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## China ZhengTong Auto Services Holdings Limited

### 中國正通汽車服務控股有限公司

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 1728)**

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China ZhengTong Auto Services Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company (the “**reporting period**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as set out below.

### HIGHLIGHTS

During the reporting period, due to overcapacity and intensifying price wars in the automotive industry, despite a slight rebound in domestic automobile consumption in the first half of the year driven by vehicle scrapping and replacement policies, market competition remained fiercely competitive. Based on confidence in the long-term stability and improvement of China’s automobile distribution industry, the Group continued to focus on the operation of mid-to-high-end automobiles. By optimizing the management structure of the automobile dealership business, vigorously promoting the transformation of new energy brands, closing and restructuring underperforming stores, strengthening centralized procurement, and enhancing digital management capabilities, the Company comprehensively enhanced 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, Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) (“**ITG Holding**”), raising approximately HK\$1 billion in funds. Following completion of the subscription, ITG Holding has become the controlling shareholder of the Company, providing stronger capital support and comprehensive resource backing for the Company’s future development. Subsequently, the Group’s management headquarters was officially relocated to Xiamen to deeply integrate local resources, accelerate the implementation of localized operations, and lay a solid foundation for maximizing strategic synergies within the shareholder system.

For the six months ended 30 June 2025:

- Revenue decreased by approximately 10.0% to approximately RMB8,891.0 million, primarily due to the decline in selling price of new automobiles;
- Overall gross profit increased by approximately 67.9% to approximately RMB297.5 million, with the gross profit margin rising by 1.5 percentage points to 3.3%. This was primarily due to the recognition of income from mortgage facilitation services as revenue, effective from 1 April 2024;
- Loss for the period was approximately RMB887.5 million, compared to the Group's loss of approximately RMB634.8 million for the same period in 2024. The increase was mainly attributable to a decline in selling price of new automobiles, the impairment of goodwill and intangible assets and the impairment of property, plant and equipments;
- Basic loss per share was approximately RMB22.8 cents, compared to a basic loss per share of RMB25.0 cents for the same period in 2024;
- Net cash inflow generated from its operating activities was approximately RMB77.9 million, compared to a net cash inflow of RMB147.1 million for the same period of last year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*for the six months ended 30 June 2025 — unaudited*  
*(Expressed in RMB'000)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	<b>4</b>	<b>8,891,028</b>	9,875,622
Cost of sales		<u>(8,593,504)</u>	<u>(9,698,464)</u>
<b>Gross profit</b>		<b>297,524</b>	177,158
Other income	<b>5</b>	<b>249,959</b>	564,592
Selling and distribution expenses		<b>(459,658)</b>	(470,564)
Administrative expenses		<b>(516,545)</b>	(504,360)
Impairment losses on goodwill and intangible assets	<b>9, 10</b>	<u><b>(115,000)</b></u>	<u>—</u>
<b>Loss from operations</b>		<b>(543,720)</b>	(233,174)
Finance costs	<b>6(a)</b>	<b>(439,912)</b>	(492,060)
Share of profit of associates and a joint venture		<u><b>890</b></u>	<u>2,116</u>
<b>Loss before taxation</b>	<b>6</b>	<b>(982,742)</b>	(723,118)
Income tax	<b>7</b>	<u><b>95,205</b></u>	<u>88,278</u>
<b>Loss for the period</b>		<u><b>(887,537)</b></u>	<u>(634,840)</u>
<b>Loss for the period attributable to:</b>			
Ordinary shareholders of the Company		<b>(993,826)</b>	(711,734)
Perpetual bond holders of the Company	<b>17</b>	<b>63,414</b>	42,759
Non-controlling interests		<u><b>42,875</b></u>	<u>34,135</u>
<b>Loss for the period</b>		<u><b>(887,537)</b></u>	<u>(634,840)</u>
<b>Basic and diluted loss per share (RMB cents)</b>	<b>8</b>	<u><b>(22.8)</b></u>	<u>(25.0)</u>

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

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

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
<b>Loss for the period</b>		<u><b>(887,537)</b></u>	<u><b>(634,840)</b></u>
<b>Other comprehensive income for the period (after tax):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
— financial statements of entities outside of the Mainland China		<u><b>2,007</b></u>	<u><b>(7,010)</b></u>
<b>Other comprehensive income for the period</b>		<u><u><b>2,007</b></u></u>	<u><u><b>(7,010)</b></u></u>
<b>Total comprehensive income for the period</b>		<u><u><b>(885,530)</b></u></u>	<u><u><b>(641,850)</b></u></u>
<b>Attributable to:</b>			
Ordinary shareholders of the Company		<b>(991,819)</b>	<b>(718,744)</b>
Perpetual bond holders of the Company	<i>17</i>	<b>63,414</b>	<b>42,759</b>
Non-controlling interests		<u><b>42,875</b></u>	<u><b>34,135</b></u>
<b>Total comprehensive income for the period</b>		<u><u><b>(885,530)</b></u></u>	<u><u><b>(641,850)</b></u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*at 30 June 2025 — unaudited*

*(Expressed in RMB'000)*

		At 30 June 2025	At 31 December 2024
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		5,641,808	5,855,395
Investment properties		493,887	470,135
Right-of-use assets		2,410,547	2,556,819
Intangible assets	9	2,159,073	2,302,546
Goodwill	10	494,851	534,641
Interests in associates		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	11	514,406	511,829
Pledged bank deposits		502,440	502,440
Time deposits		5,000	—
		<u>13,470,802</u>	<u>13,896,931</u>
<b>Current assets</b>			
Inventories	12	3,599,258	3,306,990
Trade and bills receivables	13	980,337	1,145,086
Prepayments, deposits and other receivables	14	4,721,307	4,838,107
Other financial assets	11	57,039	65,119
Pledged bank deposits		3,413,573	5,391,391
Time deposits		—	1,524
Cash and cash equivalents		872,939	573,088
		<u>13,644,453</u>	<u>15,321,305</u>
<b>Current liabilities</b>			
Loans and borrowings		14,631,705	17,550,020
Lease liabilities		263,675	284,240
Trade and other payables	15	5,002,134	5,470,940
Income tax payables		301,174	348,707
Other financial liabilities	11	13,772	296
		<u>20,212,460</u>	<u>23,654,203</u>
<b>Net current liabilities</b>		<u>(6,568,007)</u>	<u>(8,332,898)</u>
<b>Total assets less current liabilities</b>		<u>6,902,795</u>	<u>5,564,033</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2025 — unaudited (continued)**(Expressed in RMB'000)*

		At 30 June 2025	At 31 December 2024
	<i>Note</i>		
<b>Non-current liabilities</b>			
Loans and borrowings		3,315,440	2,419,911
Lease liabilities		981,686	1,059,789
Deferred tax liabilities		867,855	899,578
Trade and other payables	15	85,731	108,697
Other financial liabilities	11	6,040	6,320
		<u>5,256,752</u>	<u>4,494,295</u>
<b>NET ASSETS</b>		<u>1,646,043</u>	<u>1,069,738</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	901,394	290,228
Perpetual bonds	17	2,403,615	1,947,328
Reserves		<u>(3,283,680)</u>	<u>(2,594,239)</u>
<b>Total equity/(deficit) attributable to equity shareholders of the Company</b>		<b>21,329</b>	<b>(356,683)</b>
<b>Non-controlling interests</b>		<u>1,624,714</u>	<u>1,426,421</u>
<b>TOTAL EQUITY</b>		<u>1,646,043</u>	<u>1,069,738</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

## 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 statements have 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 statements have 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 interim financial statements 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 statements contain 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.

These interim financial statements are unaudited, but have 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.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial statements 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.

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 these interim financial statements for the current accounting period. The amendments do not have a material impact on these interim financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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



#### 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:

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>			
Sales of passenger motor vehicles		<b>6,552,047</b>	7,657,625
Provision of mortgage facilitation services	(i)	<b>693,024</b>	325,635
Provision of after-sales services		<b>1,486,857</b>	1,698,980
Provision of logistics services		<b>155,438</b>	180,775
Sales of comprehensive properties		<b>3,662</b>	12,597
		<b>8,891,028</b>	9,875,612
<b>Revenue from other sources</b>			
Others		—	10
		<b>8,891,028</b>	<b>9,875,622</b>

- (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	2024
		RMB'000	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		1,370	1,541
Net realised and unrealised (loss)/gain on other financial instruments		(9,313)	67,209
Government grants	(i)	2,199	7,786
Others		24,381	38,931
		<u>249,959</u>	<u>564,592</u>

(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	2024
		RMB'000	RMB'000
<b>(a) Finance costs:</b>			
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)
		<u>439,912</u>	<u>492,060</u>
<b>(b) Staff costs:</b>			
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
		<u>360,159</u>	<u>395,720</u>

- (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.

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
<b>(c) Other items:</b>			
Cost of inventories	12(b)	8,499,327	9,472,953
Depreciation			
— Owned property, plant and equipment		180,722	183,719
— Right-of-use assets		152,407	159,207
— Investment properties		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			
— Intangible assets	9	75,210	—
— Goodwill	9, 10	39,790	—
— Property, plant and equipment	(i)	126,376	—

- (i) 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).

## 7 INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Current tax:</b>		
Provision for PRC income tax for the period	5,045	50,446
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(100,250)	(138,724)
	<u>(95,205)</u>	<u>(88,278)</u>

- (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 were 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 INTANGIBLE ASSETS

	Car dealerships & Dealership operation rights <i>RMB'000</i>	Favourable lease contracts <i>RMB'000</i>	Trademark <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>					
At 1 January 2024	4,848,553	36,904	362,732	27,987	5,276,176
Additions	—	—	—	8,714	8,714
At 31 December 2024, and 1 January 2025	4,848,553	36,904	362,732	36,701	5,284,890
Additions	—	—	—	1,735	1,735
Disposal	—	—	—	(953)	(953)
At 30 June 2025	<b>4,848,553</b>	<b>36,904</b>	<b>362,732</b>	<b>37,483</b>	<b>5,285,672</b>
<b>Accumulated amortisation:</b>					
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	<b>1,923,113</b>	<b>36,904</b>	<b>—</b>	<b>28,207</b>	<b>1,988,224</b>
<b>Accumulated impairment losses</b>					
At 1 January 2024	832,931	—	145,627	—	978,558
Additions	76,161	—	8,446	—	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	<b>984,302</b>	<b>—</b>	<b>154,073</b>	<b>—</b>	<b>1,138,375</b>
<b>Net book Value:</b>					
At 30 June 2025	<b>1,941,138</b>	<b>—</b>	<b>208,659</b>	<b>9,276</b>	<b>2,159,073</b>
At 31 December 2024	<b>2,084,689</b>	<b>—</b>	<b>208,659</b>	<b>9,198</b>	<b>2,302,546</b>

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.

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 results 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.

## 10 GOODWILL

*RMB'000*

**Cost:**

At 1 January 2024, 31 December 2024 and 30 June 2025 2,006,335

**Accumulated impairment losses:**

At 1 January 2024 1,439,599

Additions 32,095

31 December 2024 and 1 January 2025 1,471,694

Additions 39,790

At 30 June 2025 **1,511,484**

**Carrying amount:**

At 30 June 2025 **494,851**

At 31 December 2024 534,641

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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
4S dealership business	<b>494,851</b>	534,641

As mentioned in note 9 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.

# 11 OTHER FINANCIAL ASSETS/(LIABILITIES)

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



- (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).

(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.

## 12 INVENTORIES

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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
<b>4S dealership business</b>		
— 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
<b>Comprehensive properties business</b>		
— 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:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Carrying amount of inventories sold	<b>8,462,197</b>	9,369,900
Write-down of inventories	<b>42,939</b>	106,288
Reversal of write-down of inventories	<b>(5,809)</b>	(3,235)
	<b>8,499,327</b>	<b>9,472,953</b>

### 13 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:

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

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.

## 14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Note</i>		
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	—
		<u>4,721,307</u>	<u>4,838,107</u>

- (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.

## 15 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:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
<b>Current</b>		
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	38,584	54,030
	<u>5,002,134</u>	<u>5,470,940</u>
<b>Non-current</b>		
Long-term payables	85,731	108,697
	<u>5,087,865</u>	<u>5,579,637</u>

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

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.

## 17 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.

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.

### **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.



## 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).

## 18 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).

- (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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 Hongqi, 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 18 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:

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

### 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”.

## **INTERIM DIVIDEND**

The Board does not recommend 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 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 statements for six months ended 30 June 2025. KPMG, the Group’s external auditor, has carried out a review of the unaudited interim financial statements 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.

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

\* *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)(a) 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)(a) 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)(a) of the Listing Rules is not satisfied.

Pursuant to Note 1 to Rule 8.08(1)(b) 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 director changes, 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.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a set of securities dealing code (the “**Securities Dealing Code**”) regarding securities transactions of the Directors with standards 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 existing Directors confirmed that they had complied with the Securities Dealing Code and the Model Code throughout the six months ended 30 June 2025.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT**

This interim results announcement is available for viewing on the websites of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.zhengtongauto.com>) and the interim report for the six months ended 30 June 2025 of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management team and employees of the Group for their commitment and diligence, and would also like to thank our shareholders and business associates for their strong support to the Group.

For and on behalf of the Board  
**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

*As at the date of this announcement, the Board comprises Mr. HUANG Junfeng (Chairman), Mr. WANG Mingcheng, Mr. SU Yi, Mr. ZHUANG Zhibo and Mr. WU Xiaoqiang as executive Directors; and Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong as independent non-executive Directors.*