corruption. The Group strictly abides by the Company Law of the PRC《(中華人民共和國公司法》), the Prevention of Bribery Ordinance《(防止賄賂條例》) and other laws and regulations in Chinese mainland, establishing a relatively comprehensive anti-corruption compliance framework.

For this purpose, the Group has implemented an anti-corruption and bribery prevention policy, explicitly prohibiting Directors, employees and agents from accepting improper benefits and providing improper benefits to business partners. The policy also includes procedures for handling conflicts of interest and reporting. Whistleblowers who prevent economic losses will be financially rewarded based on the potential economic loss had the incident gone undetected. The Group also implements an anti-corruption policy, which further details all benefits that Directors, employees and agents should not obtain from business partners, including pecuniary benefits, entertainment-related benefits, discounts. During the Reporting Period, the Group did not find any material violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any corruption cases concluded.

The Board has adopted a "zero tolerance" attitude towards anti-corruption and fraud, which has been reflected in our operations manual and staff manual, including the requirement to establish an internal audit function and set out its roles and responsibilities. Directors, employees and agents are responsible for complying with bribery prevention policies and anti-corruption policies. If any irregularities are raised or found, penalties will be imposed according to the policies. The Group strictly abides by relevant anti-corruption legal norms and ethical standards, actively maintains good corporate governance and risk management, safeguards the interests of stakeholders, and strives to build an honest, open and transparent corporate culture.

In order to safeguard the integrity and reputation of the Group, we strictly prohibit any activities related to money laundering and terrorist fund-raising activities. The finance department conducts an annual money laundering risk assessment on the Group's operations and handles all suspected money laundering cases. We regularly review the relevant policies and guidelines issued by the Hong Kong Monetary Authority and other regulatory agencies to assess their impact and ensure that business units and departments comply with relevant regulatory requirements and internal policy guidelines.

The Group arranges anti-corruption training at least once a year for all Directors and employees to participate. During the Reporting Period, 33 employees participated in about 60 hours of offline anti-corruption training sessions. These trainings aim to cultivate their anti-corruption awareness and good professional ethics to comply with the legal requirements of Hong Kong and Chinese mainland. In addition, the Group also conveys the anti-corruption policy requirements to all employees through online learning and other methods.

Case: Anti-Corruption Training

Reporting mechanism

The Group actively promotes the importance of anti-corruption awareness to all employees and encourages them to report any incidents involving corruption or fraud. The Group has established multiple reporting channels, including anonymous reporting, to safeguard whistleblowers' information and legitimate rights and interests, enabling them to report issues truthfully without disclosing their identity. Upon receiving a report, we will immediately investigate and take necessary and appropriate actions to eliminate conduct that may harm the interests of the Group and relevant stakeholders. The Group regularly monitors the effectiveness of the reporting mechanism to ensure its smooth operation.

B8. Community investment

The Group is committed to becoming a responsible enterprise, playing a continuous active role in community investment and social welfare, and providing appropriate and substantial supports for local people in need. We believe that through social welfare activities, the Company and employees can establish positive values and eventually become socially responsible citizens.

The Group encourages and supports our employees to take part in volunteer service in their spare time, and has developed relevant internal guidelines and activity arrangements to organize our employees to participate in activities such as environmental protection, public welfare, poverty alleviation, financial assistance and caring vulnerable communities. We hope that by direct involvement in community activities, employees can make tangible contributions to their local communities, enhancing their caring awareness and cultivate their sense of social responsibility.

In terms of community investment, the Group employs a comprehensive approach including donations and voluntary service to support various organizations and social initiatives, thereby fulfilling its social responsibilities of an enterprise citizen and further demonstrating its long-term commitment to community development. During the Reporting Period, the Group made cumulative donations totaling RMB94,250 to support the local economy and provide social welfare support to vulnerable communities in Chinese mainland.

We will continue to actively seek collaboration with diverse public welfare and charitable organizations, maintaining a steadfast focus on social developments and the challenges and needs of vulnerable communities. Through sustained, systematic community engagement and public welfare practices, we will advance community cohesion and harmonious development.

Case: "Unmanned Vehicle Accompanying" in Fuzhou Marathon — Implementing Green Smart Mobility in Communities

In the 2025 Fuzhou Marathon, XXF Group collaborated with domestic unmanned vehicle partners to introduce a "Unmanned Vehicle Accompanying" service. Multiple electric unmanned vehicles were deployed at the start/finish line and along selected race segments to provide route guidance, basic refreshments and logistics support. Compared to conventional fuel-powered support vehicles, these unmanned vehicles achieved zero exhaust emissions and low-noise operation, ensuring race support services while minimizing disruption to the surrounding community environment.

Along the 42.195km course, unmanned vehicles utilized technologies including lidar, visual recognition and multi-sensor fusion to automatically adjust their pace based on crowd density and runner speeds. They provided convenient services such as water and energy replenishment along the route while maintaining a safe distance from participants, and also assisted staff with road condition monitoring and emergency supply transport. The successful implementation of this project demonstrates the stability and safety of unmanned vehicles in open-road and high-density environments. It also provides valuable practical experience for promoting smart mobility solutions in future urban public events.

By participating in the Fuzhou Marathon, a city event with broad mass base, our Group has not only provided technological support for sporting activities of local community, but also demonstrated practical applications of green and smart mobility in a tangible and accessible manner. This initiative encourages citizens to prioritize low-carbon travel and environmental awareness in their daily lives. Through such community projects, we aim to gradually transition smart mobility from major sporting events to daily life, establishing it as a sustained force driving urban green development.

Case: XXF Group organized a team of volunteers to visit Qianheng Community, Xiangfeng Community, Xinxiu Community and Yuandong Village to conduct welfare activities for the disabled, donating 5,000 jin of organic rice.

Case: Hand in hand, lifesaving at your fingertips: Donating a number of AED devices with a total cost of RMB64,250 to Education Bureau of Jinan District, aiming to make contribution to campus safety and support the sustained and healthy development of education through the donation of AED equipment.

STOCK EXCHANGE ESG REPORTING CODE CONTENT INDEX TABLE

Mandatory Disclosure Requirements	Chapter/Statement
Governance Structure	ESG Governance Structure
Reporting Principles	Report on Environmental, Social and Governance – Reporting Framework
Reporting Scope	Report on Environmental, Social and Governance – Reporting Scope

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect A1: Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Waste Gas Emissions
KPI 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).	Deleted on 1 January 2025, moved to Paragraphs 28 and 29 of Part D
KPI A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable – explained in Emissions – Hazardous Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets, Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets, Emissions – Waste Management

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI 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).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets, Use of Resources – Energy Management
KPI 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.	Environmental Targets, Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable – explained in Use of Packaging Materials
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Targets
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Targets, Emissions
Aspect A4: Climate Change		
		Deleted on 1 January 2025, moved to Part D

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B1: Employment		
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.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labor Standards		
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 labor.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards – Prevention of child labor and forced labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B6: Product Liability		
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, labeling and privacy matters relating to products and services provided and methods of redress.	Product Liability
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable – explained in Product Liability
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Liability
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Liability
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable – explained in Product Liability
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Liability
Aspect B7: Anti-corruption		
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 bribery, extortion, fraud and money laundering.	Anti-corruption and Anti-money Laundering
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption and Anti-money Laundering
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption and Anti-money Laundering
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Anti-money Laundering

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Part D: Climate-related Disclosures

Provision	Disclosure Requirements	Chapter	Relief/Note
Paragraph 19(a)	Information on the governance body(ies) responsible for oversight of climate-related risks and opportunities (skills, frequency of acquisition, how to consider climate risks, target supervision, and compensation)	ESG Governance Structure, Climate Change	
Paragraph 19(b)	Management's role in the governance processes	ESG Governance Structure, Climate Change	
Paragraph 20	Identification and classification of climate-related risks and opportunities (physical/transition), and definition of time horizons	Climate Change	
Paragraph 21	Current and anticipated impacts of climate-related risks and opportunities on business model and value chain	Climate Change	

Provision	Disclosure Requirements	Chapter	Relief/Note
Paragraph 22	How to address climate-related risks and opportunities in strategy and decision-making, including transition plan	Climate Change	
Paragraph 23	Progress of the plans disclosed in previous reporting periods		It is the first year to make disclosure according to Part D, as the previous reporting periods did not have a corresponding Part D plan
Paragraph 24	Current financial effects (qualitative and quantitative)		Financial effects relief: The internal data collection framework is not yet able to separate climate-related financial expenditures with sufficient accuracy, quantitative financial data is not disclosed consequently for the time being
Paragraph 25	Expected financial effects (qualitative and quantitative)		Financial effects relief + capability relief: Lack of the skills, capabilities or resources to provide quantified data on the expected financial effects

Provision	Disclosure Requirements	Chapter	Relief/Note
Paragraph 26	Climate resilience (scenario analysis)	Climate Change	Capability relief: Climate resilience is assessed through qualitative scenario analysis rather than complex financial models, which matches with the Group's current level of resource allocation
Paragraph 27(a)	The process of identifying, assessing, prioritizing and monitoring climate-related risks	Climate Change	
Paragraph 27(b)	The process of identifying, assessing, prioritizing and monitoring climate-related opportunities	Climate Change	
Paragraph 27(c)	How to integrate the process of climate-related risks and opportunities into the overall risk management process	Climate Change	
Paragraph 28(a)	Scope 1 greenhouse gas emissions	Climate Change	
Paragraph 28(b)	Scope 2 greenhouse gas emissions	Climate Change	
Paragraph 28(c)	Scope 3 greenhouse gas emissions	Climate Change	
Paragraph 29	The approach to measure greenhouse gas emissions	Climate Change	
Paragraph 30	The amount and percentage of assets or business activities vulnerable to climate-related transition risks	Climate Change	Financial effects relief: It is temporarily assessed qualitatively, quantitative data is not disclosed for the time being
Paragraph 31	The amount and percentage of assets or business activities vulnerable to climate-related physical risks	Climate Change	Financial effects relief: It is temporarily assessed qualitatively, quantitative data is not disclosed for the time being

Provision	Disclosure Requirements	Chapter	Relief/Note
Paragraph 32	The amount and percentage of assets or business activities aligned with climate-related opportunities	Climate Change	Financial effects relief: It is temporarily assessed qualitatively, quantitative data is not disclosed for the time being
Paragraph 33	The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	–	Financial effects relief: The internal data collection framework is not yet able to separate climate-related financial expenditures with sufficient accuracy, the data is not disclosed consequently for the time being
Paragraph 34	Internal carbon prices	–	As of the end of the Reporting Period, the Group has not formally introduced an internal carbon pricing mechanism in the business decision-making. The Group will continue to monitor developments in the domestic carbon trading market and assess the feasibility and applicable timeline for introducing internal carbon pricing.

Provision	Disclosure Requirements	Chapter	Relief/Note
Paragraph 35	Whether and how climate-related considerations are factored into remuneration policy	Climate Change	As of the end of the Reporting Period, the Group has not yet formally incorporated climate-related considerations into the management's remuneration policy. The Group will assess the feasibility of including climate-related performance indicators in the management's performance evaluation system in the future.
Paragraph 36	Industry-based metrics	—	
Paragraphs 37-39	Climate-related targets (metric, objective, scope, period, base period, progress, etc.)	Environmental Targets, Climate Change	The data and targets have not yet been verified by a third party, and will be gradually improved in subsequent reports.
Paragraph 40	Specific disclosure of greenhouse gas emissions targets (covering which greenhouse gases, scope, total/net amount, decarbonization approaches, carbon credits, etc.)	Environmental Targets, Climate Change	The report mentioned the target scope (Scopes 1, 2 and 3), but did not provide detailed explanations of the types of gases covered, decarbonization approaches, or plans for using carbon credits.

To the Members of XXF Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of XXF Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 129 to 204, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 IFRS Accounting Standards 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 International Standards on Auditing ("**ISAs**"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public 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.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition under finance lease contracts
- Measurement of expected credit losses of finance lease receivables

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition under finance lease contracts	
Refer to notes 4(a) and 5 to the consolidated financial statements. For the year ended 31 December 2025, the Group recognised revenue from sales of automobiles under finance lease and finance lease income amounting to approximately RMB906,496,000 and RMB309,860,000 respectively. The Group's finance lease services derive income from dealership of automobiles and provision of financing to customers. The allocation of lease income towards sales of automobile revenue and finance lease interest income under finance lease contracts involves management judgement to identify pricing information of similar products offered by suppliers or competitors in order to determine fair value of the automobiles which will be recognised as revenue upon commencement of the relevant leases, while the residual amount of gross receivables from the leases will be recognised as finance lease income over the lease period.	Our procedures in relation to the revenue recognition under finance lease contracts mainly included: – Understood and evaluated the Group's internal controls over the accounting of finance lease contracts, including the assessment over allocation of lease income towards sales of automobile revenue and finance lease income, and performed sample testing of the key controls that we planned to place reliance on our audit; – Tested on a sample basis by checking against supporting documents such as finance lease contracts, automobile handover document with customers and payments from customers; and – Tested management's lease income allocation of selected contracts by checking: (i) the fair value of the automobile to the indicative market value provided by the suppliers to the Group, and (ii) the calculation of finance lease income by performing recalculation of the future lease payments using internal rate of return in order to test the appropriateness and the accuracy of sales revenue and interest income recorded.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Management's allocation of lease income under finance lease is an area of our audit focus because the relevant judgment and estimation made by management would have an impact on the respective amount recognised for the sales of automobile revenue and finance lease income which are significant to the consolidated financial statements.	Based on our procedures performed, we found management's allocation of lease income for the revenue recognition under finance lease contracts to be supportable by available evidence.
Measurement of expected credit losses of finance lease receivables Refer to notes 3.1(b) and 4(b) to the consolidated financial statements. As at 31 December 2025, the carrying amount of finance lease receivables amounted to approximately RMB1,886,309,000 which was net of impairment allowance of approximately RMB18,208,000. The Group applies simplified approach to calculate the expected credit losses of finance lease receivables. For measuring expected credit losses, significant management judgements and estimations are required mainly on the following: – Choosing appropriate models and assumptions; – Determination of the criteria for definition of default and relevant inputs and data; – Segmentation of customers based on credit risk characteristics; – Determination and projection of macroeconomic variables for forward-looking scenarios and probability weightings; and – Estimation of future cash flows for default and credit-impaired finance lease receivables. We focused on the above measurement of expected credit losses in our audit given the significance of finance lease receivables balance and the involvement of management judgments and inherent uncertainty of estimations in this area.	Our procedures in relation to the measurement of expected credit losses of finance lease receivables mainly included: – Understood and evaluated the Group's internal controls over the impairment assessment of finance lease receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Examined the modelling methodology used by management for measuring expected credit losses for finance lease receivables and evaluated the appropriateness of such model; – Sample-checked inputs and data used in management's calculation of historical loss rate, including the accuracy of ageing profile of finance lease receivables, settlement records, supporting documents for repossession of automobiles of default contracts, subsequent disposal proceeds of repossessed automobiles, etc.; – For forward-looking adjustments, our in-house valuation expert was involved to assess the reasonableness of management's determination of macroeconomic variables, number of scenarios and their relative weightings and the projection of macroeconomic variables under different scenarios and to perform sensitivity analysis thereon; and – Tested the mathematical accuracy of management's calculation of provision of expected credit losses. Based on our procedures performed, we found the judgements and assumptions made by management to estimate the expected credit losses on finance lease receivables to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in XXF Group Holdings Limited 2025 Annual Report (the "**annual report**") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Directors' Report prior to the date of this auditor's report. The remaining other information, including Corporate Information, Chairman's Statement, Financial Highlights, Five Years' Financial Summary, Management Discussion and Analysis, Directors and Senior Management, Corporate Governance Report, and Environmental, Social and Governance Report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment 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 Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 RMB'000	2024 RMB'000
Revenue	*5*	**1,862,467**	1,464,084
Cost of revenue	*8*	**(1,383,376)**	(1,025,733)
Gross profit		**479,091**	438,351
Selling and marketing expenses	*8*	**(123,889)**	(109,763)
Administrative expenses	*8*	**(123,149)**	(122,867)
Research and development expenses	*8*	**(472)**	(450)
Provision for credit loss		**(6,192)**	(3,226)
Other income	*6*	**14,786**	20,048
Other losses	*7*	**(10,564)**	(9,918)
Operating profit		**229,611**	212,175
Finance income	*10*	**1,735**	1,580
Finance cost	*10*	**(172,660)**	(160,387)
Finance cost, net		**(170,925)**	(158,807)
Share of loss of an associate accounted for using equity method	*22*	**(233)**	–
Profit before income tax		**58,453**	53,368
Income tax expenses	*11*	**(12,648)**	(13,639)
Profit for the year		**45,805**	39,729
Profit/(loss) attributable to:			
– Owners of the Company		**45,855**	39,970
– Non-controlling interests		**(50)**	(241)
		45,805	39,729

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 RMB'000	2024 RMB'000
Profit for the year		**45,805**	39,729
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Exchange difference arising from the translation of the Company's functional currency to presentation currency		**(385)**	205
Items that will be reclassified to profit or loss:			
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		**790**	(1,811)
		405	(1,606)
Total comprehensive income for the year		**46,210**	38,123
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**46,260**	38,364
– Non-controlling interests		**(50)**	(241)
		46,210	38,123
Earnings per share for profit attributable to owners of the Company for the year (RMB cents)			
– Basic	*12*	**2.96**	2.58
– Diluted	*12*	**2.80**	2.46

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		As at 31 December	
		2025	2024
	Note	**RMB'000**	RMB'000
Assets			
Non-current assets			
Property and equipment	*14*	**641,268**	494,332
Intangible assets	*15*	**21,428**	20,617
Finance lease receivables	*17*	**1,103,761**	1,050,712
Prepayments and deposits	*19*	**22,456**	30,604
Investment of associates accounted for using equity method	*22*	**48,297**	48,530
Deferred income tax assets	*29*	**6,809**	–
		1,844,019	1,644,795
Current assets			
Inventories	*21*	**254,955**	172,137
Finance lease receivables	*17*	**782,548**	755,884
Trade receivables	*18*	**75,723**	14,768
Prepayments, deposits and other receivables	*19*	**493,848**	381,550
Restricted cash	*20(b)*	**3,900**	–
Cash and cash equivalents	*20(a)*	**371,839**	340,598
		1,982,813	1,664,937
Total assets		**3,826,832**	3,309,732
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	*23*	**4,657**	4,657
Other reserves and retained earnings	*24*	**867,618**	817,473
		872,275	822,130
Non-controlling interests		**5,666**	5,716
Total equity		**877,941**	827,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	**As at 31 December**	
		2025	2024
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	*28*	**1,323,024**	1,129,638
Lease liabilities	*14(b)*	**5,783**	5,475
Deferred income tax liabilities	*29*	**3,872**	5,001
		1,332,679	1,140,114
Current liabilities			
Borrowings	*28*	**1,464,388**	1,151,920
Trade payables	*26*	**42,693**	80,584
Other payables and accruals	*27*	**83,935**	89,486
Lease liabilities	*14(b)*	**6,674**	5,720
Current income tax payables		**18,522**	14,062
		1,616,212	1,341,772
Total liabilities		**2,948,891**	2,481,886
Total equity and liabilities		**3,826,832**	3,309,732

The consolidated financial statements on pages 129 to 204 were approved by the Board of Directors on 20 March 2026 and were signed on its behalf:

Director   Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RMB'000	Share premium *(Note 24)* RMB'000	Other reserves *(Note 24)* RMB'000	Retained earnings *(Note 24)* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	4,657	485,185	23,495	262,156	775,493	5,957	781,450
Profit/(loss) for the year	–	–	–	39,970	39,970	(241)	39,729
Comprehensive income/(loss)							
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,606)	–	(1,606)	–	(1,606)
Total comprehensive income/(loss) for the year	–	–	(1,606)	39,970	38,364	(241)	38,123
Transactions with owners in their capacity as owners							
Share-based payments *(Note 25)*	–	–	8,273	–	8,273	–	8,273
Transfer to statutory reserve	–	–	5,269	(5,269)	–	–	–
Total transactions with owners in their capacity as owners	–	–	13,542	(5,269)	8,273	–	8,273
Balance at 31 December 2024	4,657	485,185	35,431	296,857	822,130	5,716	827,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RMB'000	Share premium *(Note 24)* RMB'000	Other reserves *(Note 24)* RMB'000	Retained earnings *(Note 24)* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	4,657	485,185	35,431	296,857	822,130	5,716	827,846
Profit/(loss) for the year	–	–	–	45,855	45,855	(50)	45,805
Comprehensive income/(loss)							
Exchange difference arising from translation of functional currency to presentation currency	–	–	405	–	405	–	405
Total comprehensive income/(loss) for the year	–	–	405	45,855	46,260	(50)	46,210
Transactions with owners in their capacity as owners							
Share-based payments *(Note 25)*	–	–	3,885	–	3,885	–	3,885
Transfer to statutory reserve	–	–	6,346	(6,346)	–	–	–
Total transactions with owners in their capacity as owners	–	–	10,231	(6,346)	3,885	–	3,885
Balance at 31 December 2025	4,657	485,185	46,067	336,366	872,275	5,666	877,941

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash used in operations	*30(a)*	**(123,826)**	(20,892)
Income tax paid		**(16,126)**	(7,959)
Interest paid		**(170,676)**	(159,218)
Net cash used in operating activities		**(310,628)**	(188,069)
Cash flows from investing activities			
Interest received		**247**	343
Proceeds from disposal of property and equipment	*30(b)*	**48,157**	39,172
Payment for purchase of property and equipment	*30(c)*	**(208,624)**	(132,721)
Payment for addition of intangible assets		**(11,174)**	(11,989)
Addition of investment in an associate		**–**	(48,530)
Proceeds for sales of financial assets at fair value through profit or loss		**–**	20,000
Net cash used in investing activities		**(171,394)**	(133,725)
Cash flows from financing activities			
Proceeds from borrowings	*30(d)*	**2,490,134**	1,844,411
Repayments of borrowings	*30(d)*	**(1,986,718)**	(1,429,468)
Repayment of lease liabilities	*30(d)*	**(7,875)**	(7,651)
Placement of deposits for borrowings		**(19,874)**	(26,993)
Redemption of deposits for borrowings		**38,114**	17,616
Payment of dividend		**–**	(3,365)
Net cash generated from financing activities		**513,781**	394,550
Net increase in cash and cash equivalents		**31,759**	72,756
Cash and cash equivalents at beginning of year		**340,598**	267,733
Effect on foreign exchange rate difference		**(518)**	109
Cash and cash equivalents at end of year		**371,839**	340,598

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

XXF Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the provision of automobile services, including automobiles retail, automobiles financing, automobiles rental and automobile-related services in the People's Republic of China (the "**PRC**").

The Company completed its initial public offering on 9 November 2023 (the "**Listing**") and the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of unit of Renminbi (RMB'000), unless otherwise stated. The consolidated financial statements were approved and authorised for issue by the Board of Directors (the "**Board**") on 20 March 2026.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities that were measured at fair value but fully disposed of during the year of 2024.

(iii) Amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards not yet adopted

The following new and amended standards, which are potentially relevant to the Group's consolidated financial statements have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

		Effective for accounting periods beginning on or after
IFRS 9 and IFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Amendments)	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards not yet adopted (Continued)

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027) *(Continued)*

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

  – Cost of funding related to purchase of automobiles for finance lease currently in the line item 'finance cost' will be presented within operating category.

  – Foreign exchange differences currently aggregated in the line item 'other losses' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards not yet adopted (Continued)

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027) *(Continued)*

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

  – management-defined performance measures;

  – a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income – this break-down is only required for certain nature expenses; and

  – for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

The Group has commenced, but not yet completed, an assessment of the impact of other new and amended standards on its results of operations and financial position. The Group is not yet in a position to state whether these new and amended standards would have any significant impact on its results of operations and financial position.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close cooperation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group mainly operates with most of the transactions settled in Renminbi ("**RMB**"). In respect of transactions settled in Hong Kong Dollars, the Group did not have significant exposure to foreign exchange rate risk during the year due to these transactions being generally denominated in the functional currency of the respective group entities. Management does not consider there to be any significant currency risk associated with the Company.

(ii) Cash flow and fair value interest risk

The Group's interest rate risk mainly arises from the Group's borrowings, cash and cash equivalents, lease liabilities and finance lease receivables. Borrowings obtained at variable rates and cash and cash equivalents expose the Group to cash flow interest rate risk; while borrowings, lease liabilities and finance lease receivables at fixed rates expose the Group to fair value interest rate risk.

If interest rates on the borrowings at variable rates had risen/fallen 100 basis points while all other variables had been held constant, the Group's profit after tax for the year ended 31 December 2025 would have been approximately RMB678,000 lower/higher (2024: RMB481,000 lower/higher).

If interest rates on the cash and cash equivalents had risen/fallen 50 basis points while other variables had been held constant, the Group's profit after tax for the year ended 31 December 2025 would have been approximately RMB400,000 higher/lower (2024: RMB1,278,000 higher/lower).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest risk (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the year end are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Variable rate borrowings	**90,400**	64,117
Fixed rate borrowings:		
1 year or less	**1,434,023**	1,107,708
1 to 2 years	**698,599**	619,779
2 to 5 years	**564,390**	489,954
	2,787,412	2,281,558

The Group manages its interest rate risk by performing regular review and continually monitoring its interest rate exposure and tracking the sensitivity of projected interest expenses under varying interest rate scenarios. To manage its exposure to interest rate risks, the Group monitors the proportion of variable rate borrowings in its financing portfolio and reacts to the change in interest rates through pricing of its finance leases to customers.

(b) Credit risk

Credit risk refer to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at banks, trade and other receivables and finance lease receivables. For trade receivables and finance lease receivables, the Group adopts policy of dealing only with customers of appropriate credit profile. For other financial assets, the Group adopts the policy that exposure to credit risks are monitored on an ongoing basis.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Majority of bank balances and fixed deposits are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are state-owned, large or medium sized commercial banks in the PRC and reputable banks or financial institutions outside of the PRC and are assessed as having low credit risk. Therefore, the expected credit loss is minimal.

The Group has no significant concentration of credit risk. The Group has put in place policies to ensure that transactions are conducted with customers with an appropriate credit history. The Group will charge a market interest rate based on their credit worthiness. The Group also performs periodic credit evaluations of its customers based on their past payment patterns and other factors. For individual customers who purchased the motor vehicles under finance lease arrangement, the Group has policies in place to review their credit worthiness periodically after inception.

Credit risk policy

The Group has credit policy to monitor the level of credit risk. In general the credit record for each customer or debtor are regularly assessed, based on the customer or debtor's financial condition, their credit records and other factors such as current market condition.

For finance lease receivables, the Group monitors the credit worthiness of the customers closely with reference to factors such as instalment payment pattern and usage of automobiles by the Group's real time GPS tracking device. In the event of any delinquent payment, the Group keeps the right to collect the overdue interest on the default amount, until the overdue payment have been fully paid. Generally, if any monthly repayment is overdue for 35 days, the Group will arrange staff to repossess the leased assets, and engage in enforcement activities (including repayment reminders and negotiation with lessee) for repayment of overdue amounts. Those finance lease receivables, for which the customers missed the scheduled instalment for three months or more, or the lessee is unlikely to pay the credit obligations to the Group in full, will be considered as default. The Group has a designated team focusing on recovery of finance lease receivables that have become default. The team would execute various actions, including but not limited to, initialling legal proceeding against customers in default to recover the overdue receivables. The Group considers those finance lease receivables for write off when a lessee fails to make contractual payments for twelve months, and there is no realistic prospect of recovery.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Credit risk policy (Continued)

For trade and other receivables, the Group monitors debtors with long outstanding balances and will engage in enforcement activities to recover the receivables due. The Group closely monitors trade and other receivables collection pattern. Those overdue trade and other receivables with financial difficulties, declining credit standing and poor historical payment pattern, are considered as default. The Group will write off these unrecovered receivables after all possible means of debt recovery activities.

Where finance lease receivables, trade or other receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Expected credit loss measurement

The simplified approach is applied for measuring the expected credit losses which use a lifetime expected loss allowance for all trade receivables and finance lease receivables. The measurement of expected credit losses is a probability weighted estimate of credit losses, i.e. a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability weighted estimate of credit losses is based on historical data, adjusted by forward looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. Generally, the loss given default is the difference between all contractual cash flows that are due to the Group in accordance with the contracts, and cash flows that the Group expects to receive ("**expected cash shortfalls**"), given that the Group has historically recovered partial amounts owing via the proceeds from the finance lease of collected vehicles and/or other legal means. The expected cash shortfalls are discounted using the interest rate used to calculate the finance lease income determined at initial recognition for finance lease receivables.

Forward looking information

The calculation of expected credit loss ("**ECL**") incorporates forward looking information, which is determined based on historical analysis to identify key economic variables impacting credit risk and ECL for the receivable portfolio.

Judgment has been applied in this process of determining the key economic variables and its associated impact on the historical loss rate. The forecasts of these economic variables was estimated by statistical method, and the impact of these economic variable on the future loss rate was determined by statistical regression analysis. Economic variables identified included GDP growth. The weightings is allocated to each economic scenario by using normal distribution. The Group has assessed and forecasted the economic variable is 110% (2024: 110%).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Forward looking information (Continued)

A sensitivity analysis is performed on the economic variable. If economic variable risen/fallen 10%, ECL will increase by RMB1,819,000 (2024: RMB1,662,000 or decrease by RMB1,822,000 (2024: RMB1,662,000).

As at 31 December 2025, the loss allowance was determined as follows for both trade receivables and finance lease receivables:

	As at 31 December 2025		
	Gross carrying amount RMB'000	Expected loss rate	Expected credit loss RMB'000
Finance lease receivables:			
Not yet past due	1,792,720	0.10%	1,793
Past due:			
Less than 1 month	76,448	1.83%	1,399
1 to 3 months	19,411	22.30%	4,329
3 to 6 months	9,181	42.81%	3,930
6 to 12 months	3,743	100.00%	3,743
Over 1 year	3,014	100.00%	3,014
	1,904,517		18,208
Trade receivables:			
Not yet past due	72,875	1.83%	1,333
Past due:			
Less than 6 months	3,810	0.37%	14
6 to 12 months	351	16.24%	57
1 to 2 years	227	59.91%	136
2 to 3 years	95	100.00%	95
Over 3 years	83	100.00%	83
	77,441		1,718
	1,981,958		19,926

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Forward looking information (Continued)

As at 31 December 2024, the loss allowance was determined as follows for both trade receivables and finance lease receivables:

	As at 31 December 2024		
	Gross carrying amount RMB'000	Expected loss rate	Expected credit loss RMB'000
Finance lease receivables:			
Not yet past due	1,718,732	0.10%	1,719
Past due:			
Less than 1 month	70,064	1.84%	1,289
1 to 3 months	20,974	21.36%	4,480
3 to 6 months	7,578	43.07%	3,264
6 to 12 months	3,310	100.00%	3,310
Over 1 year	2,563	100.00%	2,563
	1,823,221		16,625
Trade receivables:			
Not yet past due	10,132	0.01%	1
Past due:			
Less than 6 months	3,639	0.47%	17
6 to 12 months	1,160	19.91%	231
1 to 2 years	243	64.61%	157
2 to 3 years	128	100.00%	128
Over 3 years	182	100.00%	182
	15,484		716
	1,838,705		17,341

The ageing analysis of finance lease receivables and trade receivables are disclosed in Notes 17 and 18 of these consolidated financial statements respectively.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Forward looking information (Continued)

For other financial assets at amortised cost, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk has occurred since initial recognition then impairment is measured as lifetime expected credit losses. Management, considered among other factors, analysed historical pattern and concluded that the expected credit losses for other financial assets at amortised cost to be immaterial as the credit risk is assessed as low.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities. The fair value of non-current financial assets and liabilities are determined from the cash flows analyses, discounted at market bank borrowing rates of an equivalent instrument at reporting date.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	On demand/ Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At 31 December 2025					
Trade payables	**42,693**	**–**	**–**	**42,693**	**42,693**
Other payables	**22,435**	**–**	**–**	**22,435**	**22,435**
Lease liabilities	**7,195**	**4,854**	**1,188**	**13,237**	**12,457**
Borrowings	**1,595,281**	**795,174**	**628,587**	**3,019,042**	**2,787,412**
	1,667,604	**800,028**	**629,775**	**3,097,407**	**2,864,997**
At 31 December 2024					
Trade payables	80,584	–	–	80,584	80,584
Other payables	33,143	–	–	33,143	33,143
Lease liabilities	6,178	3,750	1,996	11,924	11,195
Borrowings	1,283,046	706,689	532,108	2,521,843	2,281,558
	1,402,951	710,439	534,104	2,647,494	2,406,480

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including '**borrowings**' and "**lease liabilities**" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio of the Group as at 31 December 2024 and 2025 was as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Total borrowings	**2,787,412**	2,281,558
Lease liabilities	**12,457**	11,195
Less: cash and cash equivalents	**(371,839)**	(340,598)
Net debt	**2,428,030**	1,952,155
Total equity	**877,941**	827,846
Total capital	**3,305,971**	2,780,001
Gearing ratio	**73.44%**	70.22%

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Revenue recognition

The Group's finance lease service involves both income from dealership of automobiles and provision of financing to customer. The allocation of lease income towards sales of automobile revenue and finance lease income requires accounting estimation. The Group measures the fair value of the automobile and recognises revenue from sales of automobile upon commencement of lease. The Group makes use of public information to measure the amount of automobiles selling price. Information such as, competitors and suppliers quotes for similar products are considered to estimate the selling price for sales of automobiles.

(b) Provision for credit losses of finance lease receivables

The provision for credit losses of finance lease receivables is based on assumptions about historical loss rate. Management uses judgment in making the assumptions and selecting the inputs to the impairment calculation, based on the historical data, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(b).

5 REVENUE AND SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers ("**CODM**") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors regard the Group's business as a single operating segment and review financial information accordingly.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segment.

Geographical information

The Group's revenue is mainly derived from customers in the PRC. The principal assets of the Group were also located in the PRC as at 31 December 2025 and 2024. Accordingly, no analysis by geographical segment is provided.

Information about major customers

There are no single external customers contributed to more than 10% revenue of the Group during the years ended 31 December 2025 and 2024.

Revenue during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Sales of automobiles under finance lease	**906,496**	894,454
Finance lease income	**309,860**	298,462
Operating lease income	**218,600**	173,379
Other automobile-related income	**16,249**	18,336
Outright car sales income	**411,262**	79,453
	1,862,467	1,464,084
Revenue from leases under IFRS 16	**1,434,956**	1,366,295
Revenue from contracts with customers under IFRS 15	**427,511**	97,789
	1,862,467	1,464,084
Timing of revenue recognition for revenue from contracts with customers under IFRS 15		
Recognised at a point in time	**413,973**	81,772
Recognised over time	**13,538**	16,017
	427,511	97,789

5 REVENUE AND SEGMENT INFORMATION (Continued)

Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers as at the end of the year:

	2025 RMB'000	2024 RMB'000
Contract liabilities, included in other payables and accruals *(Note 27)*	**7,873**	4,693

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the year relates to carried-forward contract liabilities:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4,693**	274

5.1 Accounting policies of revenue recognition

(a) Sales of automobiles under finance lease arrangement

Revenue from sale of new motor vehicle under finance lease arrangement where the Group earns a selling margin as a dealer are recognised upon commencement of lease which is determined as the lower of the fair value of the underlying automobiles and the present value of the lease payment accruing to the Group. The corresponding leased asset is derecognised when finance lease receivables is recognised on the consolidated statement of financial position (Note 17.1). Non-lease service component, if any, are separated and accounted for under "Other automobile-related income" as described below.

The difference between the sales revenue and the cost of sales is the selling profit or loss. The Group does not consider itself to be a dealer when leasing a repossessed automobile from previously default leases.

Initial direct costs incurred by the Group in negotiating and arranging finance leases is recognised in profit or loss in the financial period corresponding to the recognition of selling profit.

5 REVENUE AND SEGMENT INFORMATION (Continued)

5.1 Accounting policies of revenue recognition (Continued)

(b) Finance lease income

The Group provides auto vehicle finance lease services to individual customers, with the sales of auto vehicles (Note 5.1(a)). The finance lease income which representing the interest income arising from finance lease is recognised over the lease term in a pattern reflecting a constant periodic rate of return on the finance lease receivables (Note 17.1).

(c) Automobiles rental

The Group provides auto vehicle operating lease services to individual and corporate customers. Revenue from these services is recognised on a straight-line basis in accordance with the terms of the operating leases.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in consolidated statement of comprehensive income over the lease term on the same basis as the lease income. Contingent payment are recognised as income in consolidated statement of comprehensive income when earned.

(d) Other automobile-related income

The Group operates automobile aftermarket service platform for car users to facilitate third party vendors to provide aftermarket usage solutions to car users during automobile usage life cycle. Facilitation income is charged to the business-end customer at a fixed percentage of the volume of transactions completed with no variable consideration and is not refundable. The Group recognises revenue when the facilitation services are completed.

Revenue from other services including promotion of insurance solutions provided by third party vendors is recognised when performance obligation is satisfied, and when the Group has an enforceable right to payment for performance completed to date.

(e) Outright car sales income

The Group sells cars to individuals and corporates in the PRC and overseas on a one-off basis. The Group recognises revenue at the point of sale to customers.

6 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants *(Note)*	**13,876**	17,234
Gain on disposals of a subsidiary	**–**	2,170
Others	**910**	644
	14,786	20,048

Note: Government grants primarily consist of the fiscal support that local governments offered to the Group's entities engaged in the finance leasing business in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

6.1 Accounting policies of government grants

Deferral and presentation of government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

7 OTHER LOSSES

	2025 RMB'000	2024 RMB'000
Loss on disposal of property and equipment, net	**(5,685)**	(5,218)
Exchange losses	**(1,673)**	–
Others	**(3,206)**	(4,700)
	(10,564)	(9,918)

8 EXPENSES BY NATURE

	2025 RMB'000	2024 RMB'000
Auditor's remuneration		
– audit services	**1,830**	2,097
– non-audit services	**50**	50
Costs of inventory	**1,105,082**	785,660
Auto-insurance premium	**68,566**	55,602
Employee benefit expenses *(Note 9)*	**156,547**	156,355
Advertising expenses	**3,621**	2,447
Marketing and promotion expenses	**13,139**	8,595
Depreciation expenses *(Note 14)*	**142,505**	132,700
Amortisation expenses *(Note 15)*	**10,363**	11,071
Transportation expenses	**13,792**	5,304
Rental expenses	**4,156**	3,742
Traffic contravention penalty and handling fee	**1,414**	3,169
Travelling expenses	**14,006**	11,539
Legal and professional expenses	**7,279**	5,965
Office expenses	**9,783**	7,717
Motor vehicle expenses	**23,020**	16,771
Provision for inventories	**16,575**	13,287
Repair and maintenance	**15,683**	15,631
Other taxes	**10,606**	9,196
Other expenses	**12,869**	11,915
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	**1,630,886**	1,258,813

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING SALES COMMISSION TO STAFF)

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	95,796	93,046
Contribution to defined contribution plans and social security costs	18,881	16,788
Sales commission	39,510	39,846
Share-based payment *(Note 25)*	3,885	8,273
	158,072	157,953
Capitalised as intangible assets	(1,525)	(1,598)
	156,547	156,355

Note: No forfeited contribution is available to reduce the contribution payable in future year.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 include 3 directors (2024: 3 directors) whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining 2 individuals for the year (2024: 2 individuals) are as follows:

	2025 RMB'000	2024 RMB'000
Wages and salaries	1,401	1,323
Bonuses	–	35
Contribution to defined contribution plans and social security costs	36	47
	1,437	1,405

The emoluments fell within the following bands

	Number of individuals Year ended 31 December 2025	 2024
HK$500,001 to HK$1,000,000	2	2
	2	2

10 FINANCE COST, NET

	2025 RMB'000	2024 RMB'000
Finance cost:		
Cost of funding *(Note)*	**(162,649)**	(150,698)
Interest expenses on other borrowings	**(9,307)**	(8,967)
Interest expenses on lease liabilities	**(704)**	(722)
	(172,660)	(160,387)
Finance income:		
Bank interest income	**480**	343
Imputed interest income from deposits for borrowings	**1,255**	1,237
	1,735	1,580
Finance cost, net	**(170,925)**	(158,807)

Note: Cost of funding represented finance cost for purchase of automobiles for lease.

10.1 Accounting policies for borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income using the effective interest method. The interest expenses associated with the borrowings of the Group, including cost of funding for leases and interest expenses for general operations, are recognised as finance costs.

11 INCOME TAX EXPENSES

The income tax expenses of the Group are analysed as follows:

	2025 RMB'000	2024 RMB'000
Income tax expenses		
Current income tax	**20,586**	12,437
Deferred income tax *(Note 29)*	**(7,938)**	1,202
	12,648	13,639

11 INCOME TAX EXPENSES (Continued)

A reconciliation of the tax charge applicable to profit before income taxes using the applicable tax rates for relevant tax jurisdictions to the tax expenses is as follows:

	2025 **RMB'000**	2024 RMB'000
Profit before income tax	**58,453**	53,368
Tax calculated at PRC statutory income tax rate of 25%	**14,613**	13,342
Tax effects of:		
Expenses not deductible for tax purposes	**180**	850
Tax loss not recognised	**2,394**	1,575
Effect of different tax rates of subsidiaries operating in other jurisdictions and preferential tax rate	**(4,605)**	(2,128)
Under provision in prior years	**66**	–
	12,648	13,639

For the year ended 31 December 2025, the weighted average applicable tax rate were 19% (2024: 22%). The change in weighted average applicable tax rate from prior year was mainly caused by the lower tax rate of some entities.

1. Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

2. British Virgin Islands Income Tax

Under the current laws of the British Virgin Islands ("**BVI**"), the BVI subsidiary is not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

3. Hong Kong Income Tax

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year.

4. PRC Enterprise Income Tax ("EIT")

The income tax of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the year, while some subsidiaries which was certified as small and medium enterprises was entitled to concessionary tax rate of 5% for the year ended 31 December 2025.

12 EARNINGS PER SHARE

	2025	2024
Profit attributable to owners of the Company (RMB'000)	**45,855**	39,970
Weighted average number of ordinary shares in issue	**1,546,875,000**	1,546,875,000
Diluted impact on profit (RMB'000)	**–**	–
Diluted profit attributable to owners of the Company (RMB'000)	**45,855**	39,970
Potential ordinary shares with dilutive effect	**90,820,462**	75,911,353
Weighted average number of issued ordinary shares for calculating diluted profit per share	**1,637,695,462**	1,622,786,353
Profit per share		
– Basic (RMB cents per share)	**2.96**	2.58
– Diluted (RMB cents per share)	**2.80**	2.46

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2025 and 2024.

The weighted average number of shares in issue for the years ended 31 December 2024 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of subdivided shares on 5 December 2024.

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2025 and 2024, the effect of share options granted under the Pre-IPO Share Option Scheme was dilutive and has been taken into account in the calculation of diluted EPS.

13 DIVIDEND

For the years ended 31 December 2025 and 2024, no dividend has been declared by the Company.

14 PROPERTY AND EQUIPMENT

(a) Property and equipment

	Right-of use assets RMB'000	Building RMB'000	Office equipment RMB'000	Auto-mobiles RMB'000	Leasehold improvement RMB'000	Total RMB'000
As of 31 December 2023						
Cost	61,107	4,638	10,862	634,062	29,277	739,946
Accumulated depreciation	(46,081)	(1,243)	(9,022)	(232,438)	(23,095)	(311,879)
Net book amount	15,026	3,395	1,840	401,624	6,182	428,067
For the year ended 31 December 2024						
Opening net book amount	15,026	3,395	1,840	401,624	6,182	428,067
Addition	3,950	–	775	317,559	1,028	323,312
Depreciation charge	(7,547)	(144)	(457)	(121,796)	(2,756)	(132,700)
Transfer to inventories	–	–	–	(79,957)	–	(79,957)
Disposal	(24)	–	(52)	(44,303)	(11)	(44,390)
Closing net book amount	11,405	3,251	2,106	473,127	4,443	494,332
As of 31 December 2024						
Cost	63,811	4,638	11,216	734,411	30,305	844,381
Accumulated depreciation	(52,406)	(1,387)	(9,110)	(261,284)	(25,862)	(350,049)
Net book amount	11,405	3,251	2,106	473,127	4,443	494,332

14 PROPERTY AND EQUIPMENT (Continued)

(a) Property and equipment (Continued)

	Right-of use assets RMB'000	Building RMB'000	Office equipment RMB'000	Auto-mobiles RMB'000	Leasehold improvement RMB'000	Total RMB'000
For the year ended 31 December 2025						
Opening net book amount	11,405	3,251	2,106	473,127	4,443	494,332
Addition	9,137	–	1,032	448,728	1,397	460,294
Depreciation charge	(7,320)	(145)	(540)	(132,392)	(2,108)	(142,505)
Transfer to inventories	–	–	–	(116,974)	–	(116,974)
Disposal	(179)	–	(33)	(53,630)	–	(53,842)
Exchange difference	(31)	–	–	(6)	–	(37)
Closing net book amount	13,012	3,106	2,565	618,853	3,732	641,268
As of 31 December 2025						
Cost	31,333	4,638	11,861	887,765	31,702	967,299
Accumulated depreciation	(18,321)	(1,532)	(9,296)	(268,912)	(27,970)	(326,031)
Net book amount	13,012	3,106	2,565	618,853	3,732	641,268

As at 31 December 2025, automobiles of RMB617,030,000 (2024: RMB469,888,000) were subject to operating leases.

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Cost of revenue	130,945	119,260
Selling and marketing expenses	6,100	6,910
Administrative expenses	5,460	6,530
	142,505	132,700

(i) Non-current assets pledged as security

Refer to Note 28 for information on non-current assets pledged as security by the Group.

14 PROPERTY AND EQUIPMENT (Continued)

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following balances relating to the leases:

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Office and shop premises	**12,872**	11,061
Staff quarters	**91**	289
Car parks	**49**	55
	13,012	11,405
Lease liabilities		
Current	**6,674**	5,720
Non-current	**5,783**	5,475
	12,457	11,195

Additions to the right-of-use assets during the year ended 31 December 2025 amounted to RMB9,137,000 (2024: RMB3,950,000) representing the lease of office and shop premises, staff quarters and car parks.

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to the leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets *(Note 14)*	**7,320**	7,547
Expenses relating to short-term leases *(Note 8)*	**4,156**	3,742
Interest expense *(Note 10)*	**704**	722
	12,180	12,011

14 PROPERTY AND EQUIPMENT (Continued)

(b) Leases (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income (Continued)

Depreciation expenses related to right-of-use assets are recognised as below:

	2025 RMB'000	2024 RMB'000
Right-of-use assets:		
Office and shop premises	7,245	7,174
Staff quarters	44	133
Car parks	31	240
	7,320	7,547

The total cash outflow for leases for the year ended 31 December 2025 amounted to RMB18,029,000 (2024: RMB16,770,000).

14.1 Accounting policies for property, plant and equipment

(a) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Right-of-use assets	Shorter of lease term or useful life
Building	30 years
Office equipment	5 years
Leasehold improvement	Shorter of lease term or 5 years
Automobiles	5-10 years

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties including office, and shop premises, staff quarters and car parks.

Leases entered by the Group are generally with lease term of 1 to 7 years without renewal option. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets must not be used as security for borrowing purposes.

14 PROPERTY AND EQUIPMENT (Continued)

14.1 Accounting policies for property, plant and equipment (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

15 INTANGIBLE ASSETS

	Computer software RMB'000	Self-developed application RMB'000	Intangible assets under development RMB'000	Total RMB'000
As at 1 January 2024				
Cost	7,269	74,284	–	81,553
Accumulated amortization	(7,264)	(54,590)	–	(61,854)
Net book amount	5	19,694	–	19,699
For the year ended 31 December 2024				
Opening net book amount	5	19,694	–	19,699
Additions	–	–	11,989	11,989
Transfer upon completion	–	11,121	(11,121)	–
Amortisation charge	(5)	(11,066)	–	(11,071)
Closing net book amount	–	19,749	868	20,617
As at 31 December 2024				
Cost	**7,269**	**85,405**	**868**	**93,542**
Accumulated amortization	**(7,269)**	**(65,656)**	**–**	**(72,925)**
Net book amount	**–**	**19,749**	**868**	**20,617**
For the year ended 31 December 2025				
Opening net book amount	**–**	**19,749**	**868**	**20,617**
Additions	**–**	**–**	**11,174**	**11,174**
Transfer upon completion	**–**	**11,785**	**(11,785)**	**–**
Amortisation charge	**–**	**(10,363)**	**–**	**(10,363)**
Closing net book amount	**–**	**21,171**	**257**	**21,428**
As at 31 December 2025				
Cost	**7,269**	**97,190**	**257**	**104,716**
Accumulated amortization	**(7,269)**	**(76,019)**	**–**	**(83,288)**
Net book amount	**–**	**21,171**	**257**	**21,428**

15 INTANGIBLE ASSETS (Continued)

Amortisation expenses have been charged to profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of revenues	–	52
Selling expenses	6,870	7,578
Administrative expenses	3,493	3,441
	10,363	11,071

The intangible assets under development are generally completed within 1 year, and no amortisation is provided.

15.1 Accounting policies for intangible assets

(i) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software	5 years
Self-developed applications	3 years

(ii) Computer software

Separately acquired computer software are shown at historical cost. The computer software acquired are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Self-developed applications

Costs associated with maintaining self-developed applications are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- it is technically feasible to complete the product and use or sell it;
- there is an ability to use or sell the products;

15 INTANGIBLE ASSETS (Continued)

15.1 Accounting policies for intangible assets (Continued)

(iii) Self-developed applications (Continued)

- it can be demonstrated how the products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the products during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the application product include the application development employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2025 **RMB'000**	2024 RMB'000
Assets as per consolidated statement of financial position		
Financial asset at amortised cost:		
Trade receivables,, excluding operating lease receivables	**61,314**	4,487
Deposits and other receivables	**91,171**	108,048
Restricted cash *(Note 20(b))*	**3,900**	–
Cash and cash equivalents *(Note 20(a))*	**371,839**	340,598
	528,224	453,133
Finance lease receivables *(Note 17)*	**1,886,309**	1,806,596
Operating lease receivables	**14,409**	10,281
	2,428,942	2,270,010
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
Borrowings *(Note 28)*	**2,787,412**	2,281,558
Trade payables *(Note 26)*	**42,693**	80,584
Other payables (excluding advances from customers, contract liabilities, staff costs and welfare accruals and other tax payables)	**22,435**	33,143
	2,852,540	2,395,285
Lease liabilities *(Note 14(b))*	**12,457**	11,195
	2,864,997	2,406,480

17 FINANCE LEASE RECEIVABLES

The Group provides automobile financing lease services. Details of finance lease receivables as at year end are as below:

	2025 RMB'000	2024 RMB'000
Finance lease receivables		
– Finance lease receivables, gross	**2,374,603**	2,278,400
– Unearned finance income	**(470,086)**	(455,179)
Finance lease receivables, net	**1,904,517**	1,823,221
Less: allowance for impairment of finance lease receivables	**(18,208)**	(16,625)
Carrying amount of finance lease receivables	**1,886,309**	1,806,596
Finance lease receivables, gross		
– Within one year	**1,035,788**	999,065
– Between one and two years	**711,976**	677,661
– Between two and five years	**626,839**	601,674
	2,374,603	2,278,400
Finance lease receivables, net		
– Within one year	**796,680**	767,998
– Between one and two years	**557,361**	527,552
– Between two and five years	**550,476**	527,671
	1,904,517	1,823,221

17 FINANCE LEASE RECEIVABLES (Continued)

An ageing analysis of finance lease receivables is as follows:

	2025 RMB'000	2024 RMB'000
Not past due	1,792,720	1,718,732
Past due		
Up to 1 month	76,448	70,064
1 to 3 months	19,411	20,974
3 to 6 months	9,181	7,578
6 to 12 months	3,743	3,310
Over 12 months	3,014	2,563
Finance lease receivables, net	1,904,517	1,823,221
Less: allowance for impairment of finance lease receivables	(18,208)	(16,625)
Carrying amount of finance lease receivables	1,886,309	1,806,596

As of 31 December 2025, carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values (2024: same).

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	16,625	14,299
Recovery of finance receivables previously written-off	409	96
Charge for the year	4,746	2,485
Written-off	(3,572)	(255)
At end of year	18,208	16,625

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. When the Group earns a selling profit from dealership of automobile under finance lease, the Group will recognise as sales revenue (Note 5.1 (a)), arising from the leased assets, at the lower of the fair value of the underlying leased asset or present value of the lease payments computed at a market interest rate.

17 FINANCE LEASE RECEIVABLES (Continued)

17.1 Accounting policies for finance lease receivables

The leased asset is derecognised and the present value of the lease receivable is recognised on the consolidated statement of financial position and included in finance lease receivables. The difference between the gross receivables and the present value of the lease receivables is shown as unearned finance income.

18 TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	**77,441**	15,484
Less: allowance for impairment of trade receivables	**(1,718)**	(716)
	75,723	14,768

As of 31 December 2025 and 2024, the carrying amounts of trade receivables were primarily denominated in:

	2025	2024
	RMB'000	RMB'000
RMB	**30,175**	14,768
USD	**45,548**	–
	75,723	14,768

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

	2025	2024
	RMB'000	RMB'000
Up to 3 months	**71,542**	12,739
3 to 6 months	**3,796**	1,015
Over 6 months	**385**	1,014
	75,723	14,768

18 TRADE RECEIVABLES (Continued)

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**716**	1,074
Charged for the year	**1,206**	(358)
Written-off	**(204)**	–
At end of year	**1,718**	716

18.1 Accounting policies for trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days credit terms and therefore all classified as current. The credit terms are assessed and approved on a case by case basis. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Financial assets		
Non-current assets:		
Deposits	**22,456**	30,604
	22,456	30,604
Current assets:		
Deposits	**26,594**	33,872
Purchase rebate receivables	**6,689**	6,743
Other receivables	**36,288**	37,445
	69,571	78,060
Less: allowance on impairment of other receivables	**(856)**	(616)
	68,715	77,444
Total financial assets	**91,171**	108,048
Non-financial assets		
Current assets:		
Prepayment for inventories	**149,294**	115,620
Prepayment for auto-insurance premium	**67,007**	55,998
Prepaid expenses	**24,422**	18,814
Other tax recoverable	**156,499**	99,381
Value added tax refund receivables	**26,583**	13,209
Other prepayments	**1,328**	1,084
Total non-financial assets	**425,133**	304,106
Total prepayments, deposits and other receivables	**516,304**	412,154

20 CASH AND BANK BALANCE

(a) Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash at licensed payment platforms *(Note (i))*	**6,763**	7,403
Cash at banks *(Note (ii))*	**365,076**	333,195
	371,839	340,598

Notes:

(i) Cash at licensed payment platforms, which are denominated in RMB, are deposited with major licensed payment platforms in the PRC. The balances are unsecured and non-interest bearing.

(ii) Cash at banks earns interest either at floating rates based on daily bank deposit rates or fixed rates determined at deposit dates. The Group's cash at banks are mostly denominated in RMB deposited with reputable banks in the PRC with insignificant credit risk. As at 31 December 2025, the Group had cash at banks amounting to RMB353,814,000 (2024: RMB332,578,000) held in the PRC. These cash at banks are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amounts of the Group's cash at licensed payment platforms and cash at banks are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	**358,305**	332,675
HKD	**355**	6,902
USD	**11,833**	1,021
UZS	**1,346**	–
	371,839	340,598

20 CASH AND BANK BALANCE (Continued)

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows (Note 30).

	2025	2024
	RMB'000	RMB'000
Restricted cash	**3,900**	–

As at 31 December 2025, the Group's restricted cash was denominated in RMB and comprised of bank deposits pledged for letter of credit.

21 INVENTORIES

	2025	2024
	RMB'000	RMB'000
Automobiles	**258,785**	176,758
Vehicle telematics equipment	**3,650**	2,501
	262,435	179,259
Provision for inventories	**(7,480)**	(7,122)
	254,955	172,137

Automobiles included new and repossessed automobiles. For the year ended 31 December 2025, the cost of inventories recognised as expenses included in cost of revenue amounted to approximately RMB1,105,082,000 (2024: RMB785,660,000).

22 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	2025	2024
	RMB'000	RMB'000
Movement in the investment in an associate are as follows:		
At 1 January	**48,530**	–
Additions	**–**	48,530
Share of loss of an associate accounted for using equity method	**(233)**	–
At 31 December	**48,297**	48,530

22 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (Continued)

The Group recognised share of loss of the associate of RMB233,000 during the year ended 31 December 2025. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of establishment is also its principal place of business.

Name of entity	Place of business/country of establishment	% of effective Interest As at 31 December		Nature of the relationship	Measurement method	Carrying amount As at December 31	
		2025	2024			2025	2024
						RMB'000	RMB'000
Fujian Xidun Automobile Service Co., Ltd. (福建喜盾汽車服務有限公司)	PRC	49%	49%	Associate	Equity method	48,297	48,530

On 9 January 2024, the Group entered into a share transfer agreement with Fujian Taikun Investment Co., Ltd. ("**Fujian Taikun**") to dispose of 53% equity interest in Fujian Xidun Automobile Service Co., Ltd. ("**Fujian Xidun**") for a total consideration of RMB530,000. On 11 January 2024, the Group received the transfer consideration and completed the share transfer. Following this disposal, Fujian Xidun ceased to be a subsidiary and became an associate of the Group with 47% equity interest.

On 15 January 2024, the Group and Fujian Taikun jointly invested RMB49,000,000 in the associate, with the Group contributing RMB23,030,000. The Group's shareholding percentage remained unchanged after this capital injection.

On 29 October 2024, the Group entered into a capital increase agreement with Fujian Taikun to jointly invest an additional RMB50,000,000 in the associate, of which the Group contributed RMB24,500,000 (representing 49% of the total capital injection).

On the same date (29 October 2024), the Group entered into a supplementary share transfer agreement with Fujian Taikun to acquire an additional 2% equity interest in the associate for a consideration of RMB1,000,000. The Group paid the transfer consideration on 8 November 2024 and completed the share transfer, resulting in the Group's total shareholding percentage in the associate increasing to 49%. The Group is entitled to corresponding voting rights and profit-sharing rights in proportion to its shareholding.

23 SHARE CAPITAL

	Number of ordinary shares	Share capital nominal value HK$'000	RMB'000
Authorised:			
At 1 January 2024	4,000,000,000	40,000	36,512
Share Subdivision *(Note a)*	8,000,000,000	–	–
At 31 December 2024, 1 January 2025 and 31 December 2025	12,000,000,000	40,000	36,512
Issued and fully paid:			
At 1 January 2024	515,625,000	5,156	4,657
Share Subdivision *(Note a)*	1,031,250,000	–	–
At 31 December 2024, 1 January 2025 and 31 December 2025	1,546,875,000	5,156	4,657

Note a: On 5 December 2024, the Company subdivided each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company into three (3) Subdivided Shares of par value of one third Hong Kong cent each. After such Share Subdivision, the authorised share capital of the Company will be HK$40,000,000 divided into 12,000,000,000 Subdivided Shares of par value of one third Hong Kong cent each, of which 1,546,875,000 Subdivided Shares of par value of one third Hong Kong cent each will be in issue and fully paid or credited as fully paid.

24 OTHER RESERVES AND RETAINED EARNINGS

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve *(Note a)* RMB'000	Share-based payment reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Total RMB'000
Balances as at 1 January 2024	485,185	(23,505)	(2,197)	43,146	6,051	–	262,156	770,836
Profit for the year	–	–	–	–	–	–	39,970	39,970
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,606)	–	–	–	–	(1,606)
Share-based payment *(Note 25)*	–	–	–	–	8,273	–	–	8,273
Transfer to statutory reserve	–	–	–	5,269	–	–	(5,269)	–
Balances as at 31 December 2024	485,185	(23,505)	(3,803)	48,415	14,324	–	296,857	817,473

	Share premium RMB'000	**Capital reserve RMB'000**	**Exchange reserve RMB'000**	**Statutory reserve *(Note a)* RMB'000**	**Share-based payment reserve RMB'000**	**Others RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
Balances as at 1 January 2025	**485,185**	**(23,505)**	**(3,803)**	**48,415**	**14,324**	**–**	**296,857**	**817,473**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**45,855**	**45,855**
Exchange difference arising from translation of functional currency to presentation currency	**–**	**–**	**405**	**–**	**–**	**–**	**–**	**405**
Share-based payment *(Note 25)*	**–**	**–**	**–**	**–**	**3,885**	**–**	**–**	**3,885**
Transfer to statutory reserve	**–**	**–**	**–**	**6,346**	**–**	**–**	**(6,346)**	**–**
Balances as at 31 December 2025	**485,185**	**(23,505)**	**(3,398)**	**54,761**	**18,209**	**–**	**336,366**	**867,618**

Notes:

(a) In accordance with the relevant applicable PRC regulations, the PRC subsidiaries are required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reaches 50% of the registered capital of the PRC subsidiaries, the subsidiaries will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

25 SHARE-BASED PAYMENT

During the year ended 31 December 2023, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan (the "**Pre-IPO Share Incentive Plan**") with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The maximum aggregate number of shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 38,671,875 ordinary shares.

The share options have graded vesting terms, and will be vested from the grant date over five financial years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of five years after the date of grant, i.e. up to 17 October 2028. The exercise price per option is HK$0.18.

Set out below is a summary of the options granted under the plan:

	Number of share options 2025	**Weighted average exercise price per share option 2025**	Number of share options 2024	Weighted average exercise price per share option 2024
As at 1 January	**102,597,000**	**HK$0.18**	36,389,000	HK$0.55
Granted during the year	**–**	**–**	–	–
Share Subdivision *(Note 23(a))*	**–**	**–**	72,778,000	HK$0.18
Forfeited during the year	**(2,370,000)**	**HK$0.18**	(6,570,000)	HK$0.18
Outstanding as at 31 December	**100,227,000**	**HK$0.18**	102,597,000	HK$0.18
Vested and exercisable at 31 December	**60,136,200**	**HK$0.18**	41,038,800	HK$0.18

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	**Expiry date**	**Exercise price**	**Vesting year**	**2025**	2024
18 October 2023	17 October 2028	HK$0.18	20% for each of the financial year since 31 December 2023	**100,227,000**	102,597,000

25 SHARE-BASED PAYMENT (Continued)

Based on the fair value of the underlying ordinary shares of the Company, the Group has used Binomial model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	2025	2024
Equity value per share (in HK$)	0.37	0.37
Exercise price (in HK$)	0.18	0.18
Risk free interest rate	4.20%	4.20%
Expected life	5 years	5 years
Expected volatility	45.00%	45.00%
Dividend yield	0.00%	0.00%

Expenses arising from share-based payment transactions for the year:

	2025 RMB'000	2024 RMB'000
Pre-IPO Share Incentive Plan	3,885	8,273

26 TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	42,693	76,229
Bills payables	–	4,355
	42,693	80,584

Trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

An ageing analysis of trade payables based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Up to 3 months	37,125	77,936
3 to 6 months	837	471
Over 6 months	4,731	2,177
	42,693	80,584

27 OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Advance receipt from potential customers	**8,970**	8,548
Contract liabilities *(Note 5)*	**7,873**	4,693
Staff costs and welfare accruals	**26,548**	26,443
Other tax payables	**10,448**	7,807
Deposit from lessees	**17,121**	26,597
Advance receipt for scrap sales of inventories	**2,904**	5,307
Others	**10,071**	10,091
	83,935	89,486

28 BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings, secured	**155,276**	110,993
Bank borrowings, unsecured	**6,120**	5,004
Other borrowings, secured	**2,548,658**	2,098,976
Other borrowings, unsecured	**77,358**	66,585
	2,787,412	2,281,558
Less: non-current portion	**(1,323,024)**	(1,129,638)
Current portion	**1,464,388**	1,151,920

28 BORROWINGS (Continued)

Other borrowings represented borrowings from non-banking financial institutions and individual lenders.

The borrowings are repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**1,464,388**	1,151,920
Between 1 and 2 years	**724,240**	632,234
Between 2 and 5 years	**598,784**	497,404
At end of the year	**2,787,412**	2,281,558

As of 31 December 2025, the borrowings are denominated in RMB and the carrying amounts approximate their fair values (2024: same).

The weighted average effective interest rates as at year end are as follows:

	2025	2024
Bank borrowings, secured	**4.64%**	5.39%
Bank borrowings, unsecured	**4.37%**	6.79%
Other borrowings, secured	**6.09%**	7.45%
Other borrowings, unsecured	**4.69%**	5.30%

As at 31 December 2025, the Group's borrowings of RMB2,703,934,000 (2024: RMB2,209,969,000) were secured by personal guarantee and indemnity provided by the directors and certain assets of the Group as summarised below.

	2025 RMB'000	2024 RMB'000
Property and equipment	**504,419**	376,789
Deposits for borrowings	**39,702**	57,489
Inventories	**93,112**	103,020
Finance lease receivables (at gross)	**1,782,297**	1,711,893

29 DEFERRED INCOME TAX

The analysis of deferred income tax assets is as follows:

	2025 RMB'000	2024 RMB'000
Deferred income tax assets/(liabilities):		
To be recovered after more than 12 months	1,068	(6,781)
To be recovered within 12 months	1,869	1,780
	2,937	(5,001)

The gross movements on the deferred income tax account during the year are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	(5,001)	(3,799)
Credited/(charged) to profit or loss	7,938	(1,202)
At end of the year	2,937	(5,001)

Deferred tax assets/(liabilities)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Provision for receivable and inventory RMB'000	Accelerated tax depreciation RMB'000	Decelerated tax depreciation RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	5,830	(18,845)	6,776	1,233	1,207	(3,799)
Credited/(charged) to profit or loss	343	(2,008)	(490)	974	(21)	(1,202)
At 31 December 2024	6,173	(20,853)	6,286	2,207	1,186	(5,001)
At 1 January 2025	6,173	(20,853)	6,286	2,207	1,186	(5,001)
Credited/(charged) to profit or loss	554	7,160	135	101	(12)	7,938
At 31 December 2025	6,727	(13,693)	6,421	2,308	1,174	2,937

29 DEFERRED INCOME TAX (Continued)

Deferred tax assets/(liabilities) (Continued)

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future taxable profits is probable.

The Group did not recognise deferred income tax assets of RMB3,544,000 (2024: RMB1,553,000), in respect of tax losses amounted to RMB35,919,000 (2024: RMB36,981,000) as at 31 December 2025, as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entities.

The expiry date of these tax losses are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**8,917**	6,313
Between two to five years	**11,851**	29,872
No expiry date	**15,151**	796
	35,919	36,981

As at 31 December 2025, deferred income tax liability has not been provided for in the consolidated financial statements in respect of temporary differences attributable to unremitted profits earned by certain PRC subsidiaries of the Group amounting to approximately RMB23,863,000 (2024: RMB17,859,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	58,453	53,368
Adjustment for:		
Provision for credit losses	6,192	3,226
Provision for inventories	16,575	13,287
Depreciation *(Note 14)*	142,505	132,700
Amortization of intangible assets *(Note 15)*	10,363	11,071
Loss on disposals of property and equipment *(Note 7)*	5,685	5,218
Fair value loss on financial assets through profit or loss	–	24
Finance income *(Note 10)*	(1,735)	(1,580)
Finance cost *(Note 10)*	172,660	160,387
Operating cash flow before changes in working capital	410,698	377,701
Increase in trade and other receivables and finance lease receivables	(262,463)	(210,047)
Increase in trade and other payables	(43,209)	(72,066)
(Increase)/decrease in restricted cash	(3,900)	5,652
Increase in inventories	(224,952)	(122,132)
Cash used in operations	(123,826)	(20,892)

(b) Disposal of property and equipment

	2025 RMB'000	2024 RMB'000
Proceeds	48,157	39,172
Early termination of leases of premises	–	–
Net book value of disposed property and equipment *(Note 14)*	(53,842)	(44,390)
Loss on disposals	(5,685)	(5,218)

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of cash used in purchase of property and equipment

	2025 RMB'000	2024 RMB'000
Total property and equipment addition during the year *(Note 14)*	**460,294**	323,312
Less: transfer from inventory to property and equipment	**(242,533)**	(186,641)
Less: addition of right-of-use assets *(Note 14)*	**(9,137)**	(3,950)
Cash used in purchase of property and equipment during the year	**208,624**	132,721

(d) Cash flow information — Financing activities

	Borrowings	
	2025 RMB'000	2024 RMB'000
At the beginning of year	**2,281,558**	1,865,655
Non-cash movements		
Interest	**171,956**	159,665
Discount effect of deposits for borrowings	**454**	(209)
Cash flow from operating Activities		
Interest paid	**(169,972)**	(158,496)
Cash flow from financing activities		
Addition	**2,490,134**	1,844,411
Repayment	**(1,986,718)**	(1,429,468)
At the end of year	**2,787,412**	2,281,558

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Cash flow information — Financing activities (Continued)

	Lease liabilities	
	2025	2024
	RMB'000	RMB'000
At the beginning of year	**11,195**	14,896
Non-cash movements		
Addition	**9,137**	3,950
Interest	**704**	722
Cash flow from operating activities		
Interest paid	**(704)**	(722)
Cash flow from financing activities		
Repayment	**(7,875)**	(7,651)
At the end of year	**12,457**	11,195

(e) Major non-cash transactions

During the year ended 31 December 2025, there were no major non-cash transactions (2024: same).

31 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2025 and 2024.

32 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the year. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the year:

Related party	**Relationship with the Group**
Ningde Sandu Port Automobile Transportation Co., Ltd. (“寧德三都港汽車運輸有限公司”)	A related company held by a non-controlling shareholder of a subsidiary with significant influence
Shenghui Logistic Group Co., Ltd. (“盛輝物流集團有限公司”)	A company controlled by a director of the Company and his family member
Fuzhou Jin’an District Yongsheng Property Management Co., Ltd. (“福州市晉安區永盛物業管理有限公司”) (formerly known as “**Ningde Yongsheng Property Management Co., Ltd**.)	A company invested by a director of the Company and his family member

	2025 **RMB’000**	2024 RMB’000
Lease payment *(Note i)*		
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**67**	66
– Shenghui Logistic Group Co., Ltd.	**753**	814
– Fuzhou Jin’an District Yongsheng Property Management Co., Ltd.	**15**	11
	835	891
Property management fee *(Note ii)*		
– Fuzhou Jin’an District Yongsheng Property Management Co., Ltd.	**121**	121
Addition of right-of-use asset *(Note iii)*		
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**–**	180

Notes:

(i) Lease payment is charged in accordance with the agreement entered into between the Group and the related party.

(ii) Management fee is charged in accordance with the agreement entered into between the relevant parties.

(iii) Addition of right-of-use asset from related companies was conducted in the normal course of business at prices and terms as agreed between the Group and the related party.

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2025 RMB'000	2024 RMB'000
Right-of-use asset (trade nature)		
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**50**	110
Lease liabilities (trade nature) *(Note)*		
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**33**	96

Note: Lease liabilities are settled in accordance with the agreement entered into between the Group and the related party.

(c) Key management compensation

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**3,661**	4,539
Retirement benefit costs-defined contribution plans	**119**	123
	3,780	4,662

Note: Key management compensation comprised of the compensation of executive directors, details are set out in note 33(a).

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' remuneration

	Director's fees RMB'000	Salaries, wages and bonuses RMB'000	Pension cost-defined contribution plan RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended 31 December 2024:					
Executive directors					
Huang Wei	–	1,004	45	896	1,945
Ye Fuwei	–	1,004	44	894	1,942
Zhang Jinghua	–	506	34	235	775
Non-executive directors					
Liu Wei	–	–	–	–	–
Xu Rui	–	–	–	–	–
Independent non-executive directors					
Fung Che Wai, Anthony	–	219	–	–	219
Chen Shuo	–	149	–	–	149
Wu Fei	–	219	–	–	219
Total	–	3,101	123	2,025	5,249

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' remuneration (Continued)

	Director's fees RMB'000	Salaries, wages and bonuses RMB'000	Pension cost-defined contribution plan RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended 31 December 2025:					
Executive directors					
Huang Wei	–	1,005	46	507	1,558
Ye Fuwei	–	1,005	43	505	1,553
Zhang Jinghua	–	506	30	133	669
Non-executive director					
Liu Wei	–	–	–	–	–
Independent non-executive directors					
Fung Che Wai, Anthony	–	220	–	–	220
Chen Shuo	–	137	–	–	137
Wu Fei	–	220	–	–	220
Total	–	3,093	119	1,145	4,357

During the year ended 31 December 2025, the non-executive directors had not received any remuneration (2024: nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2025 (2024: nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2025 (2024: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, the Company did not pay consideration to any third parties for making available directors' services. (2024: nil)

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealing in favour of directors during the year ended 31 December 2025 (2024: nil).

(f) Directors' material interests in transactions, arrangements or contracts

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

34 CAPITAL COMMITMENT

There was no material capital commitments as at 31 December 2024 and 2025.

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	Effective interest held by the Group as at 31 December 2025	2024
Directly held:					
Celestial Bonanza Group Limited	BVI	Investment holding, BVI	USD50,000	100%	100%
Indirectly held:					
XXF Group (Hong Kong) Limited	HK	Investment holding, HK	HK$5	100%	100%
XXF Group	PRC	Leasing service, PRC	RMB481,468,750	100%	100%
Fujian Xiqi Automobile Sale Co., Ltd.* ("**Fujian Xiqi**")	PRC	Trading of automobile, PRC	RMB50,000,000	100%	100%
Fujian Qoocar Information Technology Co., Ltd.* ("**Fujian Qoocar**")	PRC	Information technology, PRC	RMB20,000,000	100%	100%
Fujian Taoqi Internet Technology Co., Ltd.* ("**Taoqi Internet**")	PRC	Information technology, PRC	RMB10,000,000	100%	100%
Fujian Xidi Automobile Service Co., Ltd.* ("**Fujian Xidi**")	PRC	Leasing service, PRC	RMB170,000,000	100%	100%
Fujian Xitu Technology Co., Ltd.* ("**Fujian Xitu**")	PRC	Information technology, PRC	RMB10,000,000	100%	100%
Dong Guan Xidi Automobile Service Co., Ltd.* ("**Dong Guan Xidi**")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Fu Jian Cheyixing Technology Co., Ltd.* ("**Fu Jian Cheyixing**")	PRC	Information technology, PRC	RMB50,000,000	100%	100%
Fujian Chelifang Automobile Sales Co., Ltd. ("**Fu Jian Chelifang**")	PRC	Car sales, PRC	RMB10,000,000	100%	100%
XXF tashkent car service	Uzbekistan	Car sales, Uzbekistan	UZS 390,000,000	100%	N/A
XXF almaty car service LLC	Kazakhstan	Car sales, Kazakhstan	KZT 37,500,000	100%	N/A

* The English name of companies established in the PRC are translations of their Chinese names at the best effort of the directors of the Company as they do not have official English names.

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Assets		
Non-current asset		
Investment in a subsidiary	**1,135,867**	1,135,867
Property and equipment	**1,249**	618
	1,137,116	1,136,485
Current assets		
Prepayments and other receivables	**572**	700
Amount due from subsidiaries	**32,445**	41,901
Cash and cash equivalents	**196**	158
	33,213	42,759
Total assets	**1,170,329**	1,179,244
Equity		
Equity attributable to equity holders of the Company		
Share capital	**4,657**	4,657
Other reserves (a)	**1,124,541**	1,122,069
Retained earnings	**36,904**	49,154
Total equity	**1,166,102**	1,175,880
Liabilities		
Current liabilities		
Accruals and other payables	**2,931**	2,769
Lease liabilities	**1,296**	595
Total liabilities	**4,227**	3,364
Total equity and liabilities	**1,170,329**	1,179,244

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserves movement

	Share premium RMB'000	Exchange reserve RMB'000	Share-based payment reserve and others RMB'000	Accumulated (losses)/ Retained earnings RMB'000	Total RMB'000
Balances as at 1 January 2024	1,075,429	427	6,051	(230,171)	851,736
Profit for the year	–	–	–	279,325	279,325
Share-based payment *(Note 25)*	–	–	8,273	–	8,273
Currency translation differences	–	31,889	–	–	31,889
Balances as at 31 December 2024	1,075,429	32,316	14,324	49,154	1,171,223
Balances as at 1 January 2025	**1,075,429**	**32,316**	**14,324**	**49,154**	**1,171,223**
Profit for the year	**–**	**–**	**–**	**(12,250)**	**(12,250)**
Share-based payment *(Note 25)*	**–**	**–**	**3,885**	**–**	**3,885**
Currency translation differences	**–**	**(1,413)**	**–**	**–**	**(1,413)**
Balances as at 31 December 2025	**1,075,429**	**30,903**	**18,209**	**36,904**	**1,161,445**

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION

37.1 Principles of consolidation

(a) Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method of accounting to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS Accounting Standards.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.1 Principles of consolidation (Continued)

(a) Consolidation (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 37.4.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.1 Principles of consolidation (Continued)

(b) Separate financial statements

Investments in subsidiaries are carried at cost less impairment. Cost includes direct attributable costs of investment. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

37.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("**CODM**"). The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that make strategic decisions.

37.3 Foreign currencies

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong Dollar ("**HK$**").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within the "Finance cost, net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other losses".

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.3 Foreign currencies (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

37.4 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the each report date.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.5 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Financial assets measured at amortised cost

  The Group measures financial assets at amortised cost when both of the following conditions are met:

  – the asset is held within a business model whose objective is to collect the contractual cash flows; and

  – the contractual terms give rise to cash flows that are solely payments of principal and interest.

  Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- Financial assets measured at fair value through other comprehensive income

  The Group measures financial assets at FVOCI when both of the following conditions are met:

  – the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.5 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(losses) and impairment expenses are presented as separate line item in profit or loss.

- Financial assets measured at fair value through profit or loss

  All financial assets that are other than those categorised as financial assets measured at amortised cost or financial assets at FVOCI are categorised as financial assets measured at FVPL.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss as applicable.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and finance lease receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rate is determined based on historical observed default rates over the expected life of trade and finance lease receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.5 Financial assets (Continued)

(d) Impairment (Continued)

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

37.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

37.7 Inventories

Inventories mainly represent vehicles for finance lease and vehicle telematics equipment. Inventories are stated at the lower of cost and net realisable value. Cost of vehicle includes the purchase price of motor vehicle, licensing fee, tax and cost of telematics equipment installed.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

37.8 Cash and cash equivalent

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and other short-term highly liquid investments with original maturities of three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, in the consolidated statement of financial position.

37.9 Share capital

Ordinary shares is classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

37.11 Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an right to defer settlement of the liability for at least 12 months after the end of the reporting period.

37.12 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.12 Current and deferred tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.13 Employee benefits

(a) Pension obligations

The Group participates in a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to profit or loss as and when incurred. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurance are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave

(d) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

37.14 Share-based payments

As disclosed in Note 25, the Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company.

37 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

37.14 Share-based payments (Continued)

The fair value of the employee service received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions (e.g., the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

37.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

37.16 Vendor rebate

Volume-related vendor rebates are recognised as a deduction from cost of sales on accruals basis with reference to 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.

37.17 Dividend

Dividend declared to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

"AGM"	the forthcoming annual general meeting of the Company to be held on 18 June 2026
"Articles of Association"	the amended and restated memorandum and articles of association of the Company
"associate"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Days"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Company", "the Company" or "our Company"	XXF Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2473)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive Director(s)
"Fujian Fuyuan"	Fujian Free Trade Zone Pingtan Area Fuyuan Investment Partnership Enterprise (Limited Partnership)* (福建自貿試驗區平潭片區富元投資合夥企業(有限合夥)), a limited liability partnership established in the PRC and controlled by Mr. Huang Wei as the executive partner and general partner
"Fujian Taikun"	Fujian Taikun Investment Co., Ltd.* (福建泰鯤投資有限公司) (formerly known as Fujian Taikang Investment Co., Ltd.* (福建泰康投資有限公司)), a company established under the laws of the PRC and an Independent Third Party
"Fujian Xidun"	Fujian Xidun Automobile Service Co., Ltd.* (福建喜盾汽車服務有限公司), a company established under the laws of the PRC and, as at the date of this annual report, owned as to 49% by XXF Group and 51% by Fujian Taikun
"Fuzhou Zhitong"	Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)* (福州智通投資合夥企業(有限合夥)), a limited liability partnership established in the PRC and controlled by Mr. Huang Wei
"Global Offering"	as defined in the Prospectus

"Glorypearl Capital"	Glorypearl Capital Resources Company Limited (明珠資本資源有限公司), a company incorporated in the BVI with limited liability, one of our substantial Shareholders, and wholly owned by Mr. Huang Wei
"Group", "the Group", "our", "our Group", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Happy Gain"	Happy Gain Business Developments Limited, a company incorporated in the BVI with limited liability and indirectly wholly owned by Mr. Huang Wei
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	the Independent Non-executive Director(s)
"Independent Third Party(ies)"	individual(s) or company(ies) who/which, to the best knowledge of the Directors having made due and careful enquiries, is (are) not a connected person(s) of the Company within the meaning ascribed under the Listing Rules
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	9 November 2023, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"Non-executive Director(s)"	the Non-executive Director(s)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on 9 October 2023
"Precious Luck"	Precious Luck Developments Management Limited, a company incorporated in the BVI with limited liability and indirectly controlled by Mr. Huang Wei
"Prospectus"	the prospectus issued by the Company dated 30 October 2023
"Prosperous Splendor"	Prosperous Splendor Investment Holding Limited (盛輝投資控股有限公司), a company incorporated in the BVI and owned as to 4.48% by Mr. Liu Wei, our non-executive Director, and 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the one-year period from 1 January 2025 to 31 December 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai Bo Yu"	Shanghai Bo Yu Enterprise Management Partnership (Limited Partnership)* (上海渤毓企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Boyu"	Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* (上海渤鈺企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Boyun"	Shanghai Boyun Enterprise Management Partnership (Limited Partnership)* (上海渤鋆企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Xuante"	Shanghai Xuante Enterprise Management Co. Ltd.* (上海煊特企業管理有限公司), a company established under the laws of the PRC which is controlled as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun

"Share(s)"	ordinary share(s) in the share capital of the Company with the nominal value of one third Hong Kong cent (approximately HK$0.003333333333) each
"Share Incentive Schemes"	the Pre-IPO Share Option Scheme and the Share Option Scheme
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 9 October 2023 and effective upon the Listing Date
"Shareholder(s)"	holder(s) of Share(s)
"Southern Fortune"	Southern Fortune Enterprises Management Limited, a company incorporated in the BVI with limited liability and indirectly controlled by Mr. Huang Wei
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"Weichuang Hongjing"	Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.* (福州偉創宏景企業管理有限公司), a company established under the laws of the PRC and indirectly controlled by Mr. Huang Wei
"Weichuang Xingsheng"	Fuzhou Weichuang Xingsheng Enterprise Management Co., Ltd.* (福州偉創興晟企業管理有限公司), a company established under the laws of the PRC and wholly owned by Mr. Huang Wei
"XXF Group"	Xixiangfeng Finance Lease Group Co., Ltd.* (喜相逢融資租賃集團有限公司), a company established under the laws of the PRC on 7 September 2007 and an indirect wholly-owned subsidiary of the Company
"%"	per cent