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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)

PROFIT WARNING

This announcement is made by China Zhengtong Auto Services Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the “**2024 Annual Period**”) and information currently available to the Board, the Group is expected to record an increase of not more than 88% in net loss for the 2024 Annual Period as compared to the year ended 31 December 2023 (the “**Profit Warning**”).

Based on the information currently available, although the Group adjusted its business strategies and continued to propel its transformation and upgrading in response to industry trends, and reduced operating costs through refined management, the continuous decrease in sales volume and selling price of new vehicles during the relevant period due to intensified competition in the domestic automobile market had resulted in the above increase in net loss as compared to the corresponding period in 2023.

Based on the long-term strategic support of the Group's single largest shareholder, Xiamen ITG Holdings Group Co., Ltd., and based on the assessment of the Group's unaudited consolidated management accounts for the 2024 Annual Period, the Board believes that the Group can adapt to industry changes and continue to maintain operational stability.

As the Company is still in the course of preparing the financial results for the 2024 Annual Period, the information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts and the financial information currently available to the Board. Such information has not been audited nor reviewed by the auditors of the Company, and thus may be subject to adjustments.

The Group's financial results and performance for the 2024 Annual Period will be set out in the forthcoming annual results announcement of the Company, which is expected to be published on 28 March 2025.

Reference is made to (a) the joint announcement (the "**Joint Announcement**") issued by the Company and Xinda Motors Co., Limited (the "**Subscriber**") dated 26 January 2025 in relation to, among other things, the Connected Subscription, the Whitewash Waiver and the possible Offer, (b) the announcement (the "**Delay in Despatch Announcement**") issued by the Company dated 17 February 2025 in relation to the delay in dispatch of the circular (the "**Circular**") in relation to the Connected Subscription and the Whitewash Waiver, (c) the announcement (the "**Monthly Update Announcement**") issued by the Company dated 17 March 2025 providing a monthly update on the Connected Subscription, the Whitewash Waiver and the possible Offer, and (d) the announcement (the "**Date of Board Meeting Announcement**") dated 18 March 2025 announcing that a meeting of the Board for the purpose of, among other things, considering and approving the annual results of the Group for the 2024 Annual Period and its publication will be held on 28 March 2025. Unless the context requires otherwise, capitalised terms used in this announcement shall bear the same meanings as defined in the Joint Announcement.

The Profit Warning included in this announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and should therefore be reported on by the Company's financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of inside information under Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code and Practice Note 2, if a profit forecast is made during an offer period and is first published in an announcement, it must be repeated in full, together with the reports from the Company's financial adviser and auditors on the said profit forecast, in the next document to be sent to the Shareholders by the Company (the "**Shareholders' Document**"). As disclosed in the Delay in Despatch Announcement and the Monthly Update Announcement, since the Company requires more time to ascertain and finalise the information to be included in the Circular, an application has been made to the Executive for, and the Executive has granted the consent to, an extension of the latest date for dispatching the Circular to a date no later than 31 March 2025. Hence, the Profit Warning should be reported on in accordance with Rule 10.4 of the Takeovers Code by the Company's financial adviser and its auditors and the relevant reports should be contained in the Circular, being the next Shareholders' Document to be sent to the Shareholders by the Company.

However, as disclosed in the Date of Board Meeting Announcement, the annual results of the Company for the 2024 Annual Period are expected to be considered and approved by the Board and be published (if approved by the Board) on 28 March 2025. In case the annual results of the Company for the 2024 Annual Period, which fall within the ambit of Rule 10.9 of the Takeovers Code, are published prior to the despatch of the Circular and the relevant results together with the notes to the financial statements are incorporated by reference in the Circular, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

The profit forecast in this announcement does not meet the standard required by Rule 10 of the Takeovers Code and Shareholders and potential investors should exercise caution in placing reliance on such profit forecast.

Since the Connected Subscription Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Subscription Agreement, the Connected Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Connected Subscription, respectively, at the EGM.

The making of the Offer is subject to the (1) the Whitewash Waiver not being granted by the Executive and/or is not approved by the Independent Shareholders and the Subscriber decides to waive the condition precedent relating to the Whitewash Waiver and proceed with the Connected Subscription in such circumstances, and (2) the Connected Subscription Completion having taken place. Accordingly, the Offer may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

By order of the Board
China ZhengTong Auto Services Holdings Limited
HUANG Junfeng
Chairman

Hong Kong, 24 March 2025

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.