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# **MARKET REVIEW**

In the first half of 2025, multiple Chinese government departments, including the National Development and Reform Commission (NDRC) and the Ministry of Finance, successively issued a series of policies, including the Notice on Strengthening and Expanding Large-Scale Equipment Upgrades and Trade-In Policies for Consumer Goods in 2025 (《關於2025年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知》) and 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》). These measures significantly bolstered support for the automotive industry compared to 2024. As China's auto consumption structure has shifted from first-time purchases to replacement and additional purchases, the enhanced subsidy policies are expected to further boost sales of both new and pre-owned automobiles.

According to the data from the China Passenger Cars Association (the "CPCA"), in the first half of 2025, the overall retail sales of the passenger cars market in China reached 10.901 million units, representing a period-on-period increase of 10.8%. Among these, the sales volume of luxury automobiles (including domestic and imported models) slightly declined by 5% to 7% to approximately 1.6 million units, while new energy vehicles sustained a growth momentum with sales of approximately 5.468 million units, representing a period-on-period increase of 33.3%. The market penetration rate of new energy vehicles surged to 50.2%, solidifying its dominant position in China's new automobiles sales market. Pre-owned automobiles market showed steady growth, with a cumulative transaction volume of 9.5701 million units, representing a period-on-period increase of 2.0%, marking a transition in development phase from "quantity" to "quality".

According to the latest statistics released by China's Ministry of Public Security, as of the end of June 2025, vehicle ownership in China reached approximately 360 million units, marking a new stage of development in China's auto industry. Notably, ownership of new energy vehicles surpassed the 10% threshold and reached 10.3%, generating substantial new demand and development opportunities for the automotive aftermarket, including automobile repair and maintenance services.

Overall, the Chinese automotive market showed strong growth momentum in the first half of 2025, with the rapid development of new energy vehicles serving as the primary driver. With continued policy support and growing market demand, the Chinese automotive market still holds significant future potential.

#### **BUSINESS REVIEW**

In the first half of 2025, the Group continued to focus on the operation of mid-to-high-end automobile brands. By optimizing the management structure of the automobile dealership business, vigorously promoting the transformation toward new energy brands, closing and restructuring underperforming stores, strengthening centralized procurement, and enhancing digital management capabilities, the Company comprehensively strengthened its core competitiveness and operational quality.

In June 2025, the Company completed an issuance of shares under specific mandate to Xinda Motors Co., Limited [信達汽車(香港)有限公司], a subsidiary of its then single largest shareholder, ITG Holding, raising approximately HK\$1 billion in funds. Following completion of the subscription, ITG Holding has become the controlling shareholder of the Group, providing stronger capital support and comprehensive resource backing for the Group's future development. Subsequently, the Group's management headquarters was officially relocated to Xiamen. This enables better utilization of local resources, further deepening localized operations, and laying a solid foundation for maximizing strategic synergies within the shareholder system.

In the first half of 2025, the stores of the Group received a total of 53 awards from automobile manufacturers, local governments, industry media and industry associations, among which 51 were awarded by manufacturers, and 2 were awarded by governments, media and industry associations. During the reporting period, the Group ranked 21st on the "2025 Top 100 China's Automobile Dealer Groups Ranking", and was selected as the 66th of the "2025 Top 100 China Automobile Dealers Groups — New Energy Sub-list".

For the six months ended 30 June 2025, the Group recorded revenue of approximately RMB8,891.0 million and gross profit of approximately RMB297.5 million. The following is a review of the Group's operational performance across its business segments and the progress made in management enhancements during the first half of 2025:

### (I) Automobile dealership

In the first half of 2025, the Group restructured the business framework of its automobile dealership brand by placing equal emphasis on both regional coordination with vertical brand management, vigorously promoted the transformation of stores towards new energy brands and established and expanded centralized management for integrated operations. We set up regional centers for services such as spray painting and insurance agency. Additionally, we enhanced the functionality of pre-owned automobiles retail centers by providing full-cycle operational guidance and refined management for existing brand stores, and fostered a collaborative development ecosystem. Leveraging digital technologies, we strengthened dynamic inventory monitoring and early warning to continuously reduce operational risks while steadily improving operational quality and efficiency.

The Group also steadily promoted the distribution of new energy vehicles. In terms of new energy vehicle sales, the sales of new energy vehicles accounted for approximately 8.6% of the Group's overall sales.

#### 1. Sales of new automobiles

During the reporting period, amidst an unfavorable market environment where the share of traditional fuel-powered vehicles continued to decline, the Group proactively adjusted the operational and marketing strategies of its existing brands while strengthening its transition to new energy. Through multiple measures to stabilize customer traffic and secure sales, the Group ensured the resilient performance of its new automobile sales business despite the market downturn.

In terms of business strategy, the Group further refined its brand and vehicle portfolio, focusing on two main pillars: "structural optimization and efficiency enhancement". On one hand, in response to the diverging trends between the new energy and traditional fuel-powered vehicle markets, the Group dynamically allocated inventories by increasing the supply of pure electric and plug-in hybrid models with high gross profit in first-tier cities and prioritizing cost-effective fuel-powered vehicles and entry-level new energy models in lower-tier markets, ensuring precise alignment between regional demand and model supply. On the other hand, the Group established a regional inventory distribution platform, leveraging digital systems to monitor real-time supply and demand across stores, and implemented a cross-store rapid transfer mechanism, which improved inventory turnover efficiency period-on-period. Additionally, the Group upgraded its pricing management system by developing a dynamic pricing model that incorporates competitive products pricing, inventory level, and customer profiles. This enabled customized solutions for different customer segments, be it first-time buyers or trade-in customers, maximizing both customer satisfaction and sales profitability.

In terms of marketing strategies, the Group adhered to a three-pronged strategy of "online engagement, offline conversion, and private domain retention". On the online front, the Group intensified its new media operations, and achieved significant growth in lead acquisition, store visits and sales conversions, leveraging high-frequency live streaming and short-form video content. Additionally, the Group leveraged the industrial ecosystem of its controlling shareholder to drive cross-industry traffic, increasing its proportion of new customers. Offline, the Group launched festival-themed integrated marketing campaigns in collaboration with financial institutions and non-competing brands, adopting a city-based and region-based approach. These campaigns, centered around immersive experiences, effectively reached target customer groups. On the private domain front, the Group's WeCom communities have engaged hundreds of thousands of existing customers. A "member-get-member" (老帶新) referral mechanism fueled community-driven growth, leading to a steady increase in sales contributions from private channels.

Concurrently, the Group continued to organize professional training for frontline staff, enhance demand insight and service responsiveness to provide consumers with a higher-quality and more efficient sales experience. This effectively guides the sales team to shift their focus from sales quantity to sales quality. The Group's sales volume of new automobile for the six months ended 30 June 2025 was in aggregate 26,840 units, representing a period-on-period increase of approximately 0.8%, including 23,747 units of mid-to-high-end automobiles, representing a period-on-period increase of approximately 4.7%.

#### 2. After-sales services business

In the first half of 2025, upholding its core "customer-centric" philosophy, the Group consistently optimized customer service experience by offering personalized products and tailored services catering to the unique needs of different customer groups, and further expanded its service coverage and emergency support, which earned us high praise and trust from customers.

During the reporting period, the Group continued to refine its after-sales service system, implementing segmented operations based on detailed customer profiling. For high value customers, we launched exclusive service packages covering benefits such as dedicated consultants, priority appointments, and value-added perks, driving a steady growth in after-sales return frequency. For long-inactive customers, targeted outreach through data screening effectively reactivated their engagement. Meanwhile, the Group accelerated the development of digital service channels, and seamlessly integrated online and offline touchpoints by which customers can book services with one click and track maintenance progress in real time. As a result, both service efficiency and transparency have been enhanced and after-sales satisfaction and brand loyalty have further strengthened.

For the six months ended 30 June 2025, the Group provided after-sales services for 504,250 units of automobiles in aggregate. Revenue from the after-sales services of the Group amounted to approximately RMB1,486.9 million.

#### 3. Automobile-related derivative business

#### 3.1 Pre-owned automobile business

Benefiting from the implementation of a series of new policies to promote the healthy development of the pre-owned automobile market, China's pre-owned automobile industry has continued to standardize, regulate, and scale. In line with industry development trends, the Group further deepened the layout of its pre-owned automobile business, and advanced the transformation and upgrading of four pre-owned vehicle centers in Beijing, Shenzhen, Wuhan and Guangzhou, while preparing for new center stores. By centralizing vehicle sourcing and unified allocation, the Group has optimized resource allocation efficiency and reduced operational costs, with the coverage of stores reaching nearly 60% at present.

During the reporting period, the Group further optimized its auction platform cooperation system by introducing leading and high-quality auction platform companies in the industry, fostering a healthy competitive environment among partner platforms. Also, we piloted a self-operated auction platform to accelerate pre-owned vehicle turnover efficiency and improve per-vehicle gross profit margins.

Additionally, to boost the Group's pre-owned vehicle business, achieve innovative business models, and optimize management, the Group's headquarters' pre-owned vehicle management platform regularly organized quarterly or bimonthly pre-owned vehicle competitions among stores. This initiative aims to establish internal model stores and horizontally replicate and promote the operational management experience of outstanding stores, achieving balanced development and scalable expansion of the pre-owned vehicle business nationwide. Pre-owned vehicle sales of the Group for the six months ended 30 June 2025 represented a period-on-period growth of approximately 7.2%.

#### 3.2 Auto finance business

In the first half of 2025, the Group continued to deepen and expand its collaboration with various financial institutions, including auto finance companies and banks. Building on resource sharing and complementary strengths, the Group continued to expand the scope of cooperation and proactively explored and established mutually beneficial cooperation schemes for auto retail mortgage loans with multiple financial institutions. These efforts effectively increased the total volume of financial product offerings and extended the terms of financial products, further enhancing service coverage and precision of its services.

For the six months ended 30 June 2025, the Group recorded income generated from the provision of mortgage facilitation services of approximately RMB693.0 million, representing a period-on-period growth of approximately 112.8%. This was mainly due to the income generated from mortgage facilitation services being presented as revenue starting from 1 April 2024, whereas mortgage facilitation services income earned during the period from 1 January 2024 to 31 March 2024 was recorded under "other income" as "service income".

#### 3.3 Insurance agency business

Dingze Insurance Agency Co., Ltd. [鼎澤保險代理有限公司] ("Dingze Insurance Agency"), a subsidiary of the Group, continued to build its development foundation on new and renewal insurance businesses while optimizing its business structure, implementing intensive operations and integrating regional resources.

During the reporting period, Dingze Insurance Agency systematically updated and optimized derivative insurance products such as existing double insurances and commuter automobile insurance, providing robust support and assurance for the new vehicle sales and after-sales service businesses of 4S stores. In April 2025, the Group established a pilot renewal insurance center in Wuhan to centralize the management of renewal insurance resources for regional stores. The center has gradually facilitated direct policy negotiations between the Group and insurers at the headquarter level, and fully leveraged the intensive advantages of resource integration and efficiency improvement. Building on the successful pilot experience of the Wuhan Renewal Insurance Center, the Group will further advance the establishment of renewal insurance centers in other core cities, and continuously expand the scale advantages of its intensive business model.

For the six months ended 30 June 2025, the Group recorded insurance agency income of approximately RMB55.6 million in total, representing a period-on-period increase of approximately 68.6%.

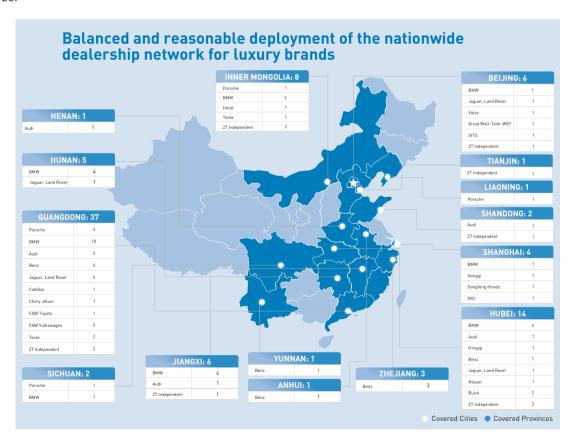
# New energy transition accelerated and advanced fully towards sustainability

As a leading auto dealership group in the PRC, the Group represents mass-market automobile brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover and Volvo. Additionally, the Group has established dealership and after-sales service operations for mainstream new energy vehicle brands including AITO, Tesla, and NIO. The Group also operates brands such as FAW-Volkswagen, Buick, Dongfeng-Nissan, FAW Toyota and Dongfeng-Honda, as well as Honggi, GWM Haval, GWM Tank & WEY and Chery Jetour.

As of 30 June 2025, the Group had 92 dealership stores in 36 cities across 15 provinces and municipalities in China, and was authorised to develop 5 additional dealership stores.

The Group has been focusing on leading domestic high-quality new energy vehicle brands, and achieved rapid deployment of a new energy vehicle sales network through the transfer of existing assets. In the first half of 2025, the Beijing AITO User Center and Zhanjiang Jetour dealership commenced operations, while new authorization was secured for Geely Galaxy in Guangzhou.

As of mid-August 2025, the Group has obtained preliminary authorization for seven mainstream new energy brands, including SAIC [尚界], LUXEED, and STELATO, in Beijing, Zhuhai, Jieyang, and Shantou. Preparatory work is now underway, with these outlets expected to commence operations progressively in the second half of 2025.



# (II) Supply chain business

Due to the impact of new energy vehicle subsidy policies and certain business route changes in the first half of 2025, Shengze Jietong Supply Chain Co., Limited\* [聖澤捷通供應鏈有限公司] ("Shengze Jietong"), a subsidiary of the Group, achieved a revenue of approximately RMB155.4 million during the reporting period.

In terms of vehicle logistics business, Shengze Jietong continued to carry out commercial vehicle highway transportation and coastal multimodal transport projects, actively advancing the normalization of new energy passenger vehicle shipping operations. Shengze Jietong has been optimizing its transportation management system and logistics management platform, refining business management processes and stakeholder performance management models, with a key focus on ensuring the delivery of customer vehicle models post-launch. Meanwhile, Shengze Jietong actively expanded its business by securing new contracts for passenger vehicle transportation across multiple regions, including passenger vehicle brands under FAW Group and Geely Auto, thereby increasing its operational network coverage.

In terms of spare parts warehousing business, Shengze Jietong prioritized optimizing spare parts inventory and reducing storage costs. Shengze Jietong worked closely with clients to implement technical improvements and streamline processes, achieving customer objectives and earning recognition. Additionally, it enhanced automated warehouse algorithms and workstation configurations to improve parts inbound/outbound efficiency, rationally planned parts storage duration, and provided technical support for demand-based deliveries to authorized dealerships. Furthermore, Shengze Jietong continued to expand its warehouse leasing services, successfully renewed contracts with existing clients and secured commitments from potential customers.

### (III) Emerging business

During the reporting period, the Group proactively adapted to industry trends by accelerating its internationalization business strategy and expanding its global business footprint. Leveraging its long-standing cooperative relationships with major domestic OEMs, the Group actively pursued domestic OEMs export authorizations and dealership authorizations in overseas markets. Additionally, the Group has steadily advanced the localization of its store teams and engaged in deep collaborations with strong local partners overseas to jointly explore international cooperation opportunities. The Group aims to extend its value chain both upstream and downstream in the industry and further drive its internationalization process.

The Company also closely monitors the transformative potential of smart connected vehicles in future transportation markets, aiming to secure early-mover advantages during the industry transformation.

#### (IV) Management improvement

In the first half of 2025, the Group continued to advance management enhancement initiatives in areas such as organizational structure, cost reduction and efficiency improvement, regulated governance, internal supervision, risk prevention, digital transformation:

- In terms of organizational structure, to align with strategic development needs, the Group adjusted and
  optimized its headquarters' departmental structure, streamlining the management hierarchy and structure
  of the automotive dealership segment. This established a flatter operational control model and enhanced
  vertical and regional management.
- In terms of cost reduction and efficiency improvement, the Group has rigorously implemented a "diligent and thrifty" (緊日子) philosophy by enforcing strict controls on all expenditures. Additionally, the Group continued to diversify financing channels, adjust financing structure, and replace high-interest debt to improve operational management and economic efficiency.
- In terms of regulated governance, the Group continued to refine its corporate governance mechanisms, aligning closely with legal and regulatory guidelines while integrating the Company's strategic objectives.
   It efficiently promoted the optimization and revision of management systems in terms of budget, asset procurement and leasing.

- In terms of internal supervision, focusing on core business and management processes, the Group has
  further optimized and strengthened internal control systems to ensure legal and compliant operations,
  asset security, and the accuracy and completeness of information. Audit efforts have been intensified,
  targeting critical areas, enforcing corrective actions, and disseminating best practices to enhance internal
  control effectiveness.
- In terms of risk prevention, the Group has completed the restructuring of its risk and compliance framework, and established a new risk control system characterized by "all staff participation, end-to-end coverage, and cross-domain collaboration" through organizational optimization, process improvements, and digital empowerment. The Group also continuously advanced the refinement and optimization of the risk control system by implementing monthly dynamic monitoring, with risk control responsibilities delegated to frontline operations, forming a closed-loop evaluation and supervision mechanism.
- In terms of digital transformation, the Group launched and promoted the Cangqiong Digital Platform [蒼穹 數字化平台] in the first half of the year, with "integration" as the core, focusing on the integration of processes, operation and finance, and data.

# **FINANCIAL REVIEW**

#### Revenue

For the six months ended 30 June 2025, the Group recorded a revenue of approximately RMB8,891.0 million, representing a decrease of approximately 10.0% as compared to the revenue of approximately RMB9,875.6 million in the first half of 2024. The decrease in revenue was mainly due to a decrease in selling price of new automobiles during the period.

Revenue of the Group was derived from the sales of new automobiles, the provision of after-sales services, the provision of mortgage facilitation services, the provision of logistics services, the sales of comprehensive properties and other businesses. In the first half of 2025, revenue from the sales of new automobiles and the provision of mortgage facilitation services amounted to approximately RMB7,245.1 million, representing a decrease of approximately 9.2% as compared to approximately RMB7,983.3 million in the first half of 2024, and accounted for approximately 81.5% of the total revenue in the first half of 2025 (corresponding period of last year: 80.8%). Among which, revenue from the sales of mid-to-high-end branded automobiles accounted for approximately 94.3% of the revenue from the sales of new automobiles in the first half of 2025 (corresponding period of last year: approximately 94.0%).

In the first half of 2025, revenue from the after-sales services was approximately RMB1,486.9 million, representing a decrease of approximately 12.5% as compared to approximately RMB1,699.0 million in the first half of 2024. In the first half of 2025, revenue from the after-sales services accounted for approximately 16.7% of the total revenue (corresponding period of last year: approximately 17.2%).

#### Cost of sales

For the six months ended 30 June 2025, the Group's cost of sales amounted to approximately RMB8,593.5 million, representing a decrease of approximately 11.4% compared to approximately RMB9,698.5 million in the first half of 2024, which was due to a decrease in the average purchase price of new automobiles. In the first half of 2025, cost of sales for new automobiles of the Group decreased by approximately 11.8% to approximately RMB7,496.5 million from approximately RMB8,497.8 million in the first half of 2024, which was due to a corresponding decrease in revenue from new automobiles. Cost of sales of after-sales services decreased by approximately 3.7% to approximately RMB981.1 million from approximately RMB1,019.1 million in the first half of 2024. The decrease was mainly attributable to a corresponding decrease in revenue from after-sales services.

## Gross profit and gross profit margin

For the six months ended 30 June 2025, the Group's gross profit amounted to approximately RMB297.5 million, representing an increase of approximately 67.9% compared to approximately RMB177.2 million in the first half of 2024, and the gross profit margin was approximately 3.3%, representing an increase of 1.5 percentage points compared to 1.8% in the first half of 2024, which was mainly due to the income generated from the provision of mortgage facilitation services being presented as revenue starting from 1 April 2024, and mortgage facilitation services income earned during the period from 1 January 2024 to 31 March 2024 was included in "service income" under "other income". For details, please refer to "Note 4 Revenue" to the interim financial statements.

#### Selling and distribution expenses

For the six months ended 30 June 2025, the Group's selling and distribution expenses was approximately RMB459.7 million, representing a decrease of approximately 2.3% compared to approximately RMB470.6 million in the first half of 2024, which was mainly due to a decrease in staff costs.

#### Administrative expenses

For the six months ended 30 June 2025, the Group's administrative expenses amounted to approximately RMB516.5 million, representing an increase of approximately 2.4% compared to approximately RMB504.4 million in the first half of 2024, which was mainly due to the impairment losses on property, plant and equipments.

#### Loss from operations

For the six months ended 30 June 2025, the Group's loss from operations was approximately RMB543.7 million, as compared to loss from operations of approximately RMB233.2 million for the same period in 2024. The increase in loss was mainly due to a decline in selling price of new automobiles and the impairment losses on goodwill and intangible assets, and impairment losses on property, plant and equipments.

#### Income tax

For the six months ended 30 June 2025, the Group's income tax credit amounted to approximately RMB95.2 million, and the income tax credit amounted to approximately RMB88.3 million in the first half of 2024.

#### Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities other than as disclosed in "Note 26 Contingent liabilities" to the interim financial statements.

#### Loss for the period

For the six months ended 30 June 2025, the Group's loss for the period was approximately RMB887.5 million, as compared with a loss of approximately RMB634.8 million in the first half of 2024. The increase in loss was mainly due to a decline in selling price of new automobiles, the impairment losses on goodwill and intangible assets, and the impairment losses on property, plant and equipments.

#### Current assets and current liabilities

As at 30 June 2025, the Group's current assets amounted to approximately RMB13,644.5 million, representing a decrease of approximately RMB1,676.9 million as compared to the current assets of approximately RMB15,321.3 million as at 31 December 2024.

As at 30 June 2025, the Group's current liabilities amounted to approximately RMB20,212.5 million, representing a decrease of approximately RMB3,441.7 million as compared to the current liabilities of approximately RMB23,654.2 million as at 31 December 2024, which was mainly due to a decrease in short-term borrowings.

#### Cash flow

As at 30 June 2025, the Group had cash and cash equivalents amounting to approximately RMB872.9 million, representing an increase of approximately RMB299.9 million from approximately RMB573.1 million as at 31 December 2024. The Group's transactions and monetary assets were principally denominated in Renminbi. The Group's primary uses of funds were to pay for purchases of new automobiles, spare parts and automobile accessories, to repay the Group's loans, borrowings and other indebtedness, to finance the Group's working capital and daily operating expenses and to establish new dealership stores or to acquire dealership stores or other businesses. The Group finances its liquidity requirements through a combination of cash flows generated from the operating activities, bank loans and other financings. For the six months ended 30 June 2025, the Group had net cash inflow of approximately RMB77.9 million generated from its operating activities (for the six months ended 30 June 2024: net cash inflow of approximately RMB147.1 million).

#### Capital expenditure and investment

For the six months ended 30 June 2025, the Group's capital expenditure and investment were approximately RMB275.5 million (30 June 2024: RMB464.6 million), which was mainly due to the completion of construction in progress and the reduction of investment.

#### **Inventory**

The Group's inventories included vehicles, automobile spare parts and properties under development for sale. In general, each of the Group's dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventories. In addition, the Group utilizes its information technology systems to manage its inventories, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group amounted to approximately RMB3,599.3 million as at 30 June 2025, representing an increase of approximately RMB292.3 million when compared with RMB3,307.0 million as at 31 December 2024. Such change was mainly due to the increase in vehicle inventory at the end of the period. The Group's average inventory turnover days in the first half of 2025 was 48.0 days, representing a decrease of 2.4 days as compared to 50.4 days in the first half of 2024. The following table sets forth our average number of inventory turnover days (excluding the impact of properties under development for sale) for the period indicated:

|  | For the six months ended<br>30 June (number of days) |      |
|--|--|------|
|  | 2025   | 2024 |
| Average number of inventory turnover days (excluding the impact of |  |      |
| properties under development for sale)                             | 48.0   | 50.4 |

#### Foreign exchange risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in foreign currencies. The Group used swap instruments and option foreign exchange instruments to partially hedge its US-dollar future loans repayment.

## Liquidity and capital resources

Working capital and capital expenditures of the Group were primarily funded through cash generated from internal operation and borrowings provided by principal banks and other financial institutions. As at 30 June 2025, the Group's cash and cash equivalents, time deposits and pledged bank deposits were approximately RMB4,794.0 million (including: pledged bank deposits of approximately RMB3,916.0 million, cash and cash equivalents of approximately RMB872.9 million and time deposits of RMB5.0 million), representing a decrease of approximately RMB1,674.5 million from approximately RMB6,468.4 million as at 31 December 2024. As at 30 June 2025, loans and borrowings, lease liabilities of the Group amounted to approximately RMB19,192.5 million (31 December 2024: loans and borrowings, lease liabilities amounted to approximately RMB21,314.0 million). As at 30 June 2025, the net gearing ratio of the Group was approximately 874.7% (31 December 2024: approximately 1,387.8%). Net gearing ratio as at 30 June 2025 was calculated as loans and borrowings and lease liabilities less cash and cash equivalents, time deposits and pledged bank deposits divided by total equity. The Group will actively improve its operating efficiency and consider various methods to improve its existing financial position and reduce the level of leverage of the Group.

## Pledged assets

The Group has pledged its assets as security for loans and borrowings and as working capital for daily operations. As at 30 June 2025, the pledged assets of the Group amounted to approximately RMB7,342.4 million (31 December 2024: approximately RMB9,447.0 million).

#### Investments held in foreign currency

For the six months ended 30 June 2025, the Group did not hold any investments denominated in foreign currencies.

### Employees and remuneration policies

As at 30 June 2025, the Group had a total of 5,523 employees worldwide (as at 31 December 2024: 5,672 employees). For the six months ended 30 June 2025, the Group incurred staff costs of approximately RMB360.2 million (for the six months ended 30 June 2024: approximately RMB395.7 million).

Talent is the core competitive strength of the Group. During the reporting period, the Group has dedicated efforts to fostering an open, inclusive, and dynamic workplace ecosystem. With value creation at its core, the Group strengthened its performance evaluation and incentive mechanisms, emphasizing multidimensional assessments to accurately identify and fully motivate high-potential talents who demonstrate both professional competence and integrity, thereby solidifying the Group's talent foundation.

In terms of employee training, the Group has further advanced an integrated approach to compensation and performance management to precisely stimulate talent vitality. At the same time, the Group consistently implemented a four-level training system which includes training in creation, wisdom, leadership and innovation, as well as special training programs such as the Vitality Plan [活力計劃] and the Dandelion Plan [蒲公英計劃] to continuously enhance the professional expertise and innovative capabilities of both management and operational staff, building a sustainable talent pipeline to inject unwavering momentum into the Group's high-quality development.

In the first half of 2025, the Group held a total of 25 internal training activities with 2,009 participants, covering multiple areas such as professional skills improvement, team collaboration development and leadership development. These efforts systematically enhanced the overall quality and professionalism of our management and all employees, achieving a leap in workforce capabilities and providing sustained momentum for the Group's high-quality development.

The Group advocates a positive and proactive innovation culture, stimulating employees' creativity and enterprising spirit through organizing various competitions, employee interest clubs, and book sharing events. At the same time, the Group recognized and rewarded outstanding performers to inspire all employees to strive for excellence. The Group has also established an Employee Care Fund to provide concrete support to staff members and their families in need, ensuring they experience the Group's genuine warmth and care. Furthermore, through regular interview sessions and feedback mechanisms, the Group promptly identifies and addresses employee concerns. These practices effectively enhance the satisfaction and well-being of employees, fostering a harmonious and stable internal environment.

#### **FUTURE OUTLOOK AND STRATEGIES**

Leveraging the resource synergy of our controlling shareholder, in the second half of 2025, the Group will focus on core business development, guided by the principles of "electrification, internationalization, digitalization, marketization, and operational refinement". We will coordinate efforts to advance enterprise transformation and upgrading, accelerate the divestment of non-core assets of the Group, optimize our asset liability structure, and enhance operational efficiency and specialized capabilities.

The Group will accelerate its new energy transformation using partnerships with mainstream new energy brands as a breakthrough to comprehensively advance NEV-oriented dealership upgrades. Concurrently, by leveraging the research achievements of our Automotive Industry Research Institute [汽車產業研究院], we will actively explore service models including intelligent connected vehicles. In terms of international expansion, we will adopt an automotive export-driven strategy by actively securing domestic OEM export licenses, obtaining localized overseas distribution authorizations and establishing localized joint venture partnerships abroad to establish a robust international business framework.

At the same time, the Group will enhance its digital transformation, promote the construction of an integrated industry and finance system, vigorously advance the construction and correction and updating of digital intelligence platforms, promote the launch of AI customer service, integrate the front, middle and back office operations, and further strengthen data analysis and customer refined operation capabilities to improve store operation and management efficiency.

The Group will also deepen market-oriented reforms, optimize its organizational structure, and stimulate internal dynamism. With greater determination, a more open approach, and pragmatic actions, the Group will steadily progress toward its a vision of becoming a "leading comprehensive service provider in the automobile ecosystem".

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

To the best of the Company's knowledge, as at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporations (as defined in Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under the SFO); or (b) recorded in the register referred to therein under Section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules are as follows:

# Long Positions in Shares of Associated Corporations of the Company

| Name of Director | Nature of interest | Name of associated corporation      | Number of<br>securities held | Approximate percentage of shareholding interest of the associated corporation (%) |
|------------------|--------------------|-------------------------------------|------------------------------|---|
| Huang Junfeng    | Beneficial owner   | Xiamen Xindeco Ltd.<br>(廈門信達股份有限公司) | 336,400                      | 0.05  |
| Wang Mingcheng   | Beneficial owner   | Xiamen Xindeco Ltd.<br>【廈門信達股份有限公司】 | 405,000                      | 0.06  |
| Chen Hong        | Beneficial owner   | Xiamen Xindeco Ltd.<br>(廈門信達股份有限公司) | 30,000                       | 0.01  |

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

#### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the interests or short positions of such persons (other than the Directors or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO were as follows:

| Name of Shareholders   | Capacity/nature of interest          | Number of<br>Shares held         | Approximate percentage of shareholding |
|--|--------------------------------------|----------------------------------|--|
| Xiamen ITG Holding Group Co., Ltd. [廈門國貿控股集團有限公司] <sup>2</sup> | Interests of controlled corporations | 9,085,216,736<br>(Long position) | 90.71%                                 |

#### Notes:

1. As at 30 June 2025, the total number of Shares in issue was 10,016,050,944.

2. Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is deemed to be interested in the 22,359,500 Shares directly held by Hong Kong Sindanol Ltd., as Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) was beneficially interested in 39.93% of the issued share capital of Xiamen Xindeco Ltd. (廈門信達股份有限公司), and Xiamen Xindeco Ltd. (廈門信達股份有限公司) was beneficially interested in the entire issued share capital of Hong Kong Sindanol Ltd. Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is also deemed to be interested in the 9,062,857,236 Shares directly held by Xinda Motors Co., Limited (信達汽車 (香港) 有限公司) as Xinda Motors Co., Limited (信達汽車 (香港) 有限公司) is a direct wholly owned subsidiary of ITG Holding Investment (HK) Limited which in turn is a direct wholly owned subsidiary of Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司). As a result, Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is deemed to be interested in a total of 9,085,216,736 Shares.

Save as disclosed above, as at 30 June 2025, the Directors and chief executives were not aware of any other person (other than the Directors and chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

#### SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "Share Award Scheme") on 12 June 2020 (the "Adoption Date"), which enables the Company to, among other things, provide selected participants with an opportunity to acquire a proprietary interest in the Company; to encourage and retain participants to work with the Group; to provide additional incentive for selected participants to achieve performance goals; and to attract personnel to join the Group, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the selected participants directly to the Shareholders through ownership of the Shares. The Share Award Scheme shall initially be valid and effective for a period of ten years from the Adoption Date, subject to early termination as stipulated under the rules related to the Share Award Scheme (the "Scheme Rules"). As at the date of this report, the remaining life of the Share Award Scheme was approximately 4.5 years.

Any employees or directors of the Company or any of its subsidiaries whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group and who are nominated and selected by the Board and approved by the Remuneration Committee (as to identities of the selected participants and determination of the number of the Shares subject to the grant (the "Grant Shares")) in accordance with the terms of the Scheme Rules shall be qualified as a selected participant under the Share Award Scheme.

Subject to the Scheme Rules, the Grant Shares shall be new Shares to be issued and allotted by the Company for nil consideration. The Grant Shares are subject to acceptance of the selected participants. For the purpose of implementing and administering the Share Award Scheme, the Company has appointed BOCI-Prudential Trustee Limited as the trustee (the "Trustee"). Grant Shares under the Share Award Scheme will be issued and allotted to the Trustee who shall hold such Shares upon trust for the benefit of the selected participants and shall vest and transfer to the relevant selected participants after fulfilment of all vesting conditions as set out in the Scheme Rules and subject to the vesting schedule ranging from the first to the fourth anniversary of the date on which the Grant Shares are granted (the "Grant Date"), as determined and applicable to relevant selected participants according to their respective tenure of office with and/or level of position in the Group.

No Shares shall be allotted or issued pursuant to the Share Award Scheme if as a result of such allotment or issue, the aggregate number of Shares administered under the Share Award Scheme and underlying all Grant Shares made (excluding the Shares where the rights to acquire them have been released or lapsed in accordance with the Share Award Scheme) shall exceed in total 5% of the Company's issued Shares as at the Adoption Date (i.e. 122,611,021 Shares). The maximum number of Grant Shares which may be granted to an individual selected participant shall not exceed 1% of issued Shares of the Company as at the Adoption Date (i.e. 24,522,204 Shares). As at the date of this report, the total number of Shares available for issue in respect of awards which may be granted under the Share Award Scheme is 91,931,021, representing approximately 0.92% of the Shares in issue as at that date.

Where any grant is proposed to be made to any selected participant who is a connected person (including a Director), such grant must first be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is a selected participant to be awarded) and shall be separately approved by the Shareholders at a general meeting with such connected person and his/her associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such grant.

Since the Adoption Date and up to 30 June 2025, the Board has granted a total of 47,100,000 Grant Shares under the Share Award Scheme (on 12 June 2020), accounting for approximately 1.92% of the Shares of the Company in issue on the Adoption Date.

Out of such 47,100,000 Grant Shares, (i) 35,700,000 Grant Shares were granted to 37 non-connected selected participants, all being independent employees of the Group who are not connected persons of the Company; and (ii) 11,400,000 Grant Shares were granted to Mr. Wang Kunpeng, Mr. Li Zhubo and Mr. Wan To, who were executive directors of the Company at the time of grant but have all ceased to be directors of the Company.

The said 47,100,000 Grant Shares were initially and directly allotted and issued to the Trustee at market price based on the average closing price of the Shares for the five consecutive trading days immediately preceding the Adoption Date as quoted on the Stock Exchange of approximately HK\$1.178 per Share. The market value and nominal value of such 47,100,000 Grant Shares were HK\$55,483,800 and HK\$4,710,000, respectively.

#### Notes:

Subject to the satisfaction of the vesting conditions (including that the employees remain in service and meet performance requirements), the Grant Shares held by the Trustee on behalf of the selected participants shall be vested and transferred to the selected participants at no cost in accordance with the vesting schedule below.

The vesting period for the Grant Shares granted on 12 June 2020 is as follows:

(i) Applicable to selected participants whose term of service with any member of the Group is less than 5 years as at the grant date

| Vesting Date                     | Amount of Grant Shares to vest                            |  |  |  |  |
|----------------------------------|---|--|--|--|--|
| Second anniversary of grant date | One-third (round down to the nearest board lot of Shares) |  |  |  |  |
| Third anniversary of grant date  | One-third (round down to the nearest board lot of Shares) |  |  |  |  |
| Fourth anniversary of grant date | The remaining Grant Shares                                |  |  |  |  |

(ii) Applicable to selected participants whose term of service with any member of the Group is 5 years or more as at the grant date

| Vesting Date                     | Amount of Grant Shares to vest                            |
|----------------------------------|---|
| First anniversary of grant date  | One-third (round down to the nearest board lot of Shares) |
| Second anniversary of grant date | One-third (round down to the nearest board lot of Shares) |
| Third anniversary of grant date  | The remaining Grant Shares                                |

(iii) Applicable to selected participants whose term of service with any member of the Group is 10 years or more as at the grant date and/ or whose office or role are vice-president level or above

| Vesting Date                    | Amount of Grant Shares to vest |
|---------------------------------|--------------------------------|
| First anniversary of grant date | 100%                           |

During the reporting period, no grant was made under the Share Award Scheme. There were no outstanding unvested Grant Shares as of 1 January 2025 and 30 June 2025.

The number of share awards available for grant under the scheme mandate was 91,931,021 as at 1 January 2025 and 30 June 2025.

For details of the summary of the major terms of the Share Award Scheme, and the grant of the Grant Shares, please refer to the announcements of the Company dated 12 June 2020 and 18 June 2020 and the circular of the Company dated 31 August 2020.

# SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND MANDATORY GENERAL OFFER

On 25 January 2025, the Company entered into a subscription agreement (the "Subscription Agreement") with Xinda Motors Co., Limited {信達汽車(香港)有限公司} (the "Offeror"), a subsidiary of its then single largest shareholder, ITG Holding, pursuant to which the Company conditionally agreed to allot and issue, and the Offeror conditionally agreed to subscribe, for an aggregate of 6,669,060,524 ordinary shares at the subscription price of HK\$0.15 per subscription share (the "Connected Subscription"). The aggregate nominal value of the subscription shares is HK\$666,906,052.4. The subscription price of HK\$0.15 per subscription share represents: (a) a premium of approximately 36.36% over the closing price of HK\$0.1100 per share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement; and (b) a premium of approximately 42.59% over the average closing price of HK\$0.1052 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Connected Subscription was conditional upon, among other things, the whitewash waiver and the Connected Subscription being separately approved by at least 75% and more than 50% respectively of the votes cast by independent shareholders. Given that the special resolution relating to the whitewash waiver was not passed, the condition precedent relating to the whitewash waiver was not satisfied. On 28 May 2025, the Offeror decided to waive the condition precedent relating to the whitewash waiver under the Subscription Agreement, and completion of the Connected Subscription took place on 2 June 2025 (the "Connected Subscription Completion"). An aggregate of 6,669,060,524 new shares have been allotted and issued to the Offeror at the subscription price of HK\$0.15 per subscription share.

The gross proceeds from the Connected Subscription were HK\$1,000,359,078.60. The net proceeds (after deducting relevant costs and expenses) from the Connected Subscription were approximately HK\$997 million (equivalent to approximately RMB914 million). On such basis, the net price per subscription share is approximately HK\$0.15.

The Connected Subscription is expected to supplement the Company's working capital requirements, enable the Company to better meet its operational cash flow needs during a time of market transition, support it to optimise its network, adjust its brand portfolio, increase its inventory turnover and overall operational efficiency. In addition, the Connected Subscription will help the Group consolidate its main business operations and better equip it to meet market challenges.

For further details of the Connected Subscription, please refer to the announcement of the Company dated 26 January 2025 and the circular of the Company dated 31 March 2025 (the "Connected Subscription Circular").

The table below sets out the planned application of the net proceeds as disclosed in the Connected Subscription Circular:

|   | % of use of proceeds | Proceeds from<br>the Connected<br>Subscription                        |
|---|----------------------|---|
| Increasing working capital and supporting the Group's business operation ("Working Capital")  | 30%                  | HK\$299 million<br>(equivalent to<br>approximately<br>RMB274 million) |
| Capitalising on market opportunities for strategic investments or mergers and acquisitions (M&A) as and when they arise ("Investment")* | 20%                  | HK\$199 million<br>(equivalent to<br>approximately<br>RMB183 million) |
| Repayment of existing debts ("Repayment")   | 50%                  | HK\$498 million<br>(equivalent to<br>approximately<br>RMB457 million) |

<sup>\*</sup> Note: As stated in the Connected Subscription Circular, if no suitable investment targets or M&A opportunities are subsequently identified, subject to compliance with applicable PRC regulations and the Listing Rules, the Group may consider reallocating the net proceeds originally allocated for Investment in whole or in part towards repayment of its existing debts in order to reduce its finance costs and improve its debt profile.

During the reporting period, the net proceeds were ultimately applied as follows: (i) approximately RMB100 million towards Working Capital; and (ii) approximately RMB270 million towards Repayment. As of 30 June 2025, approximately RMB544 million of the RMB914 million remained unutilized, with (i) RMB174 million to be allocated towards Working Capital; (ii) RMB183 million to be allocated towards Investment (or, as stated above and in the Connected Subscription Circular, if no suitable investment targets or M&A opportunities are identified, the Group may consider reallocating such proceeds towards repayment of its existing debts); and (iii) RMB187 million to be allocated towards Repayment. The Company currently expects to utilize the remaining net proceeds in accordance with the planned application in the second half of 2025.

Immediately prior to the Connected Subscription Completion, the Offeror and parties acting in concert with it held 842,977,684 shares, representing approximately 25.19% of the shares in issue of the Company. Upon the Connected Subscription Completion, the shareholding of the Offeror and the parties acting in concert with it increased to approximately, and not more than, 75.00% of the shares in issue of the Company (as enlarged by the allotment and issue of the subscription shares). Accordingly, and given the fact that the whitewash waiver was not approved by the independent shareholders, upon the Connected Subscription Completion, the Offeror was required to make a mandatory general offer for all shares and other securities of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code (the "Offer"). CLSA Limited, for and on behalf of the Offeror, made the Offer on the basis of HK\$0.15 per offer share. The Offer was open for acceptance from 9 June 2025 to 30 June 2025. Based on the valid acceptances in respect of 1,573,178,528 shares under the Offer, the total cash consideration paid for the acceptance shares was HK\$235,976,779.20.

Immediately after the close of the Offer, 930,834,208 shares, representing approximately 9.29% of the total issued share capital of the Company, were held by the public (as defined under the Listing Rules) and 9,085,216,736 shares, representing approximately 90.71% of the total issued share capital of the Company, were held by the Offeror and parties acting in concert with it. Accordingly, the minimum public float requirement of 25% as set out in Rule 8.08(1) and Rule 13.32(1) of the Listing Rules was not satisfied by the Company. An application has been made by the Company to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1) and Rule 13.32(1) of the Listing Rules.

For further details of the Offer, please refer to the composite offer document jointly issued by the Company and the Offeror dated 9 June 2025 and the joint announcement of the Company and the Offeror dated 30 June 2025 in relation to, among others, the results of the Offer.

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

Save for the Connected Subscription, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined in the Listing Rules, if any) during the six months ended 30 June 2025.

As at the date of this interim report, there were no treasury shares (as defined in the Listing Rules) held by the Company.

#### **EVENTS AFTER REPORTING PERIOD**

#### Suspension of Trading

As stated above, immediately after the close of the Offer, 930,834,208 shares, representing approximately 9.29% of the total issued share capital of the Company, were held by the public (as defined under the Listing Rules). Accordingly, the minimum public float requirement of 25% as set out in Rule 8.08(1) and Rule 13.32(1) of the Listing Rules is not satisfied.

Pursuant to Rule 13.32(3) of the Listing Rules, trading in the shares will normally be required to be suspended if the percentage of public float falls below 15%. As the percentage of the public float of the shares has fallen below 15%, at the request of the Company, trading in the shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2025, being the trading day immediately after the close of the Offer. On 29 July 2025, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company (the "Resumption Guidance"). For further details of the Resumption Guidance, please refer to the announcement of the Company dated 1 August 2025. Further announcement(s) will be made by the Company regarding restoration of public float in the shares as and when appropriate in accordance with the Listing Rules.

## Change of Directors

On 11 July 2025, Mr. Chen Hong has resigned as an executive Director due to changes in work arrangement and ceased to be a member of the Environmental, Social and Governance Committee of the Company. Mr. Zhuang Zhibo and Mr. Wu Xiaoqiang have been appointed as executive Directors on the same day. For details of the above changes of Directors, please refer to the Company's announcement dated 11 July 2025.

#### **CORPORATE GOVERNANCE**

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value. The Group also acknowledges the vital importance of good corporate governance to the success and sustainability of the Group.

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code"). So far as the Board is aware, during the six months ended 30 June 2025, the Company has complied with the code provisions set out in Part 2 of the CG Code.

The Company will periodically review and enhance its corporate governance practices to ensure that it will continue to comply with the requirements of the CG Code.

# COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a set of securities dealing code (the "Securities Dealing Code") regarding securities transactions of the Directors on terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"). In response to a specific enquiry by the Company, each of the then existing Directors confirmed that they had complied with the Securities Dealing Code and the Model Code throughout the six months ended 30 June 2025.

#### CHANGE IN INFORMATION OF DIRECTORS

Changes in information of the Directors which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

| Directors                            | Details of Changes  |
|--------------------------------------|---|
| Mr. Shen Jinjun                      | Resigned as an independent non-executive director of Zhongsheng Group<br>Holdings Limited (881. HK) since 8 April 2025  |
| Mr. Chen Hong                        | Resigned as the Chief Executive Officer of the Company on 29 April 2025, resigned as an executive Director and ceased to be a member of the Environmental, Social and Governance Committee of the Company on 11 July 2025 and appointed as the general manager of Xiamen Xindeco Ltd. (000701. SZ) on 29 April 2025 |
| Mr. Zhuang Zhibo<br>Mr. Wu Xiaoqiang | Appointed as an executive Director of the Company since 11 July 2025 Appointed as an executive Director of the Company since 11 July 2025   |

#### INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2025.

#### **REVIEW OF INTERIM RESULTS**

The audit committee of the Company (the "Audit Committee") comprises three members, all of whom are independent non-executive Directors, namely, Dr. Tsui Wai Ling Carlye (the chairman of the Audit Committee), Mr. Shen Jinjun and Ms. Yu Jianrong.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial report for the six months ended 30 June 2025. KPMG, the Group's external auditor, has carried out a review of the unaudited interim financial report for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

For and on behalf of the Board of

China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

Huang Junfeng Chairman

28 August 2025

# INDEPENDENT REVIEW REPORT



Review report to the board of directors of China ZhengTong Auto Services Holdings Limited (Incorporated in the Cayman Islands with limited liability)

#### INTRODUCTION

We have reviewed the interim financial report set out on pages 22 to 55 which comprises the consolidated statement of financial position of China ZhengTong Auto Services Holdings Limited (the "Company") as of 30 June 2025, and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

#### **KPMG**

Certified Public Accountants

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

28 August 2025

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

for the six months ended 30 June 2025 — unaudited

(Expressed in RMB'000)

#### Six months ended 30 June

|   | Note   | 2025        | 2024        |
|---|--------|-------------|-------------|
| Revenue   | 4      | 8,891,028   | 9,875,622   |
| Cost of sales                                       |        | (8,593,504) | (9,698,464) |
| Gross profit  |        | 297,524     | 177,158     |
| Other income  | 5      | 249,959     | 564,592     |
| Selling and distribution expenses                   |        | (459,658)   | (470,564)   |
| Administrative expenses                             |        | (516,545)   | (504,360)   |
| Impairment losses on goodwill and intangible assets | 12, 13 | (115,000)   |             |
| Loss from operations                                |        | (543,720)   | (233,174)   |
| Finance costs                                       | 6(a)   | (439,912)   | (492,060)   |
| Share of profit of associates and a joint venture   |        | 890         | 2,116       |
| Loss before taxation                                | 6      | (982,742)   | (723,118)   |
| Income tax  | 7      | 95,205      | 88,278      |
| Loss for the period                                 |        | (887,537)   | (634,840)   |
| Loss for the period attributable to:                |        |             |             |
| Ordinary shareholders of the Company                |        | (993,826)   | (711,734)   |
| Perpetual bond holders of the Company               | 23     | 63,414      | 42,759      |
| Non-controlling interests                           |        | 42,875      | 34,135      |
| Loss for the period                                 |        | (887,537)   | (634,840)   |
| Basic and diluted loss per share (RMB cents)        | 8      | (22.8)      | (25.0)      |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 — unaudited (Expressed in RMB'000)

#### Six months ended 30 June

|  | Note | 2025      | 2024      |
|--|------|-----------|-----------|
| Loss for the period  |      | (887,537) | (634,840) |
| Other comprehensive income for the period (after tax):           |      |           |           |
| Item that may be reclassified subsequently to profit or loss:    |      |           |           |
| Exchange difference on translation of:                           |      |           |           |
| — financial statements of entities outside of the Mainland China |      | 2,007     | (7,010)   |
| Other comprehensive income for the period                        |      | 2,007     | (7,010)   |
| Total comprehensive income for the period                        |      | (885,530) | (641,850) |
| Attributable to:   |      |           |           |
| Ordinary shareholders of the Company                             |      | (991,819) | (718,744) |
| Perpetual bond holders of the Company                            | 23   | 63,414    | 42,759    |
| Non-controlling interests  |      | 42,875    | 34,135    |
| Total comprehensive income for the period                        |      | (885,530) | (641,850) |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

at 30 June 2025 — unaudited (Expressed in RMB'000)

| Non-current assets Property, plant and equipment Investment properties Right-of-use assets Intangible assets Goodwill Interests in associates | 10<br>11 | 5,641,808   | E 055 205   |
|---|----------|-------------|-------------|
| Property, plant and equipment<br>Investment properties<br>Right-of-use assets<br>Intangible assets<br>Goodwill                                |          |             | E OFF OOF   |
| Investment properties Right-of-use assets Intangible assets Goodwill  | 1 1      |             | 5,855,395   |
| Right-of-use assets<br>Intangible assets<br>Goodwill  | 11       | 493,887     | 470.135     |
| Intangible assets<br>Goodwill   | 1.1      | 2,410,547   | 2,556,819   |
| Goodwill  | 12       | 2,159,073   | 2,302,546   |
|   | 13       | 494,851     | 534,641     |
| 101E1E515 10 4550CIATE5   | 10       | 18,642      | 18,596      |
| Interest in a joint venture   |          | 32,103      | 31,259      |
| Deferred tax assets   |          | 771,973     | 703,446     |
| Long-term receivables   |          | 426,072     | 409,825     |
| Other financial assets  | 14       | 514,406     | 511,829     |
| Pledged bank deposits   | 18       | 502,440     | 502,440     |
| Time deposits   | 10       | 5,000       | 502,440     |
| Time deposits   |          | 13,470,802  | 13,896,931  |
| Current assets  |          | 10,470,002  | 13,070,731  |
| Inventories   | 15       | 3,599,258   | 3,306,990   |
| Trade and bills receivables   | 16       | 980,337     | 1,145,086   |
| Prepayments, deposits and other receivables   | 17       | 4,721,307   | 4,838,107   |
| Other financial assets  | 14       | 57,039      | 65,119      |
| Pledged bank deposits   | 18       | 3,413,573   | 5,391,391   |
| Time deposits   | 10       | 3,413,373   | 1,524       |
| Cash and cash equivalents   | 19       | 872,939     | 573,088     |
| Casii aliu Casii equivaterits   | 1 7      | <u> </u>    | 15,321,305  |
| Compant liabilities   |          | 13,644,453  | 10,321,300  |
| Current liabilities   | 20       | 1/ /21 705  | 17 550 020  |
| Loans and borrowings  | 20       | 14,631,705  | 17,550,020  |
| Lease liabilities   | 21       | 263,675     | 284,240     |
| Trade and other payables  | Ζ1       | 5,002,134   | 5,470,940   |
| Income tax payables   | 1 /      | 301,174     | 348,707     |
| Other financial liabilities   | 14       | 13,772      | 296         |
|   |          | 20,212,460  | 23,654,203  |
| Net current liabilities   |          | (6,568,007) | (8,332,898) |
| Total assets less current liabilities   |          | 6,902,795   | 5,564,033   |
| Non-current liabilities   |          |             |             |
| Loans and borrowings  | 20       | 3,315,440   | 2,419,911   |
| Lease liabilities   |          | 981,686     | 1,059,789   |
| Deferred tax liabilities  |          | 867,855     | 899,578     |
| Trade and other payables  | 21       | 85,731      | 108,697     |
| Other financial liabilities   | 14       | 6,040       | 6,320       |
|   |          | 5,256,752   | 4,494,295   |
| NET ASSETS  |          | 1,646,043   | 1,069,738   |
| CAPITAL AND RESERVES  |          |             |             |
| Share capital   | 22       | 901,394     | 290,228     |
| Perpetual bonds   | 23       | 2,403,615   | 1,947,328   |
| Reserves  | 22       | (3,283,680) | (2,594,239) |
| Total equity/(deficit) attributable to equity shareholders  |          |             |             |
| of the Company  |          | 21,329      | (356,683)   |
| Non-controlling interests   |          | 1,624,714   | 1,426,421   |
| TOTAL EQUITY  |          | 1,646,043   | 1,069,738   |

Approved and authorised for issue by the board of directors on 28 August 2025.

Huang Junfeng Su Yi
Chairman Director

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2025 — unaudited (Expressed in RMB'000)

|  | Note     |                             |                             | At <u>trib</u>                | utable to <u>e</u> q                   | uity share <u>hol</u> c        | lers of the Cor                                | mpany                            |                               |                      | nọn-                          | Attributable to controlling inte                     |                       |                              |
|--|----------|-----------------------------|-----------------------------|-------------------------------|--|--------------------------------|--|----------------------------------|-------------------------------|----------------------|-------------------------------|--|-----------------------|------------------------------|
|  |          | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>reserve<br>RMB'000 | PRC<br>statutory<br>reserve<br>RMB'000 | Exchange<br>reserve<br>RMB'000 | Discretionary<br>surplus<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Perpetual<br>bonds<br>RMB'000 | Sub-total<br>RMB'000 | Perpetual<br>bonds<br>RMB'000 | Share of net<br>assets of<br>subsidiaries<br>RMB'000 | Sub-total<br>RMB'000  | -<br>Total equity<br>RMB'000 |
| Balance at 1 January 2024  |          | 246,394                     | 6,399,362                   | 291,813                       | 821,960                                | (20,900)                       | 4,459  | (8,392,179)                      | 1,010,921                     | 361,830              | 901,747                       | 23,483   | 925,230               | 1,287,060                    |
| Changes in equity for the<br>six months ended<br>30 June 2024:<br>(Loss)/profit for the period<br>Other comprehensive income     |          | -<br>-                      | -<br>-                      | _<br>_<br>_                   | -<br>-                                 | –<br>(7,010)                   | -<br>-   | (711,734)<br>—                   | 42,759<br>—                   | (668,975)<br>(7,010) | 35,012<br>—                   | (877)<br>—   | 34,135<br>—           | (634,840<br>(7,010           |
| Total comprehensive income for the period  | 20       | -                           | -                           | -                             | -                                      | (7,010)                        | -  | [711,734]                        | 42,759                        | (675,985)            | 35,012                        | (877)  | 34,135                | (641,850                     |
| Issue of perpetual bonds Distribution to holders of perpetual bonds  | 23       | _                           | _                           | _                             | _                                      | _                              | _  | _                                | 829,280                       | 829,280              | (34,586)                      | _  | [34,586]              | 829,280                      |
| Equity settled share-based transactions  | 20       | _                           | _                           | 196                           | _                                      | _                              | _  | _                                | _                             | 196                  | -                             | _  | -                     | 190                          |
| Balance at 30 June 2024 and<br>1 July 2024   |          | 246,394                     | 6,399,362                   | 292,009                       | 821,960                                | (27,910)                       | 4,459  | (9,103,913)                      | 1,882,960                     | 515,321              | 902,173                       | 22,606   | 924,779               | 1,440,100                    |
| Changes in equity for the<br>six months ended<br>31 December 2024:<br>(Loss)/profit for the period<br>Other comprehensive income |          | _<br>_<br>_                 | _<br>_<br>_                 | _<br>_                        | _<br>_                                 | _<br>7,848                     | _<br>_<br>_                                    | (996,772)<br>—                   | 64,368<br>—                   | (932,404)<br>7,848   | 38,123<br>—                   | 35<br>—  | 38,158<br>—           | (894,246<br>7,848            |
| Total comprehensive income for the period  |          | -                           | -                           | -                             | -                                      | 7,848                          | -  | (996,772)                        | 64,368                        | [924,556]            | 38,123                        | 35   | 38,158                | [886,398                     |
| Issue of ordinary shares Issue of perpetual bonds Distribution to holders of   | 23       | 43,834<br>—                 | 10,457<br>—                 | -                             | -                                      | -                              | -  | -                                | -                             | 54,291<br>—          | 600,000                       | -  | 600,000               | 54,291<br>600,000            |
| perpetual bonds<br>Repayment of perpetual bonds  | 23<br>23 | -                           | -                           | -                             | -                                      | -                              | -  | -                                | -                             | -                    | (36,516)<br>(100,000)         | -  | (36,516)<br>(100,000) | (36,516<br>(100,000          |
| Equity settled share-based transactions Deregistration of subsidiaries   |          | -<br>-                      | -<br>-                      | (1,739)<br>—                  | -<br>(8,442)                           | -<br>-                         | -<br>-   | -<br>8,442                       | _<br>_                        | (1,739)<br>—         | -<br>-                        | -  | -<br>-                | (1,739<br>—                  |
| Balance at 31 December 2024  |          | 290,228                     | 6,409,819                   | 290,270                       | 813,518                                | (20,062)                       | 4,459  | (10,092,243)                     | 1,947,328                     | (356,683)            | 1,403,780                     | 22,641   | 1,426,421             | 1,069,738                    |

The notes on pages 28 to 55 form part of this interim financial report.

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# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2025 — unaudited (continued) (Expressed in RMB'000)

|  |      | Attributable to Attributable to equity shareholders of the Company non-controlling interests |                             |                               |  |                                |  |                                  |                               |                      |           |  |                      |                            |
|--|------|--|-----------------------------|-------------------------------|--|--------------------------------|--|----------------------------------|-------------------------------|----------------------|-----------|--|----------------------|----------------------------|
|  | Note | Share<br>capital<br>RMB'000  | Share<br>premium<br>RMB'000 | Capital<br>reserve<br>RMB'000 | PRC<br>statutory<br>reserve<br>RMB'000 | Exchange<br>reserve<br>RMB'000 | Discretionary<br>surplus<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Perpetual<br>bonds<br>RMB'000 | Sub-total<br>RMB'000 | Perpetual | Share of net<br>assets of<br>subsidiaries<br>RMB'000 | Sub-total<br>RMB'000 | Total<br>equity<br>RMB'000 |
| Balance at 1 January 2025                                      |      | 290,228  | 6,409,819                   | 290,270                       | 813,518                                | (20,062)                       | 4,459  | (10,092,243)                     | 1,947,328                     | (356,683)            | 1,403,780 | 22,641   | 1,426,421            | 1,069,738                  |
| Changes in equity for the<br>six months ended<br>30 June 2025: |      |  |                             |                               |  |                                |  |                                  |                               |                      |           |  |                      |                            |
| (Loss)/profit for the period                                   |      | _  | _                           | _                             | -                                      | _                              | _  | (993,826)                        | 63,414                        | (930,412)            | 43,250    | (375)  | 42,875               | (887,537)                  |
| Other comprehensive income                                     |      | _  | _                           | _                             | _                                      | 2,007                          | _  | _                                |                               | 2,007                | _         | _  | _                    | 2,007                      |
| Total comprehensive income for the period                      |      |  |                             |                               |  | 2,007                          |  | (993,826)                        | 63,414                        | (928.405)            | 43,250    | (375)  | 42,875               | (885,530)                  |
| Issue of ordinary shares                                       | 22   | 611,166  | 302,378                     |                               |  | 2,007                          |  | (773,020)                        | 03,414                        | 913,544              | 43,230    | (3/3)  | 42,073               | 913,544                    |
| Issue of perpetual bonds                                       | 23   | -  | -                           | _                             | _                                      | _                              | _  | _                                | 500,000                       | 500,000              | 500,000   | _  | 500,000              | 1,000,000                  |
| Repayment of perpetual bonds Distribution to holders of        | 23   | -  | -                           | -                             | -                                      | -                              | -  | -                                | _                             | _                    | (300,000) | -  | (300,000)            | (300,000)                  |
| perpetual bonds  | 23   | _  | -                           | _                             | -                                      | _                              | _  | -                                | (107,127)                     | (107,127)            | (44,582)  | _  | (44,582)             | (151,709)                  |
| Balance at 30 June 2025  |      | 901,394  | 6,712,197                   | 290,270                       | 813,518                                | (18,055)                       | 4,459  | (11,086,069)                     | 2,403,615                     | 21,329               | 1,602,448 | 22,266   | 1,624,714            | 1,646,043                  |

# **CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the six months ended 30 June 2025 — unaudited (Expressed in RMB'000)

#### Six months ended 30 June

|   |      |              | maca co same |  |
|---|------|--------------|--------------|--|
|   | Note | 2025         | 2024         |  |
| Operating activities  |      |              |              |  |
| Cash generated from operations                                    |      | 130,497      | 176,284      |  |
| Income tax paid   |      | (52,578)     | (29,186)     |  |
| Net cash generated from operating activities                      |      | 77,919       | 147,098      |  |
| Investing activities  |      |              |              |  |
| Payment for the purchase of property, plant and equipment         |      | (254,740)    | (453,668)    |  |
| Proceeds from disposal of property, plant and equipment           |      | 101,452      | 161,493      |  |
| Proceeds from redemption and disposal of financial assets,        |      |              |              |  |
| net effect  |      | 678          | 335,064      |  |
| Payment for purchase of intangible assets                         |      | (1,735)      | (5,170)      |  |
| Net cash used in acquisition of business                          |      | (24,573)     | (57,655)     |  |
| Increase in time deposits   |      | (3,476)      | _            |  |
| Payments in relation to investment in an associate                |      | _            | (2,100)      |  |
| Interest received   |      | 47,506       | 46,562       |  |
| Net cash (used in)/generated from investing activities            |      | (134,888)    | 24,526       |  |
| Financing activities  |      |              |              |  |
| Proceeds from loans and borrowings                                |      | 13,799,495   | 21,966,784   |  |
| Repayment of loans and borrowings                                 |      | (15,323,496) | (21,015,569) |  |
| Proceeds from issue of ordinary shares                            |      | 913,544      | _            |  |
| Proceeds from issue of perpetual bonds                            |      | 500,000      | _            |  |
| Repayment of perpetual bonds                                      |      | (300,000)    | _            |  |
| Capital element of lease rentals paid                             |      | (136,875)    | (121,963)    |  |
| Interest element of lease rentals paid                            |      | (36,180)     | (36,091)     |  |
| Interest paid   |      | (428,148)    | (434,435)    |  |
| Distribution to the holders of perpetual bonds                    |      | (151,709)    | (34,586)     |  |
| Decrease/(increase) of pledged bank deposits for bank loans       |      | 1,511,659    | (844,943)    |  |
| Proceeds from settlement of derivative financial instruments, net |      |              |              |  |
| effect  |      | 8,707        | 73,991       |  |
| Net cash generated from/(used in) financing activities            |      | 356,997      | (446,812)    |  |
| Net decrease in cash and cash equivalents                         |      | 300,028      | (275,188)    |  |
| Cash and cash equivalents at 1 January                            |      | 573,088      | 744,855      |  |
| Effect of foreign exchange rate changes                           |      | (177)        | 91           |  |
| Cash and cash equivalents at 30 June                              | 19   | 872,939      | 469,758      |  |
| Cash and Cash equivalents at 30 June                              | 17   | 072,737      | 407,         |  |

#### 1 GENERAL INFORMATION

China ZhengTong Auto Services Holdings Limited (the "Company") was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in 4S dealership business, automotive supply chain business and comprehensive properties business in the People's Republic of China (the "PRC").

#### 2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 21.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2024 are available in the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2025.

#### 2 BASIS OF PREPARATION (Continued)

The Group incurred a net loss of RMB888 million for the six months ended 30 June 2025 and had net current liabilities of RMB6,568 million as at 30 June 2025. The Group's liabilities included a sum of short-term and long-term loans and borrowings due to Xiamen ITG Holding Group Co., Ltd. ("ITG Holding") and its subsidiaries of RMB3,691 million and RMB1,955 million, respectively. Notwithstanding these conditions, the Company's condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared on a going concern basis and the directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because, based on the cash flow projections for at least the next twelve months, the directors of the Company concluded that the Group will have adequate funds having considered the current available banking facilities as well as the financial support from ITG Holding, which has informed the Group that, on the basis that in compliant with regulatory regime applicable to state owned enterprises and after obtaining internal resolutions and approvals, it will provide such financial support to the Group as is necessary to enable the Group to continue operation as a going concern for at least the next twelve months.

#### 3 CHANGES IN ACCOUNTING POLICIES

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

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

#### **4 REVENUE**

The Group is mainly engaged in sales of passenger motor vehicles, provision of facilitation service in relation to mortgage loans provided by third-party financial institutions to buyers of motor vehicles, provision of after-sales services and logistics services. Revenue represents the sales of goods and services income rendered to customers.

The amount of each significant category of revenue recognised during the period is as follows:

#### Six months ended 30 June

|  | Note | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|------|-----------------|-----------------|
| Revenue from contracts with customers within the scope of HKFRS 15 |      |                 | ,,,,,,,         |
| Sales of passenger motor vehicles                                  |      | 6,552,047       | 7,657,625       |
| Provision of mortgage facilitation services                        | (i)  | 693,024         | 325,635         |
| Provision of after-sales services                                  |      | 1,486,857       | 1,698,980       |
| Provision of logistics services                                    |      | 155,438         | 180,775         |
| Sales of comprehensive properties                                  |      | 3,662           | 12,597          |
|  |      | 8,891,028       | 9,875,612       |
| Revenue from other sources   |      |                 |                 |
| Others   |      | _               | 10              |
|  |      | 8,891,028       | 9,875,622       |

#### 4 REVENUE (Continued)

- (i) Since 1 April 2024, due to changes in internal and external factors, the Group considered that provision of mortgage facilitation service became one of its ordinary business activities. Accordingly, income generated from providing the mortgage facilitation service has been presented as revenue starting from 1 April 2024, amounting to RMB325,635,000 for the period from 1 April 2024 to 30 June 2024. Mortgage facilitation service income earned during the period from 1 January 2024 to 31 March 2024 amounting to RMB279,723,000 was included in "service income" under "other income" (note 5).
  - The Group recognises income from provision of mortgage facilitation service as revenue at a point in time when the financial institutions entered into loan agreements with and provided loan to the buyers of the motor vehicles, which is also the point in time when the Group fulfilled its facilitation service.
- (ii) Revenue from logistics services is recognised over-time upon fulfilment of services obligation, whereas revenue from sales of passenger motor vehicles and related mortgage facilitation service and after-sales services are recognised at a point in time.

#### 5 OTHER INCOME

#### Six months ended 30 June

|   | Note | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|------|-----------------|-----------------|
| Service income  |      | 183,816         | 402,563         |
| Interest income   |      | 47,506          | 46,562          |
| Net gain on disposal of property, plant and equipment and right-of-use assets  Net realised and unrealised (loss)/gain on other financial |      | 1,370           | 1,541           |
| instruments   |      | (9,313)         | 67,209          |
| Government grants   | (i)  | 2,199           | 7,786           |
| Others  |      | 24,381          | 38,931          |
|   |      | 249,959         | 564,592         |

(i) The government grants were received unconditionally from the local government where they reside.

# **6 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging/(crediting):

Six months ended 30 June

|  | Note | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|------|-----------------|-----------------|
| (a) Finance costs:                                     |      |                 |                 |
| Interest on loans and borrowings                       |      | 403,701         | 461,936         |
| Interest on lease liabilities                          |      | 36,180          | 36,091          |
| Other finance costs                                    | (i)  | 11,369          | 16,577          |
| Less: interest capitalised                             |      | (11,338)        | (22,544)        |
|  |      | 439,912         | 492,060         |
| (b) Staff costs:                                       |      |                 |                 |
| Salaries, wages and other benefits                     |      | 329,455         | 367,388         |
| Contributions to defined contribution retirement plans | (ii) | 30,704          | 28,136          |
| Equity settled share-based payment expenses            |      | _               | 196             |
|  |      | 360,159         | 395,720         |

- (i) It mainly represents the finance costs arising from discounting of bills payables.
- (ii) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees. The Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group's contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the schemes.

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

# 6 LOSS BEFORE TAXATION (Continued)

#### Six months ended 30 June

|   | Note  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-------|-----------------|-----------------|
| (c) Other items:  |       |                 |                 |
| Cost of inventories                                     | 15(b) | 8,499,327       | 9,472,953       |
| Depreciation  |       |                 |                 |
| <ul> <li>Owned property, plant and equipment</li> </ul> |       | 180,722         | 183,719         |
| <ul> <li>Right-of-use assets</li> </ul>                 |       | 152,407         | 159,207         |
| <ul> <li>Investment properties</li> </ul>               |       | 10,443          | 9,532           |
| Amortisation of intangible assets                       |       | 69,951          | 82,185          |
| Operating lease charges                                 |       | 6,267           | 14,814          |
| Net foreign exchange loss                               |       | 1,215           | 28,334          |
| Impairment losses on                                    |       |                 |                 |
| <ul> <li>Intangible assets</li> </ul>                   | 12    | <b>75,210</b>   | _               |
| — Goodwill  | 12,13 | 39,790          | _               |
| — Property, plant and equipment                         | 10    | 126,376         |                 |

# 7 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

#### Six months ended 30 June

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Current tax:                                      |                 |                 |
| Provision for PRC income tax for the period       | 5,045           | 50,446          |
| Deferred tax:                                     |                 |                 |
| Origination and reversal of temporary differences | (100,250)       | (138,724)       |
|   | (95,205)        | (88,278)        |

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the Group's subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (six months ended 30 June 2024: 25%), except for Shengze Jietong Supply Chain Co.,Ltd. ("Shengze Jietong"), an automotive logistics supplier in the PRC. Shengze Jietong is subject to a preferential rate of 15% for high-tech enterprises for three years commenced from 2023.

Taxation for the Group's PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable.

## **8 LOSS PER SHARE**

## (a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2025 was based on the loss attributable to ordinary shareholders of the Company of RMB993,826,000 (six months ended 30 June 2024: loss attributable to ordinary shareholders of the Company of RMB711,734,000) and the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 of 4,367,979,834 shares (six months ended 30 June 2024: 2,850,682,420 shares).

### (b) Diluted loss per share

There was no dilutive potential ordinary shares for the six months ended 30 June 2025, therefore, diluted loss per share is equal to basic loss per share.

#### 9 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

### (1) 4S dealership business

4S dealership business mainly includes sales of passenger motor vehicles, provision of related mortgage facilitation service, and after-sales services through the Group's network of 4S dealership in the PRC.

# (2) Supply chain business

Supply chain business mainly includes provision of motor-related logistics services in the PRC.

#### (3) Comprehensive properties business

Comprehensive properties business mainly includes development and sales of properties in the PRC.

#### (a) Information about profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- The measure used for reporting segment profit is profit before taxation. To arrive at profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as head office and corporate administration costs, other income and finance costs.
- Segment assets include all current and non-current assets with the exception of intangible assets, goodwill, deferred tax assets and unallocated head office assets. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities and unallocated head office liabilities.

#### 9 SEGMENT REPORTING (Continued)

# (a) Information about profit or loss, assets and liabilities (Continued)

• In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

|   | 4S dealersh     | ip business     | Supply chain    | business        | Compreh<br>properties |                 | Tot             | al              |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------|
| For the six months ended 30 June  | 2025<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000       | 2024<br>RMB'000 | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Revenue from external customers<br>Inter-segment revenue                                | 8,731,928<br>—  | 9,682,250<br>—  | 155,438<br>—    | 180,775<br>—    | 3,662<br>—            | 12,597<br>—     | 8,891,028<br>—  | 9,875,622<br>—  |
| Reportable segment revenue  | 8,731,928       | 9,682,250       | 155,438         | 180,775         | 3,662                 | 12,597          | 8,891,028       | 9,875,622       |
| Reportable segment (loss)/profit  | (606,570)       | (669,943)       | 10,629          | 16,976          | 19                    | (29,515)        | (595,922)       | (682,482)       |
| Depreciation and amortisation for the period<br>Reportable segment assets as at 30 June | 402,363         | 429,387         | 11,160          | 5,256           | _                     | _               | 413,523         | 434,643         |
| 2025/31 December 2024 Reportable segment liabilities as at 30 June                      | 15,158,627      | 16,692,690      | 783,215         | 788,940         | 519,593               | 440,795         | 16,461,435      | 17,922,425      |
| 2025/31 December 2024 Interests in associates and a joint venture as                    | (18,108,576)    | [20,603,399]    | (376,569)       | (388,261)       | (552,093)             | (473,254)       | (19,037,238)    | (21,464,914)    |
| at 30 June 2025/31 December 2024  | 18,642          | 18,596          | 32,103          | 31,259          | _                     | _               | 50,745          | 49,855          |

Reportable segment (loss)/profit does not include impairment losses on goodwill and intangible assets of RMB115,000,000 recognised for the 4S dealership business for the six months ended 30 June 2025 (six months ended 30 June 2024: nil) (note 12).

# (b) Reconciliations of reportable segment profit or loss

#### Six months ended 30 June

. . .

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| Reportable segment loss                                    | (595,922)       | (682,482)       |
| Unallocated head office expense                            | (13,526)        | (34,046)        |
| Other income   | 249,959         | 564,592         |
| Finance costs  | (439,912)       | (492,060)       |
| Amortisation of intangible assets and impairment losses on |                 |                 |
| goodwill and intangible assets                             | (183,341)       | (79,122)        |
| Consolidated loss before taxation                          | (982,742)       | (723,118)       |

## (c) Geographic information

As the Group solely operates in the PRC, no geographical segment information has been presented.

#### 9 SEGMENT REPORTING (Continued)

# (d) Reconciliations of reportable segment assets and liabilities

|                                     | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|-------------------------------------|-------------------------------|-----------------------------------|
| Assets:                             |                               |                                   |
| Reportable segment assets           | 16,461,435                    | 17,922,425                        |
| Intangible assets                   | 2,159,073                     | 2,302,546                         |
| Goodwill                            | 494,851                       | 534,641                           |
| Deferred tax assets                 | 771,973                       | 703,446                           |
| Unallocated head office assets      | 7,227,923                     | 7,755,178                         |
| Consolidated total assets           | 27,115,255                    | 29,218,236                        |
| Liabilities:                        |                               |                                   |
| Reportable segment liabilities      | (19,037,238)                  | (21,464,914)                      |
| Income tax payables                 | (301,174)                     | (348,707)                         |
| Deferred tax liabilities            | (867,855)                     | (899,578)                         |
| Unallocated head office liabilities | (5,262,945)                   | (5,435,299)                       |
| Consolidated total liabilities      | (25,469,212)                  | (28,148,498)                      |

# 10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment with original costs of RMB275,486,000 in aggregate (six months ended 30 June 2024: RMB464,581,000). Items of property, plant and equipment with a net book value of RMB100,048,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB141,593,000), resulting in net gain on disposal of RMB1,370,000 (six months ended 30 June 2024: RMB304,000).

During the six months ended 30 June 2025, in response to the tense market competition and the recent development in customer demand observed in automobile sector, the Group has decided to transform or close certain of its 4S stores. As a result, the carrying amount of property, plant and equipment with no practical utility in the future has been written down to zero, leading to a total impairment loss of RMB126,376,000 being recognised for these property, plant and equipment (six months ended 30 June 2024: nil).

#### 11 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for use of buildings, and therefore recognised additions to right-of-use assets of RMB38,207,000 (six months ended 30 June 2024: RMB107,011,000).

# 12 INTANGIBLE ASSETS

|  | Car<br>dealerships &<br>Dealership<br>operation<br>rights<br>RMB'000 | Favourable<br>lease<br>contracts<br>RMB'000 | <b>Trademark</b><br>RMB'000 | Software and<br>others<br>RMB'000 | <b>Total</b><br>RMB'000 |
|--|--|---|-----------------------------|-----------------------------------|-------------------------|
| Cost:                                      |  |   |                             |                                   |                         |
| At 1 January 2024<br>Additions             | 4,848,553<br>—   | 36,904                                      | 362,732                     | 27,987<br>8,714                   | 5,276,176<br>8,714      |
|  |  |   |                             | 0,714                             | 0,714                   |
| At 31 December 2024, and<br>1 January 2025 | 4,848,553  | 36,904                                      | 362,732                     | 36,701                            | 5,284,890               |
| Additions                                  | 4,040,333  | 30,704                                      | 302,732                     | 1,735                             | 1,735                   |
| Disposal                                   | _  | _   | _                           | (953)                             | (953)                   |
| At 30 June 2025                            | 4,848,553  | 36,904                                      | 362,732                     | 37,483                            | 5,285,672               |
| Accumulated amortisation:                  |  |   |                             |                                   |                         |
| At 1 January 2024                          | 1,696,528  | 36,904                                      | _                           | 23,825                            | 1,757,257               |
| Amortisation for the year                  | 158,244  | _   | _                           | 3,678                             | 161,922                 |
| At 31 December 2024, and                   |  |   |                             |                                   |                         |
| 1 January 2025                             | 1,854,772  | 36,904                                      | _                           | 27,503                            | 1,919,179               |
| Amortisation for the period                | 68,341   | _   | _                           | 1,610                             | 69,951                  |
| Disposal                                   | _  | _   | _                           | (906)                             | (906)                   |
| At 30 June 2025                            | 1,923,113  | 36,904                                      | _                           | 28,207                            | 1,988,224               |
| Accumulated impairment                     |  |   |                             |                                   |                         |
| losses:                                    |  |   |                             |                                   |                         |
| At 1 January 2024                          | 832,931  | _   | 145,627                     | _                                 | 978,558                 |
| Additions                                  | 76,161   | _   | 8,446                       | <del>-</del>                      | 84,607                  |
| At 31 December 2024, and                   |  |   |                             |                                   |                         |
| 1 January 2025                             | 909,092  | _   | 154,073                     | _                                 | 1,063,165               |
| Additions                                  | 75,210   | _   | _                           | _                                 | 75,210                  |
| At 30 June 2025                            | 984,302  | _   | 154,073                     | _                                 | 1,138,375               |
| Net book Value:                            |  |   |                             |                                   |                         |
| At 30 June 2025                            | 1,941,138  | _   | 208,659                     | 9,276                             | 2,159,073               |
| At 31 December 2024                        | 2,084,689  | _   | 208,659                     | 9,198                             | 2,302,546               |

The car dealerships arise from prior business combinations and relate to relationships with automakers, with an estimated useful life of 40 years. The fair value of the car dealerships as at the respective acquisition date was determined by using the multiple excess earning method.

### 12 INTANGIBLE ASSETS (Continued)

The dealership operation rights arise from a prior business combination through an agreement on strategic operation management cooperation scheme, with an estimated useful life of 10 years. The fair value of the dealership operation rights as at the acquisition date was determined by using the multiple excess earning method.

The amortisation charge for the period ended 30 June 2025 is included in administrative expenses in the consolidated statement of profit or loss.

# Impairment testing of intangible assets — car dealerships/dealership operation rights and goodwill

Due to the impacts of macroeconomic environment changes, the intense competition in the automobile dealership industry and the recent development in customer demand observed in automobile sector, the selling price and gross profit margin of sales of passenger vehicles decreased continuously and has exceeded the management's prior forecast, as a result the operating profits of certain stores of the Group were lower than expected. The Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amount of the cash generating units (CGUs) containing goodwill and/or intangible assets — car dealerships/dealership operation rights as at 30 June 2025. Based on the management's assessment result, the Group recognised impairment losses of goodwill and intangible assets — car dealership/dealership operation rights of RMB39,790,000 and RMB75,210,000, respectively, for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" for the six months ended 30 June 2025 (six months ended 30 June 2024: nil). Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The recoverable amounts of CGUs have been determined based on the value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated by using an estimated growth rate of 2.0% (2024: 2.0%) which is consistent with the forecasts included in industry reports. The pre-tax discount rate applied to the impairment test as at 30 June 2025 was within a range from 12% to 14% (31 December 2024: 12% to 14%) which reflected current market assessment of the time value of money and the risk specific to CGUs.

# 13 GOODWILL

| RMB'000   |
|-----------|
|           |
| 2,006,335 |
|           |
| 1,439,599 |
| 32,095    |
| 1,471,694 |
| 39,790    |
| 1,511,484 |
|           |
| 494,851   |
| 534,641   |
|           |

Goodwill is allocated to the Group's CGUs identified according to the operating segments as follows:

|                        | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|------------------------|-------------------------------|-----------------------------------|
| 4S dealership business | 494,851                       | 534,641                           |

As mentioned in note 12 above, impairment losses of RMB39,790,000 (six months ended 30 June 2024: nil) had been recognised by the Group in "Impairment losses on goodwill and intangible assets" and any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

# 14 OTHER FINANCIAL ASSETS/(LIABILITIES)

|   | Note | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|------|-------------------------------|-----------------------------------|
| Other financial assets carried at FVPL                  |      |                               |                                   |
| Current   |      |                               |                                   |
| Wealth management products                              | (i)  | 56,354                        | 56,475                            |
| Option contracts  |      | 685                           | 6,775                             |
| Swap contracts  |      | _                             | 1,869                             |
|   |      | 57,039                        | 65,119                            |
| Non-current   |      |                               |                                   |
| Equity investment in Dongfeng Logistics Group Co., Ltd. |      |                               |                                   |
| ("Dongfeng Logistics")                                  | (ii) | 501,715                       | 501,715                           |
| Option contracts  |      | 12,691                        | 10,114                            |
|   |      | 514,406                       | 511,829                           |
|   |      | 571,445                       | 576,948                           |
| Other financial liabilities carried at FVPL             |      |                               |                                   |
| Current   |      |                               |                                   |
| Option contracts  |      | _                             | (191)                             |
| Swap contracts  |      | (13,772)                      | (105)                             |
|   |      | (13,772)                      | (296)                             |
| Non-current   |      |                               |                                   |
| Swap contracts  |      | (6,040)                       | (6,320)                           |
|   |      | (6,040)                       | (6,320)                           |
|   |      | (19,812)                      | (6,616)                           |

<sup>(</sup>i) Wealth management products included investment in wealth management products purchased from Western Trust Co., Ltd. ("Western Trust") and investments with banks in the PRC.

The underlying assets of wealth management products purchased from Western Trust are a wide range of government and corporate bonds, bank deposits as well as money market funds, etc., the fair value of which was RMB56,025,000 as at 30 June 2025. An unrealised loss for the investment of RMB112,000 was recognised for the six months ended 30 June 2025 (six months ended 30 June 2024: an unrealised loss of RMB20,183,000).

The remaining wealth management products represented the investments with banks. These investments with no guarantee of principal and interest were classified as FVPL, the fair value of which was RMB329,000 as at 30 June 2025. During the six months ended 30 June 2025, the net realised/unrealised gain for these investments of RMB670,000 was recognised as a gain in other income in the consolidated statement of profit or loss (six months ended 30 June 2024: a realised/unrealised gain of RMB588,000).

# 14 OTHER FINANCIAL ASSETS/(LIABILITIES) (Continued)

(ii) Equity investment in Dongfeng Logistics

Dongfeng Logistics is an unlisted entity incorporated in the PRC and is principally engaged in the provision of logistics services. As at 30 June 2025, the Group held 8.66% equity interest in Dongfeng Logistics and has recognised its interests in Dongfeng Logistics as a financial asset at fair value through profit or loss. According to the valuation report issued by an external valuer on 20 March 2025, the fair value of 8.66% equity investment in Dongfeng Logistics was RMB501,715,000 as at 31 December 2024. As the directors of the Company considered that there are no material changes in relation to the significant input for the measurement, the fair value of 8.66% equity investment in Dongfeng Logistics as at 30 June 2025 was assessed to be the same as those of 31 December 2024, i.e. RMB501,715,000.

### 15 INVENTORIES

# (a) Inventories in the consolidated statement of financial position comprise:

|   | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|-------------------------------|-----------------------------------|
| 4S dealership business                  |                               |                                   |
| — Motor vehicles                        | 2,863,745                     | 2,655,612                         |
| — Automobile spare parts                | 266,930                       | 258,865                           |
| — Others                                | 52,648                        | 52,691                            |
|   | 3,183,323                     | 2,967,168                         |
| Comprehensive properties business       |                               |                                   |
| — Properties under development for sale | 415,935                       | 339,822                           |
|   | 3,599,258                     | 3,306,990                         |

# (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

#### Six months ended 30 June

|                                       | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|
| Carrying amount of inventories sold   | 8,462,197       | 9,369,900       |
| Write-down of inventories             | 42,939          | 106,288         |
| Reversal of write-down of inventories | (5,809)         | (3,235)         |
|                                       | 8,499,327       | 9,472,953       |

# 16 TRADE AND BILLS RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

|                                 | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---------------------------------|-------------------------------|-----------------------------------|
| Within 3 months                 | 975,952                       | 1,139,432                         |
| Over 3 months but within 1 year | 2,344                         | 2,159                             |
| Over 1 year                     | 2,041                         | 3,495                             |
|                                 | 980,337                       | 1,145,086                         |
| Trade receivables               | 980,337                       | 1,145,001                         |
| Bills receivables               | _                             | 85                                |
| Trade and bills receivables     | 980,337                       | 1,145,086                         |

All of the trade and bills receivables are expected to be recovered within one year.

Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Credit risk in respect of trade and bills receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle the Group's trade receivables within one month when the mortgages were granted by their financial institutions, and warranty receivables from automobile manufacturers. For the receivables from automobile manufacturers, risk of default is considered low, as these are companies with good credit rating.

# 17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|                                      | Note | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|--------------------------------------|------|-------------------------------|-----------------------------------|
| Prepayments                          |      | 296,848                       | 272,164                           |
| Deposits                             |      | 292,065                       | 239,213                           |
| Other receivables                    | (i)  | 4,132,282                     | 4,326,730                         |
| Receivables due from related parties |      | 112                           | _                                 |
|                                      |      | 4,721,307                     | 4,838,107                         |

(i) Other receivables include vendor rebates receivables of RMB3,603,323,000 (31 December 2024: RMB3,894,117,000) from automobile manufacturers. The Group earns vendor rebates under various and differing arrangements with automobile manufacturers. Rebates based on purchase or sales volumes are granted by vendors if certain purchase or sales targets are met. Performance rebates are granted by vendors in accordance with the vendors' comprehensive assessment of the Group's business performance.

All of the prepayments, deposits and other receivables are expected to be recovered within one year or on demand.

# 18 PLEDGED BANK DEPOSITS

|   | Note | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|------|-------------------------------|-----------------------------------|
| Current — pledged to banks as securities for:     |      |                               |                                   |
| Bank loans  | (i)  | 1,951,441                     | 3,463,100                         |
| Bills payable                                     | (i)  | 1,462,132                     | 1,928,291                         |
|   |      | 3,413,573                     | 5,391,391                         |
| Non-current — pledged to banks as securities for: |      |                               |                                   |
| Bank loans  | (i)  | 502,440                       | 502,440                           |
|   |      | 3,916,013                     | 5,893,831                         |

<sup>(</sup>i) The bank deposits pledged for bank loans and bills payable will be released upon the settlement of relevant bank loans and bills payable.

### 19 CASH AND CASH EQUIVALENTS

|                           |         | At 31 December |
|---------------------------|---------|----------------|
|                           | 2025    | 2024           |
|                           | RMB'000 | RMB'000        |
| Cash at banks and on hand | 872,939 | 573,088        |

# **20 LOANS AND BORROWINGS**

The analysis of the carrying amount of loans and borrowings is as follows:

|  | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|--|-------------------------------|-----------------------------------|
| Current  |                               |                                   |
| Unsecured interest-bearing borrowings from banks and         |                               |                                   |
| other financial institutions                                 | 7,496,445                     | 7,310,053                         |
| Unsecured interest-bearing borrowings due to related parties | 3,690,964                     | 4,675,987                         |
| Secured interest-bearing borrowings from banks and           |                               |                                   |
| other financial institutions                                 | 3,444,296                     | 5,563,980                         |
|  | 14,631,705                    | 17,550,020                        |
| Non-current  |                               |                                   |
| Unsecured interest-bearing borrowings from banks and         |                               |                                   |
| other financial institutions                                 | 754,551                       | 736,660                           |
| Unsecured interest-bearing borrowings due to related parties | 1,904,800                     | 949,000                           |
| Secured interest-bearing borrowings due to related parties   | 50,000                        | _                                 |
| Secured interest-bearing borrowings from banks and           |                               |                                   |
| other financial institutions                                 | 606,089                       | 734,251                           |
|  | 3,315,440                     | 2,419,911                         |
|  | 17,947,145                    | 19,969,931                        |

As at 30 June 2025, unsecured loans and borrowings from banks and other financial institutions of RMB5,361,795,000 were guaranteed by ITG Holding (31 December 2024: RMB5,816,000,000).

# 21 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

|                                    | Note  | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|------------------------------------|-------|-------------------------------|-----------------------------------|
| Current                            |       |                               |                                   |
| Within 3 months                    |       | 2,764,944                     | 3,256,258                         |
| Over 3 months but within 6 months  |       | 518,431                       | 634,230                           |
| Over 6 months but within 12 months |       | 5,936                         | 5,253                             |
| Trade and bills payable            |       | 3,289,311                     | 3,895,741                         |
| Contract liabilities               |       | 1,215,294                     | 948,918                           |
| Other payables and accruals        |       | 458,945                       | 572,251                           |
| Payables due to related parties    | 27(b) | 38,584                        | 54,030                            |
|                                    |       | 5,002,134                     | 5,470,940                         |
| Non-current                        |       |                               |                                   |
| Long-term payables                 |       | 85,731                        | 108,697                           |
|                                    |       | 5,087,865                     | 5,579,637                         |

# 22 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

- (i) No interim dividend was proposed after the end of reporting periods of six months ended 30 June 2025 and 30 June 2024.
- (ii) No final dividend was proposed in respect of the previous financial year, approved or paid during the reporting periods of six months ended 30 June 2025 and 30 June 2024.

# (b) Share capital

The share capital of the Group represents the issued capital of the Company at the end of the respective reporting periods.

Movements in the authorised share capital of the Company during the period are as follows:

|   | 2025                              |                      | 2024                              |                      |  |
|---|-----------------------------------|----------------------|-----------------------------------|----------------------|--|
|   | Number of<br>shares<br>(thousand) | Amount<br>HK\$('000) | Number of<br>shares<br>(thousand) | Amount<br>HK\$('000) |  |
| Ordinary shares, authorised:            |                                   |                      |                                   |                      |  |
| Ordinary shares of HK\$0.10 each        | 20,000,000                        | 2,000,000            | 20,000,000                        | 2,000,000            |  |
| Ordinary shares, issued and fully paid: |                                   |                      |                                   |                      |  |
| At 1 January                            | 3,346,990                         | 334,699              | 2,867,102                         | 286,710              |  |
| Issue of ordinary shares                | 6,669,061                         | 666,906              | 479,888                           | 47,989               |  |
| At 30 June/31 December                  | 10,016,051                        | 1,001,605            | 3,346,990                         | 334,699              |  |
| RMB equivalent ('000)                   |                                   | 901,394              |                                   | 290,228              |  |

# 22 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (b) Share capital (Continued)

On 25 January 2025, the Company and Xinda Motors Co., Limited (the "Subscriber"), a fellow subsidiary of the Company, which is ultimately controlled by ITG Holding entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 6,669,060,524 subscription shares at the subscription price of HKD0.15 per subscription share for a total consideration of approximately HKD1,000,359,000 (the "Connected Subscription").

Upon completion of the Connected Subscription on 2 June 2025, the gross proceeds of HKD1,000,359,000 (equivalent to RMB916,749,000), net of related expense of RMB3,205,000, were raised, of which RMB611,166,000 and RMB302,378,000 was credited to share capital and share premium, respectively.

### 23 PERPETUAL BONDS

### Perpetual Bond 1

On 28 February 2023, Wuhan Zhengtong United Industrial Investment Group Co., Ltd. ("Wuhan Zhengtong"), an indirect wholly-owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 8.5% per annum ("Perpetual Bond 1"). The proceeds from issuance of the Perpetual Bond 1 were RMB200 million. Coupon interest of 8.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong. Pursuant to a written supplemental agreement date on 1 February 2024, the initial coupon interest rate have been adjusted to 7.8% per annum, effective from 28 February 2024.

The Perpetual Bond 1 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 1"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 1 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%. Pursuant to the written supplemental agreement date on 1 February 2024, the annual interest cap have been adjusted to 9.3%, effective from 28 February 2024. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 1, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

During the six months ended 30 June 2025, the principal amount of RMB200 million of Perpetual Bond 1 has been repaid to the relevant bond holder.

### Perpetual Bond 2

On 14 April 2023 and 12 June 2023, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB100 million and RMB100 million at an initial interest rate of 8.5% and 8.0% per annum, respectively ("Perpetual Bond 2"). The total proceeds from issuance of the Perpetual Bond 2 were RMB200 million. Coupon interest of 8.5% and 8.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

### 23 PERPETUAL BONDS (Continued)

### Perpetual Bond 2 (Continued)

The Perpetual Bond 2 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 2"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% and 9.5%, respectively, if the Call Option 2 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10% and 9.5%, respectively. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 2, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

During the year ended 31 December 2024, the principal amount of RMB100 million of Perpetual Bond 2 has been repaid to the relevant bond holder.

During the six months ended 30 June 2025, the remaining principal amount of RMB100 million of Perpetual Bond 2 has been repaid to the relevant bond holder.

### Perpetual Bond 3

On 30 June 2023 and 31 August 2023, ITG Holding Investment (HK) Limited ("ITG HK"), a fellow subsidiary controlled by the controlling shareholder of the Company, entered into written agreements and a written supplemental agreement with the Company, pursuant to which the existing unsecured short-term interest-bearing borrowing provided by ITG HK to the Company with a principal amount of USD140,000,000 (equivalent to RMB1,010,921,000) was converted into a perpetual bond with no fixed maturity ("Perpetual Bond 3") and is callable at the Company's option. Coupon interest of 8.5% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 3, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

#### Perpetual Bond 4

On 11 November 2023 and 26 December 2023, Xiamen ZhengTong Automobile Group Co., Ltd. ("Xiamen Zhengtong"), an indirect wholly-owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB350 million and RMB150 million at an initial interest rate of 7.2% and 7.0% per annum, respectively ("Perpetual Bond 4"). The total proceeds from issuance of the Perpetual Bond 4 were RMB500 million. Coupon interest of 7.2% and 7.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 4 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 3"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 8.7% and 8.5%, respectively, if the Call Option 3 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 8.7% and 8.5%, respectively. While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 4, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

### 23 PERPETUAL BONDS (Continued)

### Perpetual Bond 5

On 30 June 2024, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of USD24,132,000 (equivalent to RMB171,985,000) and principal amount of RMB657,295,000, respectively, under current loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity ("Perpetual Bond 5") and is callable at the Company's option. Coupon interest of 5.0% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 5, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

### Perpetual Bond 6

On 25 October 2024, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 6.5% per annum ("Perpetual Bond 6"). The proceeds from issuance of the Perpetual Bond 6 were RMB200 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

The Perpetual Bond 6 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 4"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 4 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 6, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

#### Perpetual Bond 7

On 22 November 2024, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB400 million at an initial interest rate of 6.5% per annum ("Perpetual Bond 7"). The proceeds from issuance of the Perpetual Bond 7 were RMB400 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 7 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 5"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 5 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 7, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

### 23 PERPETUAL BONDS (Continued)

### Perpetual Bond 8

On 23 May 2025, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB500 million at an initial interest rate of 5.8% per annum ("Perpetual Bond 8"). The proceeds from issuance of the Perpetual Bond 8 were RMB500 million. Coupon interest of 5.8% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 8 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("Call Option 6"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 6 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 8, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

### Perpetual Bond 9

On 30 June 2025, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of principal amount of RMB500 million under loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity ("Perpetual Bond 9") and is callable at the Company's option. Coupon interest of 5.0% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 9, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

As the Perpetual Bonds 1 to 9 only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, and therefore do not meet the definition of a financial liability in accordance with HKAS 32 *Financial Instruments: Presentation*. As a result, Perpetual Bonds 1 to 9 are classified as equity and distributions, if and when declared, are treated as equity dividends.

Perpetual Bond 3, 5 and 9 were recorded directly in equity attributable to equity shareholders of the Company. During the six months ended 30 June 2025, the profit attributable to the holders of Perpetual Bonds 3, 5 and 9 based on the applicable coupon interest rate, amounted to RMB63,414,000 (six months ended 30 June 2024: RMB42,759,000), and RMB107,127,000 has been distributed to the relevant bond holders (six months ended 30 June 2024: nil).

Except for Perpetual Bond 3, 5 and 9, the remaining Perpetual Bonds were issued by indirect wholly-owned subsidiaries of the Company to external third parties, which could not be treated as equity directly or indirectly attributable to the equity shareholders of the Company. Therefore, these Perpetual Bonds are classified within the non-controlling interests in the consolidated statement of financial position according to HKFRS 10, Consolidated Financial Statements. During the six months ended 30 June 2025, the profit attributable to the holders of these Perpetual Bonds based on the applicable coupon interest rate, amounted to RMB43,250,000 (six months ended 30 June 2024: RMB35,012,000), and RMB44,582,000 has been distributed to the relevant bond holders (six months ended 30 June 2024: RMB34,586,000).

# 24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

# Financial assets and liabilities measured at fair value Fair value hierarchy

The fair value of the Group's financial instruments is categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value measurement*. The level, into which a fair value measurement is classified, is determined with the reference to the observability and significance of the inputs used in the valuation technique as follows:

• Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in

active markets for identical assets or liabilities at the measurement date.

• Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet

Level 1, and not using significant unobservable inputs. Unobservable inputs are

inputs for which market data are not available.

• Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's assets/(liabilities) that are measured at fair value.

|                                      |          |   |                    | e measureme<br>2025 categori |                    |   |                    | e measureme<br>er 2024 categ |                    |
|--------------------------------------|----------|---|--------------------|------------------------------|--------------------|---|--------------------|------------------------------|--------------------|
|                                      | Note     | Fair value at<br>30 June<br>2025<br>RMB'000 | Level 1<br>RMB'000 | Level 2<br>RMB'000           | Level 3<br>RMB'000 | Fair value at<br>31 December<br>2024<br>RMB'000 | Level 1<br>RMB'000 | Level 2<br>RMB'000           | Level 3<br>RMB'000 |
| Recurring fair value<br>measurements |          | KHD 000                                     | KIAD COC           | KIAD 000                     | KHB 600            | 1111 <u>0</u> 000                               | KIND 000           | KIND 000                     | KIND 000           |
| Assets:                              |          |   |                    |                              |                    |   |                    |                              |                    |
| Swap contracts                       | (i)      | _   | _                  | _                            | _                  | 1,869   | _                  | 1,869                        | _                  |
| Option contracts                     | (ii)     | 13,376                                      | _                  | _                            | 13,376             | 16,889  | _                  | _                            | 16,889             |
| Wealth management                    |          |   |                    |                              |                    |   |                    |                              |                    |
| products                             | (i),(ii) | 56,354                                      | _                  | 329                          | 56,025             | 56,475  | _                  | 338                          | 56,137             |
| Equity investment in                 |          |   |                    |                              |                    |   |                    |                              |                    |
| Dongfeng Logistics                   | (ii)     | 501,715                                     | _                  | _                            | 501,715            | 501,715   | _                  | _                            | 501,715            |
|                                      |          | 571,445                                     | _                  | 329                          | 571,116            | 576,948   | _                  | 2,207                        | 574,741            |
| Liabilities:                         |          |   |                    |                              |                    |   |                    |                              |                    |
| Option contracts                     | (ii)     | _   | _                  | _                            | _                  | (191)   | _                  | _                            | (191)              |
| Swap contracts                       | (i)      | (19,812)                                    | _                  | (19,812)                     | _                  | (6,425)   | _                  | (6,425)                      | -                  |
|                                      |          | (19,812)                                    | _                  | (19,812)                     | _                  | (6,616)   | _                  | (6,425)                      | (191)              |

### 24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

# Financial assets and liabilities measured at fair value (Continued) Fair value hierarchy (Continued)

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products of investment with banks in the PRC is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

The fair value of the swap contracts is determined by discounted-cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period). The discount rate used is the risk-free rate.

(ii) Information about Level 3 fair value measurements

The fair value of wealth management products purchased from Western Trust is determined with reference to the net assets value report of the wealth management products as provided by the fund manager.

The fair value of equity investment in Dongfeng Logistics is determined with reference to the price/sales ratios of the comparable listed companies and adjusted for lack of marketability discount.

The fair value of the option contracts is determined by Black-Scholes model. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity, and volatility.

Below is a summary of significant unobservable inputs to the valuation of the financial instruments together with an analysis for the relationship of unobservable inputs to the fair value measurements at the end of reporting period:

30 June 2025 and 31 December 2024

|  | Valuation<br>techniques | Significant unobservable inputs   | Relationship of unobservable inputs to the input   |
|--|-------------------------|---|--|
| Wealth management products                 | Net assets value        | Net assets value of the wealth management products  | The fair value changes as the net assets value of the wealth management products changes   |
| Equity investment in<br>Dongfeng Logistics | Market approach         | Price/sales ratio of the<br>comparable listed companies<br>Discounts for lack of<br>marketability | The fair value increase/decrease as the price/<br>sales ratio of the comparable listed<br>companies increase/decrease and discounts<br>for lack of marketability decrease/increase |
| Option contracts                           | Black-Scholes model     | Volatility of the foreign exchange rate   | The fair value increase/decrease as the volatility of the foreign exchange rate increase/decrease  |

# 24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

# Financial assets and liabilities measured at fair value (Continued) Fair value hierarchy (Continued)

The movements during the period in the balance of these Level 3 fair value measurements were as follows:

|   | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|-------------------------------|-----------------------------------|
| Wealth management products:                                   |                               |                                   |
| At 1 January  | 56,137                        | 83,938                            |
| Redemption of investment                                      | _                             | (2,976)                           |
| Fair value change   | (112)                         | (24,825)                          |
| At 30 June/31 December  | 56,025                        | 56,137                            |
| Equity investment in Dongfeng Logistics:                      |                               |                                   |
| At 1 January  | 501,715                       | 829,028                           |
| Disposal  | _                             | (331,496)                         |
| Fair value change   | _                             | 4,183                             |
| At 30 June/31 December  | 501,715                       | 501,715                           |
| Option contracts:   |                               |                                   |
| At 1 January  | 16,698                        | 574                               |
| Net realised (loss)/gain during the period/year               | (9,518)                       | 57,710                            |
| Proceeds in relation to settlement                            | (7,180)                       | (58,284)                          |
| Fair value change   | 13,376                        | 16,698                            |
| At 30 June/31 December  | 13,376                        | 16,698                            |
| Total gain for the period/year included in profit or loss for |                               |                                   |
| assets held at the end of the period/year                     | 3,746                         | 53,766                            |

Any realised/unrealised gain or loss arising from the wealth management products, equity investment in Dongfeng Logistics and option contracts are presented in the "Other income" line item in the consolidated statement of profit or loss.

### **25 COMMITMENTS**

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report:

|                | At 30 June | At 31 December |
|----------------|------------|----------------|
|                | 2025       | 2024           |
|                | RMB'000    | RMB'000        |
| Contracted for | 154,841    | 283,828        |

### **26 CONTINGENT LIABILITIES**

(a) In 2018, Wuhan Zhengtong, a subsidiary of the Company, and Beijing Guangze Real Estate Development Co., Ltd. ("Beijing Guangze") entered into a general contract agreement (the "General Contractor Agreement") pursuant to which Wuhan Zhengtong engaged Beijing Guangze to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects owned by the Group. The contract consideration shall be utilized by Beijing Guangze as the general contractor for such costs as consultant fees for hiring professional service companies, approval and construction application fees, construction and installation fees and ancillary facilities fees. Details of the General Contractor Agreement had been disclosed in the Company's announcement dated 13 March 2018.

In July 2022, the Group received a payment request of RMB6 million from one of the sub-contractors that had been involved in certain 4S Stores and commercial projects (the "Subcontractor"), as Beijing Guangze failed to fulfil its obligations under the General Contractor Agreement.

In accordance with the PRC legal opinion obtained by the Company from an external legal advisor, Beijing Guangze is the primary obligor for the relevant construction payments taking into account such facts and circumstances among others (i) Beijing Guangze had undertaken its general contractor role for the projects since the establishment of relevant contracts in prior years and the Group had entrusted Beijing Guangze with the projects and (ii) the Group had already fulfilled its obligations including the payment made to Beijing Guangze in accordance with the General Contractor Agreement. The historical payments to Beijing Guangze in relation to the Subcontractor is assessed to be approximately RMB236 million.

While the Subcontractor has not initiated any formal legal proceedings against the Group in this connection and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that it is not probable that the Group will be sued by the Subcontractor or need to make payments to the Subcontractor. Therefore, no provision has been made in respect of this matter as at 30 June 2025 [31 December 2024: nil].

### 26 CONTINGENT LIABILITIES (Continued)

(b) In 2023, the Group was informed by receipt of two civil complaints that Wuhan Zhengtong has entered into certain agreements in 2016 to provide guarantees (the "Guarantee Contracts") against two fixed assets mortgage loan contracts (the "Fixed Assets Loan Contracts") entered into by Wuhan Economic and Technological Development Zone Branch of Hubei Bank Co., Ltd. (the "Hubei Bank") with Beijing Guangze and Inner Mongolia Shengze Dingjie Automobile Trading Company Limited (the "Inner Mongolia Shengze"), respectively.

In March 2024, Wuhan Zhengtong received judgments in relation to aforementioned two civil lawsuits (the "First Instance Judgment") from the Wuhan Intermediate People's Court, pursuant to which i) the Guarantee Contracts were executed but are of no legal effect; and ii) Wuhan Zhengtong is obliged to bear half of the shortfalls, if any, when Hubei Bank has shortfalls to recover the debt owed to it, by collecting the proceeds of disposal of the collateral assets, for the failure of Beijing Guangze and Inner Mongolia Shengze to repay the debts.

On 15 November 2024, Wuhan Zhengtong received the second instance judgements in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment.

As at 30 June 2025, the outstanding debts in relation to Fixed Assets Loan Contracts amounted to approximately RMB553 million. According to the valuation report issued by an external valuer on 20 March 2025, the estimated net realisable amount of the corresponding collaterals, calculated as fair value less cost to sell, was RMB627 million as at 31 December 2024. As the directors of the Company considered that there are no material changes in relation to the significant input for the measurement of the collaterals, the estimated net realisable amount of the collaterals as at 30 June 2025 were assessed to be the same as those of 31 December 2024, i.e. RMB627 million.

In accordance with a PRC legal opinion obtained by the Company from an external legal advisor, the second instance judgment considered that Wuhan Zhengtong is ranked lower in the order of priority in meeting payment commitments, as there exist several collaterals and there are other defendants who are also guarantors. Pursuant to applicable laws and regulations, Hubei Bank shall have the right of priority to request debt settlement by such collaterals. The directors of the Company, having given due consideration of the legal advice and the relevant facts and circumstances including their understanding of the estimated net realisable amounts of the collaterals, are of the opinion that it is not probable that the Group will be required to make any payments. Therefore, no provision has been made in respect of this matter as at 30 June 2025 (31 December 2024: nil).

As at 30 June 2025, except for the aforementioned contingencies, the Group did not have any other material contingent liabilities.

# **27 MATERIAL RELATED PARTY TRANSACTIONS**

| Name of party   | Relationship                             |
|---|--|
| ITG Holding<br>廈門國貿控股集團有限公司   | Controlling Shareholder                  |
| ITG HK 國貿控股(香港)投資有限公司   | Controlled by Controlling<br>Shareholder |
| Xiamen Xindeco Co., Ltd. ("Xindeco")  | Controlled by Controlling                |
| 廈門信達股份有限公司  | Shareholder                              |
| International Trade Yingtai Financial Leasing (Xiamen) Co., Ltd. ("IT Yingtai")       | Controlled by Controlling                |
| 國貿盈泰融資租賃(廈門)有限公司  | Shareholder                              |
| Tianxiada Finance Leasing (Xiamen) Co., Ltd. ("Tianxiada")                            | Controlled by Controlling                |
| 天下達融資租賃(廈門)有限公司   | Shareholder                              |
| Xiamen International Trade Development Co., Ltd. ("IT Development")                   | Controlled by Controlling                |
| 廈門國貿發展有限公司  | Shareholder                              |
| Xiamen ITG Holding Group Finance Co.,Ltd. ("ITG Finance")                             | Controlled by Controlling                |
| 廈門國貿控股集團財務有限公司  | Shareholder                              |
| Xiamen ITG Capital Group Co., Ltd. ("ITG Capital")                                    | Controlled by Controlling                |
| 廈門國貿資本集團有限公司  | Shareholder                              |
| Shandong Xindeco IOT Application Technology Co., Ltd. ("Shandong Xindeco")            | Controlled by Controlling                |
| 山東信達物聯應用技術有限公司  | Shareholder                              |
| Xiamen Gaoxin Yundao Technology Co., Ltd. ("Xiamen Gaoxin Yundao")                    | Controlled by Controlling                |
| 廈門高新雲道科技有限公司  | Shareholder                              |
| Xiamen High tech Talent Development Co., Ltd. ("Xiamen Gaoxin Rencai")                | Controlled by Controlling                |
| 廈門高新人才開發有限公司  | Shareholder                              |
| Shanghai Maocheng Property Service Co., Ltd. ("Shanghai Maocheng")                    | Controlled by Controlling                |
| 上海貿城物業服務有限公司  | Shareholder                              |
| Pointer Investment Limited ("Baoda HK")   | Controlled by Controlling                |
| 寶達投資(香港)有限公司  | Shareholder                              |
| Xiamen Guojing Environmental Engineering Co., Ltd. ("Xiamen Guojing")                 | Controlled by Controlling                |
| 廈門國璟環境工程有限公司  | Shareholder                              |
| Tiantianda Automotive Services (Xiamen) Co., Ltd. ("Tianxiada Qiche")                 | Controlled by Controlling                |
| 天下達汽車服務(廈門)有限公司   | Shareholder                              |
| Fujian Huaxia Lida Automotive Service Co., Ltd. ("Huaxia Lida")                       | Controlled by Controlling                |
| 福建華夏立達汽車服務有限公司  | Shareholder                              |
| Shanghai Yige Science & Technology Trading Co., Ltd. ("Shanghai Yige")<br>上海繹格科工貿有限公司 | Joint venture                            |

Note: The English translation of the Company names is for reference only. The official names of the companies established in the PRC are in Chinese.

# 27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

# (a) Recurring transactions

#### Six months ended 30 June

|  | Six illolitiis clided oo saile |           |
|--|--------------------------------|-----------|
|  | 2025                           | 2024      |
|  | RMB'000                        | RMB'000   |
| Technical support and construction design services:                                      |                                |           |
| Huaxia Lida  | 42                             | _         |
| Tianxiada Qiche  | 9                              | _         |
| Shanghai Maocheng  | 1,907                          | 5         |
| Baoda HK   | 28                             | _         |
| Xiamen Gaoxin Rencai   | 22                             | 49        |
| Xindeco  | _                              | 246       |
| ITG Holding  | _                              | 64        |
| Shandong Xindeco   | 47                             | 1,827     |
|  | 2,055                          | 2,191     |
| Other financial services received:   |                                |           |
| ITG Finance  | 150                            | 150       |
| Interest received:   |                                |           |
| ITG Finance  | 191                            | 250       |
| Technical and sales promotional service received:  |                                |           |
| Xiamen Gaoxin Yundao   | 7,040                          | 34,415    |
| Interest-bearing borrowings — proceeds from/(repayments to) related parties, net effect: |                                |           |
| ITG Holding  | 42,000                         | (396,000) |
| IT Development   | 15,559                         | (762)     |
| ITG HK   | 333,437                        | (479,504) |
| ITG Finance  | 100,000                        | 940,240   |
| ITG Capital  | 29,900                         | (12,000)  |
|  | 520,896                        | 51,974    |

As of 30 June 2025, the Group has obtained financial guarantees from ITG Holding for banking facilities and bank loans and borrowings of RMB5,891 million (31 December 2024: RMB6,179 million).

During the six months ended 30 June 2025, total interest expenses for the interest-bearing borrowings due to related parties were RMB92,431,000 (30 June 2024: RMB125,166,000).

During the six months ended 30 June 2025, the Group's transaction with a fellow subsidiary in relation to the conversion of loans and borrowings to perpetual bonds and the profit distributed to the bond holders are disclosed in note 23.

During the six months ended 30 June 2025, the Group entered into certain lease arrangements in respect of certain leasehold properties from a fellow subsidiary of the Group. At the commencement date of the lease, the Group initially recognised a right-of-use asset and a lease liability of RMB4,048,000.

# 27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

# (b) Balances with related parties

|   | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|-------------------------------|-----------------------------------|
| Cash deposits in:   |                               |                                   |
| ITG Finance   | 48,694                        | 48,859                            |
| Amounts due from related parties:                         |                               |                                   |
| Xindeco   | 112                           | _                                 |
| Accounts payable due to related parties:<br>Shanghai Yige | _                             | 425                               |
| Other payables due to related parties:                    |                               |                                   |
| ITG HK  | 10,717                        | 24,658                            |
| ITG Holding   | 22,731                        | 21,155                            |
| Shanghai Maocheng   | 310                           | 1,299                             |
| IT Development  | 4,469                         | 5,129                             |
| Shandong Xindeco  | 357                           | 1,266                             |
| Xindeco   | _                             | 84                                |
| Tianxiada   |                               | 14                                |
|   | 38,584                        | 53,605                            |

|   | At 30 June<br>2025<br>RMB'000 | At 31 December<br>2024<br>RMB'000 |
|---|-------------------------------|-----------------------------------|
| Interest-bearing borrowings due to related parties: |                               |                                   |
| Current   |                               |                                   |
| ITG Finance   | 2,694,900                     | 2,651,000                         |
| IT Development                                      | 415,384                       | 399,825                           |
| ITG HK  | _                             | 166,682                           |
| ITG Holding   | _                             | 857,700                           |
| ITG Capital   | 580,680                       | 600,780                           |
|   | 3,690,964                     | 4,675,987                         |
| Non-current   |                               |                                   |
| ITG Finance   | 1,005,100                     | 949,000                           |
| ITG Holding   | 899,700                       | _                                 |
| ITG Capital   | 50,000                        | _                                 |
|   | 1,954,800                     | 949,000                           |
|   | 5,645,764                     | 5,624,987                         |

# **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Huang Junfeng (Chairman)

Mr. Wang Mingcheng

Mr. Su Yi

Mr. Zhuang Zhibo (appointed on 11 July 2025)

Mr. Wu Xiaoqiang (appointed on 11 July 2025)

# **Independent Non-executive Directors**

Dr. Tsui Wai Ling Carlye

Mr. Shen Jinjun

Ms. Yu Jianrong

### REGISTERED OFFICE

Cricket Square Hutchins Drive

P.O. Box 2681

Grand Cavman

KY1-1111

Cayman Islands

### **HEADQUARTERS**

11-12/F, ITG Business Center, No. 669, Sishuidao, Huli District,

Xiamen, China

# PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C, 32/F, Lippo Centre Tower One 89 Queensway Hong Kong

### **COMPANY WEBSITE**

www.zhengtongauto.com

#### COMPANY SECRETARY

Ms. Fung Wai Sum (ACG, HKACG)

#### **AUTHORIZED REPRESENTATIVES**

Mr. Huang Junfeng

Ms. Fung Wai Sum

### **AUDIT COMMITTEE**

Dr. Tsui Wai Ling Carlye (Chairman)

Mr. Shen Jinjun

Ms. Yu Jianrong

### NOMINATION COMMITTEE

Mr. Huang Junfeng (Chairman)

Mr. Shen Jinjun

Ms. Yu Jianrong

### REMUNERATION COMMITTEE

Ms. Yu Jianrong (Chairman)

Mr. Wang Mingcheng

Dr. Tsui Wai Ling Carlye

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Wang Mingcheng (Chairman)

Mr. Huang Junfeng

Mr. Luo Yaohuang

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong

# CAYMAN ISLANDS SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited China Construction Bank Co., Ltd.
Bank of Communications Co., Ltd.
Industrial Bank Co., Ltd.
China CITIC Bank Corporation Limited
China EVERBRIGHT BANK Company Limited
Ping An Bank Company Limited
Hua Xia Bank Co., Limited
The Bank of East Asia (China) Limited
Xiamen International Bank Co., Ltd.
Xiamen Rural Commercial Bank Co., Ltd.

### **AUDITORS**

#### **KPMG**

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong

### HONG KONG LEGAL COUNSEL

Reed Smith Richards Butler LLP

# STOCK CODE

1728



CHINA ZHENGTONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司

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